

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

**NASSAU COUNTY SHERIFF  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2009**

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

**NASSAU COUNTY SHERIFF  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2009**

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## 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, 2009, as listed in the table of contents. These special purpose financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, and present only the Sheriff and are intended to present the major funds and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the major funds and the aggregate remaining fund information of the Sheriff, as of September 30, 2009, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for the major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the special purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 1, 2010, on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Purvis, Gray and Company, LLP*

February 1, 2010  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009  
NASSAU COUNTY SHERIFF**

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Inmate Commissary</b>	<b>Sheriff's Foundation</b>	<b>911 Operations</b>	<b>Sheriff's Investigative</b>	
<b>Assets</b>						
Cash on Hand	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,382	\$ 3,382
Cash in Bank	171,554	180,215	41,575	57,589	0	450,933
Due from Other Funds	0	5,165	0	0	0	5,165
Due from Board of County Commissioners	10,511	0	0	0	0	10,511
Due from Other Governments	70,457	0	0	0	0	70,457
<b>Total Assets</b>	<u>252,522</u>	<u>185,380</u>	<u>41,575</u>	<u>57,589</u>	<u>3,382</u>	<u>540,448</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	92,379	2,828	0	208	0	95,415
Due to Board of County Commissioners	160,143	0	0	57,381	0	217,524
<b>Total Liabilities</b>	<u>252,522</u>	<u>2,828</u>	<u>0</u>	<u>57,589</u>	<u>0</u>	<u>312,939</u>
<b>Fund Balances</b>						
Unreserved	0	182,552	41,575	0	3,382	227,509
<b>Total Fund Balances</b>	<u>0</u>	<u>182,552</u>	<u>41,575</u>	<u>0</u>	<u>3,382</u>	<u>227,509</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 252,522</u>	<u>\$ 185,380</u>	<u>\$ 41,575</u>	<u>\$ 57,589</u>	<u>\$ 3,382</u>	<u>\$ 540,448</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
NASSAU COUNTY SHERIFF**

	Major Funds					Total
	General	Inmate	Sheriff's	911	Sheriff's	Governmental
	Fund	Commissary	Foundation	Operations	Investigative	Funds
<b>Revenues</b>						
Intergovernmental	\$ 192,486	\$ 0	\$ 0	\$ 0	\$ 0	\$ 192,486
Miscellaneous	110,347	107,534	57,580	199	0	275,660
<b>Total Revenues</b>	<u>302,833</u>	<u>107,534</u>	<u>57,580</u>	<u>199</u>	<u>0</u>	<u>468,146</u>
<b>Expenditures</b>						
Current:						
Court-related:						
Personal Services	787,007	0	0	0	0	787,007
Operating Expenditures	149,498	0	0	0	0	149,498
Public Safety:						
Personal Services	10,645,473	0	0	180,056	0	10,825,529
Operating Expenditures	2,920,683	116,369	16,005	222,735	25,110	3,300,902
Capital Outlay	232,881	0	0	14,185	0	247,066
<b>(Total Expenditures)</b>	<u>(14,735,542)</u>	<u>(116,369)</u>	<u>(16,005)</u>	<u>(416,976)</u>	<u>(25,110)</u>	<u>(15,310,002)</u>
<b>(Deficiency) of Revenues</b>						
<b>(Under) Expenditures</b>	<u>(14,432,709)</u>	<u>(8,835)</u>	<u>41,575</u>	<u>(416,777)</u>	<u>(25,110)</u>	<u>(14,841,856)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in from Board						
of County Commissioners	14,578,880	0	0	474,158	20,000	15,073,038
Transfers (out) to Board						
of County Commissioners	<u>(146,171)</u>	<u>0</u>	<u>0</u>	<u>(57,381)</u>	<u>0</u>	<u>(203,552)</u>
<b>Total Other Financing</b>						
<b>Sources (Uses)</b>	<u>14,432,709</u>	<u>0</u>	<u>0</u>	<u>416,777</u>	<u>20,000</u>	<u>14,869,486</u>
<b>Net Change in Fund Balances</b>	0	(8,835)	41,575	0	(5,110)	27,630
<b>Fund Balances,</b>						
<b>Beginning of Year</b>	<u>0</u>	<u>191,387</u>	<u>0</u>	<u>0</u>	<u>8,492</u>	<u>199,879</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 182,552</u>	<u>\$ 41,575</u>	<u>\$ 0</u>	<u>\$ 3,382</u>	<u>\$ 227,509</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
NASSAU COUNTY SHERIFF**

	General Fund			Variance With Final Budget
	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 0	\$ 192,486	\$ 192,486	\$ 0
Miscellaneous	0	15,647	110,347	94,700
Total Revenues	0	208,133	302,833	94,700
Expenditures				
Current:				
Court-related:				
Personal Services	712,100	787,007	787,007	0
Operating Expenditures	19,558	149,498	149,498	0
Public Safety:				
Personal Services	11,185,643	10,645,473	10,645,473	0
Operating Expenditures	2,857,964	2,920,683	2,920,683	0
Capital Outlay	39,725	232,881	232,881	0
(Total Expenditures)	(14,814,990)	(14,735,542)	(14,735,542)	0
(Deficiency) of Revenues (Under)				
Expenditures	(14,814,990)	(14,527,409)	(14,432,709)	94,700
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	14,814,990	14,673,580	14,578,880	(94,700)
Transfers (out) to Board of County Commissioners	0	(146,171)	(146,171)	0
Total Other Financing Sources (Uses)	14,814,990	14,527,409	14,432,709	(94,700)
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - INMATE COMMISSARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
NASSAU COUNTY SHERIFF**

	Inmate Commissary			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 107,534	\$ 107,534	\$ 0
Total Revenues	0	107,534	107,534	0
Expenditures				
Public Safety:				
Operating Expenditures	0	116,369	116,369	0
(Total Expenditures)	0	(116,369)	(116,369)	0
(Deficiency) of Revenues (Under)				
Expenditures	0	(8,835)	(8,835)	0
Net Change in Fund Balance	0	(8,835)	(8,835)	0
Fund Balance, Beginning of Year	0	191,387	191,387	0
Fund Balance, End of Year	\$ 0	\$ 182,552	\$ 182,552	\$ 0

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - SHERIFF'S FOUNDATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
NASSAU COUNTY SHERIFF**

	Sheriff's Foundation			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Miscellaneous	\$          0	\$      57,580	\$      57,580	\$          0
Total Revenues	<u>          0</u>	<u>      57,580</u>	<u>      57,580</u>	<u>          0</u>
Expenditures				
Public Safety:				
Operating Expenditures	<u>          0</u>	<u>      16,005</u>	<u>      16,005</u>	<u>          0</u>
(Total Expenditures)	<u>          0</u>	<u>     (16,005)</u>	<u>     (16,005)</u>	<u>          0</u>
Excess of Revenues Over				
Expenditures	<u>          0</u>	<u>     41,575</u>	<u>     41,575</u>	<u>          0</u>
Net Change in Fund Balance	<u>          0</u>	<u>     41,575</u>	<u>     41,575</u>	<u>          0</u>
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>\$     41,575</u>	<u>\$     41,575</u>	<u>\$          0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - 911 OPERATIONS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
NASSAU COUNTY SHERIFF**

	911 Operations			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 199	\$ 199
Total Revenues	0	0	199	199
Expenditures				
Public Safety:				
Personal Services	180,795	180,056	180,056	0
Operating Expenditures	204,805	222,735	222,735	0
Capital Outlay	0	14,185	14,185	0
(Total Expenditures)	(385,600)	(416,976)	(416,976)	0
(Deficiency) of Revenues (Under)				
Expenditures	(385,600)	(416,976)	(416,777)	199
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	385,600	474,158	474,158	0
Transfers (out) to Board of County				
Commissioners	0	(57,182)	(57,381)	(199)
Total Other Financing Sources (Uses)	385,600	416,976	416,777	(199)
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2009**  
**NASSAU COUNTY SHERIFF**

**Assets**

Cash	<u><u>\$ 20,870</u></u>
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**Liabilities**

Accounts Payable	10,641
Deposits	<u>10,229</u>

<b>Total Liabilities</b>	<u><u>\$ 20,870</u></u>
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See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

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

**Note 1 - Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

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 activity of this organization has been included in the accompanying financial statements as a blended component unit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14.

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

**Basis of Presentation**

These special purpose financial statements are financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by GASB and accounting practices prescribed by the Florida Auditor General. The basic financial statements for the County as a whole, which includes the funds of the Sheriff, were prepared in conformity with GAAP. The Sheriff utilizes the following fund types:

■ **Governmental Funds**

● **Major 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.
- ▶ **Sheriff's Foundation**—This fund accounts for the operations of a 501(c)(3) charitable organization organized by the Sheriff's office.

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

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

**Basis of Presentation (Concluded)**

■ **Governmental Funds (Concluded)**

● **Major Funds (Concluded)**

- ▶ **911 Operations and Maintenance Fund**—This fund accounts for the operation of the 911 emergency response system.

● **Other Governmental Funds**

- ▶ **Special Revenue Funds**—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports one special revenue fund in the special purpose financial statements under the title - Sheriff's Investigative Fund. This fund accounts for monies used in accordance with Section 925.055, Florida Statutes.

■ **Fiduciary Funds**

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

**Basis of Accounting**

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

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

**Measurement Focus**

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

**Budgetary Requirement**

Government fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the general fund and the 911 operations and maintenance fund.

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

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

**Budgetary Requirement (Concluded)**

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

**Capital Assets**

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

**Accrued Compensated Absences**

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

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

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

**Workers' Compensation and Group Health Insurance**

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

**Risk Management**

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

The Sheriff participates in two Florida Sheriffs Self-insurance funds for risk related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure



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

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

**Risk Management (Concluded)**

through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,500,000 for public officials' coverage. Coverage limits for automobile risks are \$200,000 per accident for bodily injury and \$100,000 per accident for property damage.

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

**Note 2 - Cash and Investments**

**Cash Deposits**

At September 30, 2009, the carrying amount of the Sheriff's deposits was \$471,803 and the bank balance was \$860,109. Deposits in banks are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Sheriff are placed with qualified financial institutions, which means, they are insured or collateralized.

**Note 3 - Employee Benefits**

**Defined Benefit Pension Plan**

All full-time employees of the Sheriff participate in the Florida Retirement System (the System).

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

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

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Sheriff, are required to contribute 9.85% of the compensation for regular members, 20.92% for special risk, and

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

**Note 3 - Employee Benefits (Concluded)**

**Defined Benefit Pension Plan (Concluded)**

16.53% for County officials. The Sheriff's contributions to the System for the years ended September 30, 2009, 2008, and 2007, were \$1,582,742, \$1,521,777, and \$1,490,224, respectively, equal to the required contributions for each year.

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

Effective for the year ending September 30, 2009, the County implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the County.

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

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

Currently, the Sheriff has 211 active employees and 11 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 \$315,728. 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:

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

**Note 5 - Capital Assets (Concluded)**

	<b>Balance October 1, 2008</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance September 30, 2009</b>
<b>Capital Assets</b>				
Machinery and Equipment	\$ 7,386,960	\$ 863,720	\$ (1,017,384)	\$ 7,233,296
Accumulated Depreciation	(5,745,929)	(701,771)	763,867	(5,683,833)
<b>Machinery and Equipment, Net</b>	<b><u>\$ 1,641,031</u></b>	<b><u>\$ 161,949</u></b>	<b><u>\$ (253,517)</u></b>	<b><u>\$ 1,549,463</u></b>

Depreciation expense was recorded in the government-wide financial statements in the amount of \$701,771.

**Note 6 - Operating Leases**

The Sheriff leased various copiers during fiscal year 2008-2009. The monthly lease payments for these copiers ranged from \$135 to \$1,062 per month. The expiration date of the leases range from November 2010 to April 2014. Lease expense for the year was \$49,834. Future minimum lease payments for the leases are as follows:

<b>Year Ending September 30</b>	<b>Annual Lease Payments</b>
2010	\$ 52,459
2011	49,819
2012	44,730
2013	18,414
2014	<u>2,625</u>
<b>Total</b>	<b><u>\$ 168,047</u></b>

**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, 2009:

	<b>Balance October 1, 2008</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance September 30, 2009</b>
Accrued Compensated				
Absences	\$ 955,041	\$ 683,821	\$ (698,795)	\$ 940,067
Other Postemployment Benefits	<u>0</u>	<u>448,794</u>	<u>(133,066)</u>	<u>315,728</u>
<b>Totals</b>	<b><u>\$ 955,041</u></b>	<b><u>\$ 1,132,615</u></b>	<b><u>\$ (831,861)</u></b>	<b><u>\$ 1,255,795</u></b>

Accrued compensated absences represent the vested portion of accrued leave. 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**

## **AGENCY FUNDS**

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

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

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

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2009**  
**NASSAU COUNTY SHERIFF**

	<b>Individual Depositors/ Suspense</b>	<b>Inmate Trust</b>	<b>Federal Inmate</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 5,278	\$ 15,591	\$ 1	\$ 20,870
<b>Liabilities</b>				
Accounts Payable	0	10,641	0	10,641
Deposits	5,278	4,950	1	10,229
<b>Total Liabilities</b>	\$ 5,278	\$ 15,591	\$ 1	\$ 20,870

## **OTHER REPORTS**

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

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

We have audited the special purpose financial statements of the Nassau County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2009, and have issued our report thereon dated February 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency listed below to be a material weakness.

■ **Segregation of Duties**

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

**Certified Public Accountants**

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

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

**Internal Control Over Financial Reporting (Concluded)**

■ **Segregation of Duties (Concluded)**

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

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

**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 certain matters that we reported to management of the Sheriff in a separate letter dated February 1, 2010.

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*

February 1, 2010  
Gainesville, Florida

**MANAGEMENT LETTER**

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

We have audited the special purpose financial statements of the Nassau County, Florida Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated February 1, 2010.

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 1, 2010, 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 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' report or schedule:

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading prior year findings and recommendations.

**Prior Year Findings and Recommendations**

■ **Purchase Card Controls**

Our review of Purchase Card control indicates that the Sheriff's office has a policy of requiring itemized receipts to be maintained by employees and be submitted to the accounting department prior to payment. We noted several instances where the policy was not consistently and strictly enforced, as payments were made without itemized receipts.

Improvements have been made in this area, however, we continue to recommend that itemized credit card receipts and other documentation be reviewed prior to paying the credit card invoice and the documentation be maintained with the credit card invoice.

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

## **MANAGEMENT LETTER**

*(Continued)*

### **Prior Year Findings and Recommendations (Concluded)**

#### ■ **Evidence Room**

Due to space limitations, the evidence room of the Sheriff’s office is currently over populated. Certain evidence may not be stored securely. We noted that much of the evidence in the Sheriff’s office is eligible for disposal upon retaining a court order.

We recommend the Sheriff’s office review evidence files and determine which items can be disposed of and expedite the process for disposing of these items.

#### ■ **Password Controls**

During our review of data security and information technology controls, we noted that the minimum password length, password complexity, and account lockout were not set in accordance with leading practices. This presents a risk of unauthorized use, disclosure, modification, damage, or loss of data.

We recommend that the Sheriff’s office strengthen its password and configuration settings to leading practices.

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 report the following findings:

### **Current Year Findings and Recommendations**

#### ■ **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 but, if these efforts are not successful, we recommend the Sheriff’s office review the provisions of Section 116.21, Florida Statutes, as it relates to unclaimed funds.

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.

The Honorable T.L. "Tommy" Seagraves, Jr.  
Nassau County Sheriff  
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, the report of 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 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.

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

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

*Purvis, Gray and Company, LLP*

February 1, 2010  
Gainesville, Florida



# Nassau County Sheriff's Office

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

February 9, 2010

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 2008-2009 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.) Purchase Card Controls

Response: We always try to put all itemized credit card receipts behind each invoice. In some cases employees fail to turn in their receipts when returning from training. We will continue to attempt to include all itemized receipts with credit card invoices. We will also start including all other documentation with the credit card invoices.

## 2.) Evidence Room

Response: A great deal of the overpopulation in the evidence room is due to limited space. Due to this limited space, we are also forced to use out buildings to store certain evidence. As for the evidence that is eligible for disposal, it is a work in progress. Evidence is being disposed of almost daily now and the progress is picking up day by day. This is also a long slow process that could be sped up if we had an employee that was responsible solely for the disposal of evidence. As is stands at this time we have to maintain the day to day activity and purge when we can.

## 3.) Password Controls

Response: In accordance with the Nassau County Sheriff's Office governing Operational Directive 2034.00-24, page 25, section f, password are required to be

a minimum of (5) characters. We also have account lock out standards implemented. Although we only require 5 characters, we do require a combination of numbers and letters. The policy also states that passwords should change periodically or when staff transfers departments. We feel that our current policy meets our security needs.

#### **4.) 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.

Sincerely,

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