

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

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

SEPTEMBER 30, 2011

**SPECIAL PURPOSE
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AND
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**NASSAU COUNTY BOARD
OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA
SEPTEMBER 30, 2011**

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INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED

Serving as of September 30, 2011

ELECTED OFFICIALS

Commissioner – District 5, Chairman	Walter J. Boatright
Commissioner – District 3, Vice-Chairman	Stacy T. Johnson
Commissioner – District 1	Daniel B. Leeper
Commissioner – District 2	Stephen W. Kelley
Commissioner – District 4	Barry V. Holloway, Jr.
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, 2011, 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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with the basis of accounting described in Note 1.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

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

The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 8, 2012, 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 8, 2012
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Assets			
Cash and Cash Equivalents	\$ 1,717,327	\$ 114,857	\$ 33,292
Equity in Pooled Investments	13,467,822	5,153,853	3,829,973
Accounts Receivable, Net of Allowance for Uncollectibles	508,925	104,223	237
Loans Receivable, Net of Allowance for Uncollectibles	0	0	0
Due from Other Funds	199,957	0	0
Due from Constitutional Officers	866,772	32,017	37,952
Due from Other Governments	804,242	298,437	128,202
Inventories	198,982	164,282	0
Prepaid Expenditures	127,333	14,769	475
Deposits	2,000	0	0
Total Assets	<u>17,893,360</u>	<u>5,882,438</u>	<u>4,030,131</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	1,383,747	455,951	242,010
Accrued Liabilities	370,633	6,500	0
Retainage Payable	41,753	13,551	0
Due to Other Funds	0	64,736	108,265
Due to Constitutional Officers	0	0	0
Due to Other Governments	53,999	0	0
Deferred Revenues	829,376	152,871	141,658
Deposits	54,762	751,121	122
Total Liabilities	<u>2,734,270</u>	<u>1,444,730</u>	<u>492,055</u>
Fund Balances			
Nonspendable	582,664	329,159	199,684
Restricted	530,283	0	16,235
Committed	12,992,848	4,108,549	3,274,927
Assigned	110,909	0	47,230
Unassigned	942,386	0	0
Total Fund Balances	<u>15,159,090</u>	<u>4,437,708</u>	<u>3,538,076</u>
Total Liabilities and Fund Balances	<u>\$ 17,893,360</u>	<u>\$ 5,882,438</u>	<u>\$ 4,030,131</u>

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

One-Cent Surtax	Impact Fee Ordinance Trust	Capital Projects - Transportation	Capital Projects - South Amelia Island Shore Stabilization	Nonmajor Governmental Funds	Total Governmental Funds
\$ 8,799	\$ 1,400,341	\$ 1,386,163	\$ 48,800	\$ 2,972,266	\$ 7,681,845
9,246,517	7,623,877	10,969,875	0	9,217,208	59,509,125
0	0	0	0	485	613,870
0	0	0	0	48,000	48,000
0	0	0	0	13,973	213,930
0	0	0	0	292,409	1,229,150
889,371	0	196,782	0	788,949	3,105,983
0	0	0	0	0	363,264
0	0	127,404	0	1,951	271,932
0	0	0	0	0	2,000
<u>10,144,687</u>	<u>9,024,218</u>	<u>12,680,224</u>	<u>48,800</u>	<u>13,335,241</u>	<u>73,039,099</u>
250,916	888,539	578,362	48,800	293,533	4,141,858
0	0	0	0	0	377,133
0	140,517	85,213	0	7,000	288,034
0	13,973	0	0	13,993	200,967
0	13,973	0	0	3,178	17,151
0	247,910	0	0	72,483	374,392
450,000	0	196,782	0	631,550	2,402,237
0	0	0	0	23,776	829,781
<u>700,916</u>	<u>1,304,912</u>	<u>860,357</u>	<u>48,800</u>	<u>1,045,513</u>	<u>8,631,553</u>
151,350	0	127,404	0	1,951	1,392,212
0	7,719,306	0	0	11,213,065	19,478,889
9,265,463	0	11,692,463	0	828,586	42,162,836
26,958	0	0	0	246,126	431,223
0	0	0	0	0	942,386
<u>9,443,771</u>	<u>7,719,306</u>	<u>11,819,867</u>	<u>0</u>	<u>12,289,728</u>	<u>64,407,546</u>
<u>\$ 10,144,687</u>	<u>\$ 9,024,218</u>	<u>\$ 12,680,224</u>	<u>\$ 48,800</u>	<u>\$ 13,335,241</u>	<u>\$ 73,039,099</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, 2011

	General	County Transportation	Municipal Services
Revenues			
Taxes	\$ 32,425,292	\$ 5,591,189	\$ 8,831,786
Licenses and Permits	11,954	19,665	40,945
Intergovernmental Revenues	4,757,770	1,022,049	512,627
Charges for Services	2,037,044	3,242	108,794
Fines and Forfeitures	86,452	0	1,366
Investment Earnings	219,402	94,648	81,338
Miscellaneous	292,625	100,571	103,706
Total Revenues	39,830,539	6,831,364	9,680,562
Expenditures			
Current:			
General Government Services	5,211,228	0	588,162
Public Safety	8,427,183	0	6,104,827
Physical Environment	311,078	0	0
Transportation	0	6,282,917	0
Economic Environment	116,177	0	0
Human Services	2,595,796	0	831,625
Culture and Recreation	1,646,789	0	0
Court-related Expenditures	615,453	0	0
Capital Outlay	971,570	88,632	447,586
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	19,895,274	6,371,549	7,972,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,935,265	459,815	1,708,362
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	846,733	14,572	34,653
Transfers to Constitutional Officers	(19,110,895)	(92,276)	(2,962,543)
Operating Transfers in	3,881,579	42,927	1,701,330
Operating Transfers (out)	(3,812,711)	(1,231,138)	(85,470)
Contributions from Residents	0	0	0
Total Other Financing Sources (Uses)	(18,195,294)	(1,265,915)	(1,312,030)
Net Change in Fund Balances	1,739,971	(806,100)	396,332
Fund Balances at Beginning of Year	13,419,119	5,243,808	3,141,744
Fund Balances at End of Year	\$ 15,159,090	\$ 4,437,708	\$ 3,538,076

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

One-Cent Surtax	Impact Fee Ordinance Trust	Capital Projects - Transportation	Capital Projects - South Amelia Island Shore Stabilization	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,425,484	\$ 0	\$ 0	\$ 0	\$ 4,208,129	\$ 57,481,880
0	0	0	0	2,156,485	2,229,049
0	0	883,681	0	1,583,994	8,760,121
0	0	0	0	840,742	2,989,822
0	0	0	0	188,797	276,615
124,147	87,703	78,852	8,772	101,189	796,051
0	5,309	674,000	0	71,132	1,247,343
<u>6,549,631</u>	<u>93,012</u>	<u>1,636,533</u>	<u>8,772</u>	<u>9,150,468</u>	<u>73,780,881</u>
66,954	0	0	0	665,025	6,531,369
19,700	0	0	0	721,688	15,273,398
0	0	0	0	773,448	1,084,526
216,032	0	530,452	0	2,500	7,031,901
0	0	0	0	2,702,638	2,818,815
0	0	0	0	133,947	3,561,368
2,505	0	0	0	0	1,649,294
0	0	0	0	175,743	791,196
188,329	3,334,534	3,664,660	9,893,419	1,325,195	19,913,925
0	0	0	0	3,042,600	3,042,600
0	0	0	0	2,201,559	2,201,559
<u>493,520</u>	<u>3,334,534</u>	<u>4,195,112</u>	<u>9,893,419</u>	<u>11,744,343</u>	<u>63,899,951</u>
<u>6,056,111</u>	<u>(3,241,522)</u>	<u>(2,558,579)</u>	<u>(9,884,647)</u>	<u>(2,593,875)</u>	<u>9,880,930</u>
0	0	0	0	75,036	970,994
0	0	(27)	0	(561,935)	(22,727,676)
214,518	163,777	3,432,730	415,843	2,794,280	12,646,984
(7,154,286)	0	(290,590)	0	(1,003,550)	(13,577,745)
0	0	0	9,468,804	0	9,468,804
<u>(6,939,768)</u>	<u>163,777</u>	<u>3,142,113</u>	<u>9,884,647</u>	<u>1,303,831</u>	<u>(13,218,639)</u>
(883,657)	(3,077,745)	583,534	0	(1,290,044)	(3,337,709)
<u>10,327,428</u>	<u>10,797,051</u>	<u>11,236,333</u>	<u>0</u>	<u>13,579,772</u>	<u>67,745,255</u>
<u>\$ 9,443,771</u>	<u>\$ 7,719,306</u>	<u>\$ 11,819,867</u>	<u>\$ 0</u>	<u>\$ 12,289,728</u>	<u>\$ 64,407,546</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, 2011

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,164,723	\$ 2,124,670	\$ 4,289,393
Equity in Pooled Investments	4,607,836	0	4,607,836
Accounts Receivable, Net	3,445	455,041	458,486
Assessments Receivable, Net	47,138	0	47,138
Due from Constitutional Officers	2,695	0	2,695
Prepaid Expenses	0	550	550
Total Current Assets	<u>6,825,837</u>	<u>2,580,261</u>	<u>9,406,098</u>
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	5,805,728	1,424,464	7,230,192
Deferred Charges - Bond Issuance Cost	0	565,219	565,219
Capital Assets (Net of Accumulated Depreciation Where Applicable)	<u>1,336,383</u>	<u>14,432,040</u>	<u>15,768,423</u>
Total Noncurrent Assets	<u>7,142,111</u>	<u>16,421,723</u>	<u>23,563,834</u>
Total Assets	<u>13,967,948</u>	<u>19,001,984</u>	<u>32,969,932</u>
Liabilities			
Current Liabilities:			
Accounts Payable	423,360	117,512	540,872
Other Current Liabilities	0	62,637	62,637
Due to Other Funds	4,345	8,618	12,963
Deferred Revenues	2,597	26,620	29,217
Deposits	0	96,066	96,066
Bonds Payable (Net of Unamortized Discount)	0	441,136	441,136
Landfill Closure and Postclosure Liability	5,793,110	0	5,793,110
Compensated Absences	<u>14,000</u>	<u>34,319</u>	<u>48,319</u>
Total Current Liabilities	<u>6,237,412</u>	<u>786,908</u>	<u>7,024,320</u>
Noncurrent Liabilities:			
Compensated Absences	21,815	158,044	179,859
Other Postemployment Benefits	28,290	56,581	84,871
Bonds Payable Long-term (Net of Unamortized Discount)	0	15,363,852	15,363,852
Landfill Closure and Postclosure Liability (Payable from Restricted Assets)	<u>15,820,337</u>	<u>0</u>	<u>15,820,337</u>
Total Noncurrent Liabilities	<u>15,870,442</u>	<u>15,578,477</u>	<u>31,448,919</u>
Total Liabilities	<u>22,107,854</u>	<u>16,365,385</u>	<u>38,473,239</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,336,383	(807,729)	528,654
Restricted	0	1,328,398	1,328,398
Unrestricted	<u>(9,476,289)</u>	<u>2,115,930</u>	<u>(7,360,359)</u>
Total Net Assets	<u>\$ (8,139,906)</u>	<u>\$ 2,636,599</u>	<u>\$ (5,503,307)</u>

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, 2011

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Totals
Operating Revenues			
Charges for Services	\$ 41,261	\$ 3,239,896	\$ 3,281,157
Special Assessments	4,757	0	4,757
Other Income	4,504	27,204	31,708
Total Operating Revenues	50,522	3,267,100	3,317,622
Operating Expenses			
Contractual Services	42,356	1,318	43,674
Professional Services	776,886	56,957	833,843
Landfill Closure and Postclosure	(180,437)	0	(180,437)
Salaries and Benefits	295,174	596,366	891,540
Rentals and Leases	3,043	881	3,924
Repairs and Maintenance	99,131	80,468	179,599
Gas and Oil	22,350	12,845	35,195
Materials	11,302	66,143	77,445
Depreciation	94,543	646,026	740,569
Other Expenses	122,575	355,792	478,367
(Total Operating Expenses)	1,286,923	1,816,796	3,103,719
Operating (Loss) Income	(1,236,401)	1,450,304	213,903
Nonoperating Revenues (Expenses)			
Interest Earnings	62,142	7,580	69,722
Grant Revenues	70,588	0	70,588
Gains on Property, Plant and Equipment Retirement	0	(302)	(302)
Interest and Other Debt Service Costs	0	(800,408)	(800,408)
Total Nonoperating Revenues (Expenses)	132,730	(793,130)	(660,400)
(Loss) Income Before Transfers	(1,103,671)	657,174	(446,497)
Transfers			
Operating Transfers in	1,025,371	0	1,025,371
Operating Transfers (out)	(74,303)	(20,307)	(94,610)
Transfer in from Constitutional Officer	1,357	0	1,357
Transfer (out) to Constitutional Officer	(402)	(81,943)	(82,345)
Total Transfers	952,023	(102,250)	849,773
Change in Net Assets	(151,648)	554,924	403,276
Total Net Assets, Beginning of Year	(7,988,258)	2,081,675	(5,906,583)
Total Net Assets, End of Year	\$ (8,139,906)	\$ 2,636,599	\$ (5,503,307)

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, 2011

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 72,459	\$ 3,122,718	\$ 3,195,177
Cash Payments to Vendors for Goods and Services	(1,606,936)	(572,988)	(2,179,924)
Cash Payments to Employees	(279,431)	(554,010)	(833,441)
Cash Received from Other Sources	4,504	0	4,504
Net Cash Provided by (Used in) Operating Activities	(1,809,404)	1,995,720	186,316
Noncapital Financing Activities			
Cash Received from Grant Revenues	70,588	0	70,588
Transfers from Constitutional Officers	1,357	0	1,357
Transfers to Constitutional Officers	(402)	(81,943)	(82,345)
Transfers from Other Funds	1,025,371	0	1,025,371
Transfers to Other Funds	(74,303)	(20,307)	(94,610)
Net Cash Provided by (Used in) Noncapital Financing Activities	1,022,611	(102,250)	920,361
Capital and Related Financing Activities			
Acquisition of Property, Plant, and Equipment	(12,723)	(675,746)	(688,469)
Principal Payments on Bonds	0	(435,000)	(435,000)
Payment of Interest and Other Debt Costs	0	(765,852)	(765,852)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(12,723)	(1,876,598)	(1,889,321)
Investing Activities			
Interest Received	62,142	7,580	69,722
Purchase of Investments	(2,993,728)	0	(2,993,728)
Net Cash Provided by (Used in) Investing Activities	(2,931,586)	7,580	(2,924,006)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,731,102)	24,452	(3,706,650)
Cash and Cash Equivalents, Beginning of Year	11,701,553	3,524,682	15,226,235
Cash and Cash Equivalents, End of Year	\$ 7,970,451	\$ 3,549,134	\$ 11,519,585
<u>Reported in Statement of Net Assets as:</u>			
Cash and Cash Equivalents	\$ 2,164,723	\$ 2,124,670	\$ 4,289,393
Cash and Cash Equivalents - Restricted	5,805,728	1,424,464	7,230,192
Total	\$ 7,970,451	\$ 3,549,134	\$ 11,519,585

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, 2011
(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)	\$ (1,236,401)	\$ 1,450,304	\$ 213,903
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	94,543	646,026	740,569
Provision for Closure and Postclosure Costs	(984,372)	0	(984,372)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	570	(92,655)	(92,085)
Decrease (Increase) in Assessments Receivable	7,116	0	7,116
Decrease (Increase) in Due from Constitutional Officers	24	0	24
Decrease (Increase) in Due from Other Governments	25,753	0	25,753
Decrease (Increase) in Prepaid Expense	6	(550)	(544)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	274,642	2,118	276,760
Increase (Decrease) in Due to Other Funds	(7,875)	0	(7,875)
Increase (Decrease) in Deferred Revenues	847	(13,310)	(12,463)
Increase (Decrease) in Deposits	0	7,266	7,266
Increase (Decrease) in Due from Constitutional Officers	0	(152)	(152)
Increase (Decrease) in Due from Other Governments	0	(45,683)	(45,683)
Increase (Decrease) in Compensated Absences	9,463	29,795	39,258
Increase (Decrease) in Other Postemployment Benefits	6,280	12,561	18,841
Net Cash Provided by (Used in) Operating Activities	\$ (1,809,404)	\$ 1,995,720	\$ 186,316

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, 2011**

	<u>SAISSA</u>
Assets	
Cash and Cash Equivalents	<u>\$ 309,829</u>
Total Assets	<u><u>309,829</u></u>
 Liabilities	
Accounts Payable	<u>309,829</u>
Total Liabilities	<u><u>\$ 309,829</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

The significant accounting policies followed by the Nassau County Board of County Commissioners (the Board) are described below to enhance the usefulness of the special purpose fund financial statements to the reader.

Reporting Entity

Nassau County (the County) is a political subdivision of the State of Florida. It is composed of an elected Board of County Commissioners and elected Constitutional Officers, who are governed by federal and state statutes, regulations, and County ordinances. The Board is operated as a separate County agency in accordance with applicable provisions of Florida Statutes. The Nassau County Clerk of the Circuit Court is the clerk and accountant of the Board in accordance with the provisions of Section 125.17, Florida Statutes.

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2011. 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, 2011. 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:

■ **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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

■ **Governmental Funds (Concluded)**

● **Major Governmental Funds (Concluded)**

- ▶ The **County Transportation Trust Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.
 - ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes, the half-cent sales tax, and State Revenue Sharing.
 - ▶ The **One-cent Small County Surtax Fund**—is used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
 - ▶ The **Impact Fee Ordinance Trust Fund**—is used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
 - ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation related capital facilities and/or projects. Funding is provided from a variety of funding sources.
 - ▶ The **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.
- **Nonmajor Governmental Funds**
- ▶ **Special Revenue Funds**—are used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.
 - ▶ **Debt Service Funds**—are used to account for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt.
 - ▶ **Capital Projects Funds**—are used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

■ **Major Proprietary Funds**

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Major Proprietary Funds (Concluded)**

The Solid Waste Disposal 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.

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

- **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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Concluded)

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they become “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers revenues to be “available” if they are collected within 30 days after year-end.

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).

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

The Board implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in 2011, 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.
- **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 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 or resolution) employed to constrain those amounts.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Concluded)

- **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.

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:

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets and Long-term Liabilities (Concluded)

■ **Governmental Funds (Concluded)**

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:

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:

Buildings	15-40 Years
Equipment	3-20 Years

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Unamortized Bond Issuance Costs

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

Capitalization of Interest Costs

When applicable the Board follows the guidelines of FASB Statement Nos. 34 and 62 to determine if interest costs related to construction of capital assets should be capitalized. For fiscal year ended September 30, 2011, no interest was capitalized.

Deferred Revenue

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

Compensated Absences

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

Other Postemployment Benefits (OPEB)

The liability for GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, has been recorded in the enterprise funds.

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, 2011, 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. 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:

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Property Taxes (Concluded)

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 \$19,509,900 and the bank balances were \$21,709,248. 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.

NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
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, 2011, the Board has \$960,671 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, 2011, was 4.82 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.

NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
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:

<u>Description</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 19,511,259
Certificates of Deposit	40,038,033
SBA Local Government Surplus Funds Trust - Fund B	960,671
Money Market Accounts	23,118,257
Total Cash and Investments	<u>\$ 83,628,220</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Cash and Cash Equivalents - Governmental Activities	\$ 7,681,845
Cash and Cash Equivalents - Business-type Activities	4,289,393
Cash and Cash Equivalents - Agency Fund Activities	309,829
Equity in Pooled Investments - Governmental Activities	59,509,125
Equity in Pooled Investments - Business-type Activities	4,607,836
Restricted Cash and Cash Equivalents - Business-type Activities	7,230,192
Total Cash and Investments	<u>\$ 83,628,220</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2011, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 1,963,705	\$ (1,454,780)	\$ 508,925
County Transportation	104,223	0	104,223
Municipal Services	237	0	237
Nonmajor Governmental Funds	485	0	485
Total Governmental Funds	<u>\$ 2,068,650</u>	<u>\$ (1,454,780)</u>	<u>\$ 613,870</u>
Business-type Funds			
Solid Waste Disposal	\$ 3,445	\$ 0	\$ 3,445
Water and Sewer	494,331	(39,290)	455,041
Total Business-type Funds	<u>\$ 497,776</u>	<u>\$ (39,290)</u>	<u>\$ 458,486</u>

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

Note 4 - Assessments Receivable

Assessments receivable (net of allowances for uncollectibles) at September 30, 2011 included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Business-type Funds			
Solid Waste Disposal	\$ 826,012	\$ (778,874)	\$ 47,138
Total Business-type Funds	<u>\$ 826,012</u>	<u>\$ (778,874)</u>	<u>\$ 47,138</u>

Note 5 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2011, 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, 2011, were restricted for the following purposes:

Customer Deposits	\$ 93,318
Landfill Closure Costs	5,601,380
Landfill Postclosure Costs	204,348
Renewal and Replacement (Water/Sewer)	620,673
Impact Fees	610,337
Debt Service	<u>100,136</u>
Total	<u>\$ 7,230,192</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Restricted Cash and Cash Equivalents - Business-type Activities	\$ 7,230,192
Total Restricted Assets	<u>\$ 7,230,192</u>

Note 6 - Capital Assets

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

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

Note 6 - Capital Assets (Concluded)

Capital asset activity for the year ended September 30, 2011, was as follows:

	<u>Balance</u> <u>10/1/10</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/11</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 75,164,701	\$ 85,651	\$ (2,000)	\$ 75,248,352
Construction Work in Progress	<u>2,666,974</u>	<u>4,882,714</u>	<u>(2,296,173)</u>	<u>5,253,515</u>
Total Capital Assets Not Being Depreciated	<u>77,831,675</u>	<u>4,968,365</u>	<u>(2,298,173)</u>	<u>80,501,867</u>
Capital Assets Being Depreciated:				
Building and Improvements	56,323,782	1,490,460	0	57,814,242
Machinery and Equipment	23,429,892	1,155,124	(1,073,924)	23,511,092
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	<u>598,810,182</u>	<u>3,288,364</u>	<u>0</u>	<u>602,098,546</u>
Total Capital Assets Being Depreciated	<u>679,715,841</u>	<u>5,933,948</u>	<u>(1,073,924)</u>	<u>684,575,865</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(14,542,059)	(1,546,091)	0	(16,088,150)
Machinery and Equipment	(18,046,855)	(1,815,146)	1,067,792	(18,794,209)
Leasehold Improvements	(87,115)	(9,157)	0	(96,272)
Infrastructure	<u>(226,145,394)</u>	<u>(15,567,835)</u>	<u>0</u>	<u>(241,713,229)</u>
Total Accumulated Depreciation	<u>(258,821,423)</u>	<u>(18,938,229)</u>	<u>1,067,792</u>	<u>(276,691,860)</u>
Total Capital Assets Being Depreciated, Net	<u>420,894,418</u>	<u>(13,004,281)</u>	<u>(6,132)</u>	<u>407,884,005</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 498,726,093</u>	<u>\$ (8,035,916)</u>	<u>\$ (2,304,305)</u>	<u>\$ 488,385,872</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 808,434	\$ 0	\$ 0	\$ 808,434
Construction Work in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets Not Being Depreciated	<u>808,434</u>	<u>0</u>	<u>0</u>	<u>808,434</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,152,258	8,825	0	1,161,083
Equipment	19,566,567	679,644	(42,854)	20,203,357
Landfill	<u>41,701,285</u>	<u>0</u>	<u>0</u>	<u>41,701,285</u>
Total Capital Assets Being Depreciated	<u>62,420,110</u>	<u>688,469</u>	<u>(42,854)</u>	<u>63,065,725</u>
Less Accumulated Depreciation:				
Building and Improvements	(173,111)	(21,623)	0	(194,734)
Equipment	(5,533,324)	(718,945)	42,552	(6,209,717)
Landfill	<u>(41,701,285)</u>	<u>0</u>	<u>0</u>	<u>(41,701,285)</u>
Total Accumulated Depreciation	<u>(47,407,720)</u>	<u>(740,568)</u>	<u>42,552</u>	<u>(48,105,736)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,012,390</u>	<u>(52,099)</u>	<u>(302)</u>	<u>14,959,989</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 15,820,824</u>	<u>\$ (52,099)</u>	<u>\$ (302)</u>	<u>\$ 15,768,423</u>

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

Note 7 - Interfund Activity

Interfund balances at September 30, 2011, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 64,736
	Municipal Service	108,265
	Nonmajor	13,993
	Solid Waste Disposal	4,345
	Water and Sewer	8,618
Nonmajor	Impact Fee Ordinance	13,973
Total		<u>\$ 213,930</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 \$17,151 due to the Constitutional Officers and \$1,231,845 due from the Constitutional Officers.

Interfund transfers:

<u>Transfers In</u>											
<u>Transfers (Out)</u>	<u>General</u>	<u>County Trans- portation</u>	<u>Municipal Services</u>	<u>One-Cent Surtax</u>	<u>Impact Ordinance Fee</u>	<u>Capital Projects Trans- portation</u>	<u>South Amelia Island Short Stabilization</u>	<u>Nonmajor</u>	<u>Solid Waste</u>	<u>Totals</u>	
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 601,592	\$ 0	\$ 2,185,748	\$ 1,025,371	\$ 3,812,711	
County Transportation	0	0	0	0	0	1,231,138	0	0	0	1,231,138	
Municipal Services	85,470	0	0	0	0	0	0	0	0	85,470	
One-Cent County Surtax	3,539,393	0	1,636,781	0	0	1,600,000	0	378,112	0	7,154,286	
Capital Projects Transportation	0	28,886	0	97,927	163,777	0	0	0	0	290,590	
Nonmajor	162,106	14,041	64,549	116,591	0	0	415,843	230,420	0	1,003,550	
Solid Waste	74,303	0	0	0	0	0	0	0	0	74,303	
Water and Sewer	20,307	0	0	0	0	0	0	0	0	20,307	
Total	<u>\$3,881,579</u>	<u>\$ 42,927</u>	<u>\$ 1,701,330</u>	<u>\$ 214,518</u>	<u>\$ 163,777</u>	<u>\$ 3,432,730</u>	<u>\$ 415,843</u>	<u>\$ 2,794,280</u>	<u>\$ 1,025,371</u>	<u>\$13,672,355</u>	

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$22,810,021 and transfers in from the Constitutional Officers of \$972,351.

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

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

Note 8 - Operating Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2011, as follows:

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 24, 2006. Operating lease payments for the year ended September 30, 2011, were \$24,024.
- *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 2011. Operating lease payments for the year ended September 30, 2011, were \$36,719.
- *EMS/ALS Vehicle Housing*—the Board entered into a three-year lease with the Town of Callahan, effective October 1, 2008. Operating lease payments for the year ended September 30, 2011, were \$21,600.
- *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, 2011, 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>
2012	\$ 51,585	\$ 57,600	\$ 109,185
2013	25,984	57,600	83,584
2014	27,024	57,600	84,624
2015	28,105	43,200	71,305
2016	14,518	0	14,518
Total	<u>\$ 147,216</u>	<u>\$ 216,000</u>	<u>\$ 363,216</u>

Note 9 - Long-term Obligations

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

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

Note 9 - Long-term Obligations (Continued)

The following is a summary of changes in long-term obligations for the year ended September 30, 2011:

	Balance 10/1/10	Additions	Reductions	Balance 9/30/11	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 47,678,829	\$ 0	\$ (2,190,344)	\$ 45,488,485	\$ 2,351,781
Premium on Bonds Payable	1,559,214	0	(74,248)	1,484,966	74,248
Special Assessment Debt	<u>1,547,248</u>	<u>0</u>	<u>(726,430)</u>	<u>820,818</u>	<u>464,765</u>
Total Bonds and Notes Payable	50,785,291	0	(2,991,022)	47,794,269	2,890,794
Claims Payable	25,338	0	(6,529)	18,809	0
Compensated Absences	5,513,581	2,056,636	(2,307,245)	5,262,972	2,078,124
Other Postemployment Benefits	<u>1,470,246</u>	<u>651,512</u>	<u>0</u>	<u>2,121,758</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 57,794,456</u>	<u>\$ 2,708,148</u>	<u>\$ (5,304,796)</u>	<u>\$ 55,197,808</u>	<u>\$ 4,968,918</u>
Business-type Activities					
Bonds Payable	\$ 16,435,000	\$ 0	\$ (435,000)	\$ 16,000,000	\$ 450,000
Unamortized Discount	(203,877)	0	8,865	(195,012)	(8,864)
Compensated Absences	188,920	98,529	(59,271)	228,178	48,319
Other Postemployment Benefits	66,030	18,841	0	84,871	0
Landfill Closure/Postclosures	<u>22,597,819</u>	<u>0</u>	<u>(984,372)</u>	<u>21,613,447</u>	<u>5,793,110</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 39,083,892</u>	<u>\$ 117,370</u>	<u>\$ (1,469,778)</u>	<u>\$ 37,731,484</u>	<u>\$ 6,282,565</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2011, 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 \$1,175,981 and gas tax revenues totaled \$1,976,652. At year-end, pledged future revenues totaled \$8,218,669, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2009 Gas Tax Revenue Bonds (Concluded)

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 907,315	\$ 264,891	\$ 1,172,206
2013	944,787	231,139	1,175,926
2014	980,814	195,993	1,176,807
2015	1,014,801	159,507	1,174,308
2016	1,052,801	121,756	1,174,557
2017-2018	2,220,218	124,647	2,344,865
Total	<u>\$ 7,120,736</u>	<u>\$ 1,097,933</u>	<u>\$ 8,218,669</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, 2011, totaled \$4,144,940.

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 \$1,857,060. At year-end, pledged future revenues totaled \$13,230,000, 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:

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2000 Optional Gas Tax Revenue Bonds (Concluded)

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 524,466	\$ 420,534	\$ 945,000
2013	492,203	452,797	945,000
2014	461,037	483,963	945,000
2015	430,996	514,004	945,000
2016	405,178	539,822	945,000
2017-2021	1,683,527	3,041,473	4,725,000
2022-2025	<u>1,020,402</u>	<u>2,759,598</u>	<u>3,780,000</u>
Total	<u>\$ 5,017,809</u>	<u>\$ 8,212,191</u>	<u>\$ 13,230,000</u>

2007 Public Improvement Revenue and Refunding Bonds

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

The Series 2007 bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax 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 \$1,470,775 and non ad valorem tax revenues totaled \$5,371,507. At year-end, pledged future revenues totaled \$46,528,950, 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>
2012	\$ 920,000	\$ 1,398,150	\$ 2,318,150
2013	960,000	1,361,350	2,321,350
2014	1,065,000	1,322,950	2,387,950
2015	1,055,000	1,280,350	2,335,350
2016	1,085,000	1,238,150	2,323,150
2017-2021	6,180,000	5,430,500	11,610,500
2022-2026	7,885,000	3,735,000	11,620,000
2027-2031	<u>10,055,000</u>	<u>1,557,500</u>	<u>11,612,500</u>
Total	<u>\$ 29,205,000</u>	<u>\$ 17,323,950</u>	<u>\$ 46,528,950</u>

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

Special Assessment Debt

Special Assessment Debt—payable at September 30, 2011, totaled \$820,818. 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 2013. Principal and interest payments for the current year totaled \$789,784 and assessment revenues totaled \$775,894. At year-end, pledged future revenues totaled \$895,575, which was the amount of remaining principal and interest on the bonds. The bonds have a required reserve of \$527,335, which is on hand at year-end.

The bonds bear interest at a rate of 4.30% per annum and are dated May 25, 2004. Such bonds are payable annually on October 1st of each year through and including October 1, 2013.

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>
2012	\$ 464,765	\$ 47,371	\$ 512,136
2013	356,053	27,386	383,439
Total	<u>\$ 820,818</u>	<u>\$ 74,757</u>	<u>\$ 895,575</u>

Compensated Absences—are not recorded on the accompanying governmental fund financial statements; however, it will be recorded on the County-wide financial statements. Following is a summary of annual, sick, bonus and compensatory leave benefits liabilities at September 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vacation Leave	\$ 2,565,464	\$ 1,302,944	\$ (1,521,377)	\$ 2,347,031
Sick Leave	2,919,611	675,338	(719,027)	2,875,922
Bonus Leave	24,955	74,220	(61,139)	38,036
Compensatory Leave	3,551	4,134	(5,702)	1,983
Total	<u>\$ 5,513,581</u>	<u>\$ 2,056,636</u>	<u>\$ (2,307,245)</u>	<u>\$ 5,262,972</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 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.

NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA
(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 59% of such revenue and are payable through 2033. Principal and interest payments for the current year totaled \$1,201,325 and revenues totaled \$2,001,359. At year-end, pledged future revenues totaled \$26,392,057, 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.

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

Year Ending September 30	Principal	Interest	Total
2012	\$ 450,000	\$ 751,644	\$ 1,201,644
2013	465,000	735,331	1,200,331
2014	480,000	717,894	1,197,894
2015	500,000	699,294	1,199,294
2016	520,000	679,294	1,199,294
2017-2021	2,955,000	3,046,069	6,001,069
2022-2026	3,715,000	2,285,119	6,000,119
2027-2031	4,690,000	1,304,956	5,994,956
2032-2033	<u>2,225,000</u>	<u>172,456</u>	<u>2,397,456</u>
Total	<u>\$ 16,000,000</u>	<u>\$ 10,392,057</u>	<u>\$ 26,392,057</u>

Compensated Absences—following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2011, for the proprietary funds:

	Beginning Balance	Additions	Deletions	Ending Balance
Vacation Leave	\$ 72,533	\$ 48,639	\$ (40,257)	\$ 80,915
Sick Leave	114,038	39,212	(11,218)	142,032
Bonus Leave	<u>2,349</u>	<u>10,678</u>	<u>(7,796)</u>	<u>5,231</u>
Total	<u>\$ 188,920</u>	<u>\$ 98,529</u>	<u>\$ (59,271)</u>	<u>\$ 228,178</u>

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

Note 10 - Bond Arbitrage Rebate

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

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

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

Note 11 - Landfill Closure and Postclosure Care Costs

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

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

The Board has accrued a total of \$16,024,684 for postclosure care cost at September 30, 2011, 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 \$5,588,763 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 2011 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 \$5,793,110 as of September 30, 2011). At September 30, 2011, the escrow balances are as follows:

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

Note 11 - Landfill Closure and Postclosure Care Costs (Concluded)

	<u>Total</u>
Landfills	
Old West Nassau Postclosure	\$ 28,759
Bryceville Postclosure	64,315
Lofton Creek Postclosure	111,411
New West Nassau Closure	<u>6,576,985</u>
Total Escrow Balances	<u><u>\$ 6,781,470</u></u>

Note 12 - Retirement Plans

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

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 FRS 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 FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis.

The Deferred Retirement Option program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to sixty months. While in the DROP, the member's retirement benefits accumulate in the FRS trust fund (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.

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

Note 12 - Retirement Plans (Concluded)

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

	<u>As of</u> <u>September 30, 2011</u>
Deferred Retirement Option Program	4.42%
Regular Employees	4.91%
Senior Management Service	6.27%
SUS Optional Program	7.42%
Elected County Officials	11.14%
Special Risk	14.10%

The Board's contributions to the System for the years ended September 30, 2011, 2010, and 2009, were \$2,247,246, \$2,457,200, and \$2,393,136, respectively, equal to the required contributions for each year.

Note 13 - Deferred Compensation Plan

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

Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code, Section 457, Deferred Compensation Plans*, the Board has contracted with a third party for the establishment of custodial accounts to administer these funds for the exclusive benefit of participants and their beneficiaries. The Board has no administrative involvement, and does not perform the investing function for this plan.

Note 14 - Other Postemployment Benefits

Pursuant to the Nassau County Personnel, Policies and Procedures Manual, the Board allows retired employees and their spouses to remain members of the Board's health insurance program. The Board pays a percentage of the single premium for former employees until age 65 that retire under the terms and conditions of the System as follows:

Years of Service		
With Nassau	Hired Before	Hired on or After
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%

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

Note 14 - Other Postemployment Benefits (Concluded)

Currently, there are 266 active employees and 45 retired employees participating in the plan. The Board's OPEB obligation for the year totaled \$2,206,629, of which \$84,871 has been recorded in the Proprietary funds. The remainder has been included in long-term debt of the County as a whole. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 15 - Unrestricted Net Assets

In accordance with GASB Statement No. 18, the County has accrued estimated closure and postclosure costs of its landfills as capacity is used. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net assets at September 30, 2011, as follows:

Prior Year Total Net Assets	\$ (7,988,258)
Change in Net Assets for the Year Ended September 30, 2011	<u>(151,648)</u>
Total Net Assets for the Year Ended September 30, 2011	(8,139,906)
Invested in Capital Assets, Net of Related Debt	<u>(1,336,383)</u>
Total Unrestricted Net Assets	<u>\$ (9,476,289)</u>

Note 16 - Fund Balance Classification

The following is a summary of the Board's fund balance classifications and the purpose of each as of September 30, 2011, is as follows:

Nonspendable Fund Balance

Prepaid Expenses	\$ 271,932
Inventory	363,264
SBA – Fund B	<u>757,016</u>
Total Nonspendable Fund Balance	<u>1,392,212</u>

Restricted Fund Balance

Developer Agreement	\$ 15,000
Fire Donations	1,235
Sheriff – Donations	7,689
Impact Fees	7,719,306
Parks and Recreation	19,482
Indigent Health	1,425
Law Library	181,152
Other Human Services	95,796
Wireless Services	532,384
Other Physical Environment	1,475,351
State Housing Initiative Program	436,420
Court Facilities	1,931,780
Law Enforcement	447,425
Judicial Services	164,729
Tourist Development	1,936,620
Building Department	2,327,999
Debt Services – Bonds	2,163,796
Capital Projects – Transportation	<u>21,300</u>
Total Restricted Fund Balance	<u>19,478,889</u>

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

Note 16 - Fund Balance Classification (Concluded)

Committed Fund Balance	
Library	\$ 603,450
Parks and Recreation	35,443
Economic Development	146,627
Fire/Rescue	216,116
Emergencies/Disaster	500,000
Sheriff – Administration Building	1,093,733
Supervisor of Elections – Equipment	200,000
Property Appraiser	77,703
Transportation	2,133,403
Fleet Replacement Program	1,485,900
Youth and Community Outreach D1-5	22,638
ADA Optical Scan	200,000
Capital Projects	17,797,689
General Government	51,458
Capital Projects – Transportation	14,453,913
Capital Projects – County Complex	254,503
Capital Projects – Parks and Recreation	449,351
Capital Projects – Reserves	393,051
Capital Projects – Animal Shelter Imp.	77,660
Capital Projects – Central Data Storage	21,501
Capital Projects – Detention Center	357,243
Capital Projects – Fire/Rescue	1,472,460
Capital Projects – Library	118,994
Total Committed Fund Balance	<u>42,162,836</u>
Assigned Fund Balance	
Other General Government	\$ 24,948
Parks and Recreation	9,000
Public Safety	64,730
Courthouse Facilities	33,494
Supervisor of Elections – Fire Alarm	15,967
Law Enforcement	246,126
Capital Projects	36,958
Total Assigned Fund Balance	<u>431,223</u>
Total	<u>\$ 63,465,160</u>

Note 17 - 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.

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

Note 17 - Risk Management (Concluded)

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 18 - Commitments and Contingencies

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

The Board had several outstanding projects as of September 30, 2011. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Chester Road (Home Depot to Heron Isles-Construction)	Current Available Resources	\$ 920,205	\$ 56,498
Citrona Drive at Sadler Road Intersection	Current Available Resources	5,951	171,870
CR107 at Goffinsville Road Intersection	Current Available Resources	0	171,571
CR108 at CR115A Intersection	Current Available Resources	101,720	147,951
West Nassau Landfill Closure	Current Available Resources	501,050	4,415,364
14 th Street (Hickory Street to Atlantic Avenue)	Current Available Resources	200,177	46,977
Blackrock Road Design Services	Current Available Resources	0	417,681
Chester Road (Home Depot to Heron Isles-PS)	Current Available Resources	232,945	87,108
Pavement Management Program	Current Available Resources	258,900	9,100
Radio Avenue Design Services	Current Available Resources	0	389,541
SAISSA 2011 Beach Re-nourishment	Bond	362,540	108,342
Storm-water Master Plan – Part I and II	Current Available Sources	153,082	146,815
Total		<u>\$ 2,736,570</u>	<u>\$ 6,168,818</u>

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

Note 19 - 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, 2011, there were two series of such bonds outstanding with an aggregate principal amount payable of \$34,070,000. The issue amount and the September 30, 2011, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/11 Balance</u>	<u>Description</u>
\$ 23,110,000	2002	\$ 23,110,000	Rayonier - Pollution Control Refunding
<u>11,150,000</u>	2008	<u>10,960,000</u>	AICC, Inc. and Nassau Care Centers - 70 Bed Care Intermediate Care and Day Program Service Facilities
<u>\$ 34,260,000</u>		<u>\$ 34,070,000</u>	

Note 20 - Subsequent Event

On October 14, 2011, a Stipulated Final Judgment was entered between TerraPointe LLC and the Nassau County Property Appraiser's office regarding multiple tax lawsuits spanning several prior tax years. The Property Appraiser was ordered to issue a Certificate of Correction and a corrected Notice of Taxes for each parcel which comprised the Subject Property as identified in the complaints. Over the course of the lawsuits, TerraPoint LLC made payments of all assessed taxes in good faith. These prior payments were credited against the revised taxes due on each parcel and a refund of \$648,240 was paid to TerraPointe LLC on December 1, 2011.

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, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 32,870,842	\$ 32,870,842	\$ 32,425,292	\$ (445,550)
Licenses and Permits	5,000	5,000	11,954	6,954
Intergovernmental Revenues	4,651,670	4,683,273	4,757,770	74,497
Charges for Services	1,962,749	1,959,349	2,037,044	77,695
Fines and Forfeitures	69,000	69,000	86,452	17,452
Interest Earnings	210,000	210,000	219,402	9,402
Miscellaneous	35,341	190,615	292,625	102,010
Total Revenues	39,804,602	39,988,079	39,830,539	(157,540)
Expenditures				
Current:				
General Government Services	5,546,707	5,686,241	5,211,228	475,013
Public Safety	9,219,927	9,106,123	8,427,183	678,940
Physical Environment	384,841	383,929	311,078	72,851
Economic Environment	28,175	140,678	116,177	24,501
Human Services	2,540,794	2,605,694	2,595,796	9,898
Culture and Recreation	1,671,041	1,764,551	1,646,789	117,762
Court-related Expenditures	813,951	764,890	615,453	149,437
Capital Outlay	1,661,954	1,937,168	971,570	965,598
(Total Expenditures)	21,867,390	22,389,274	19,895,274	2,494,000
Excess of Revenues Over Expenditures	17,937,212	17,598,805	19,935,265	2,336,460
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	1,061,500	1,061,500	846,733	(214,767)
Transfers to Constitutional Officers	(19,082,016)	(19,149,048)	(19,110,895)	38,153
Operating Transfers in	3,878,386	3,892,600	3,881,579	(11,021)
Operating Transfers (out)	(3,581,901)	(3,814,886)	(3,812,711)	2,175
Total Other Financing Sources (Uses)	(17,724,031)	(18,009,834)	(18,195,294)	(185,460)
Net Change in Fund Balances	213,181	(411,029)	1,739,971	2,151,000
Fund Balances at Beginning of Year	9,149,682	12,993,017	13,419,119	426,102
Fund Balances at End of Year	\$ 9,362,863	\$ 12,581,988	\$ 15,159,090	\$ 2,577,102

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, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 5,745,851	\$ 5,745,851	\$ 5,591,189	\$ (154,662)
Licenses and Permits	15,700	15,700	19,665	3,965
Intergovernmental Revenues	1,057,371	1,057,371	1,022,049	(35,322)
Charges for Services	14,800	3,733	3,242	(491)
Interest Earnings	57,000	57,000	94,648	37,648
Miscellaneous	35,565	81,029	100,571	19,542
Total Revenues	6,926,287	6,960,684	6,831,364	(129,320)
Expenditures				
Current:				
Transportation	7,585,237	7,573,614	6,282,917	1,290,697
Capital Outlay	141,000	269,171	88,632	180,539
(Total Expenditures)	7,726,237	7,842,785	6,371,549	1,471,236
Excess of Revenues Over Expenditures	(799,950)	(882,101)	459,815	1,341,916
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	14,572	14,572
Transfers to Constitutional Officers	(94,574)	(94,574)	(92,276)	2,298
Operating Transfers in	4,105	42,944	42,927	(17)
Operating Transfers (out)	(900,000)	(1,231,138)	(1,231,138)	0
Total Other Financing Sources (Uses)	(990,469)	(1,282,768)	(1,265,915)	16,853
Net Change in Fund Balances	(1,790,419)	(2,164,869)	(806,100)	1,358,769
Fund Balances at Beginning of Year	3,450,368	5,148,378	5,243,808	95,430
Fund Balances at End of Year	\$ 1,659,949	\$ 2,983,509	\$ 4,437,708	\$ 1,454,199

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, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 8,998,125	\$ 8,998,125	\$ 8,831,786	\$ (166,339)
Licenses and Permits	45,600	45,600	40,945	(4,655)
Intergovernmental Revenues	467,434	485,434	512,627	27,193
Charges for Services	125,600	125,600	108,794	(16,806)
Fines and Forfeitures	13,150	13,150	1,366	(11,784)
Interest Earnings	45,000	45,000	81,338	36,338
Miscellaneous	0	80,450	103,706	23,256
Total Revenues	9,694,909	9,793,359	9,680,562	(112,797)
Expenditures				
Current:				
General Government Services	704,296	698,645	588,162	110,483
Public Safety	6,338,156	6,366,625	6,104,827	261,798
Human Services	971,255	989,255	831,625	157,630
Capital Outlay	645,525	735,158	447,586	287,572
(Total Expenditures)	8,659,232	8,789,683	7,972,200	817,483
Excess of Revenues Over Expenditures	1,035,677	1,003,676	1,708,362	704,686
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	70,000	70,000	34,653	(35,347)
Transfers to Constitutional Officers	(2,966,327)	(2,965,918)	(2,962,543)	3,375
Operating Transfers in	1,636,781	1,701,330	1,701,330	0
Operating Transfers (out)	(85,470)	(85,470)	(85,470)	0
Total Other Financing Sources (Uses)	(1,345,016)	(1,280,058)	(1,312,030)	(31,972)
Net Change in Fund Balances	(309,339)	(276,382)	396,332	672,714
Fund Balances at Beginning of Year	2,520,876	3,141,134	3,141,744	610
Fund Balances at End of Year	\$ 2,211,537	\$ 2,864,752	\$ 3,538,076	\$ 673,324

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, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 5,901,403	\$ 5,901,403	\$ 6,425,484	\$ 524,081
Interest Earnings	0	0	124,147	124,147
Total Revenues	<u>5,901,403</u>	<u>5,901,403</u>	<u>6,549,631</u>	<u>648,228</u>
Expenditures				
Current:				
General Government Services	0	72,446	66,954	5,492
Public Safety	0	51,900	19,700	32,200
Transportation	0	247,473	216,032	31,441
Culture and Recreation	0	2,829	2,505	324
Capital Outlay	1,288,143	1,544,529	188,329	1,356,200
(Total Expenditures)	<u>1,288,143</u>	<u>1,919,177</u>	<u>493,520</u>	<u>1,425,657</u>
Excess of Revenues Over Expenditures	<u>4,613,260</u>	<u>3,982,226</u>	<u>6,056,111</u>	<u>2,073,885</u>
Other Financing Sources (Uses)				
Operating Transfers in	0	214,519	214,518	(1)
Operating Transfers (out)	<u>(7,123,174)</u>	<u>(7,154,286)</u>	<u>(7,154,286)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(7,123,174)</u>	<u>(6,939,767)</u>	<u>(6,939,768)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>(2,509,914)</u>	<u>(2,957,541)</u>	<u>(883,657)</u>	<u>2,073,884</u>
Fund Balances at Beginning of Year	<u>8,825,474</u>	<u>10,327,427</u>	<u>10,327,428</u>	<u>1</u>
Fund Balances at End of Year	<u>\$ 6,315,560</u>	<u>\$ 7,369,886</u>	<u>\$ 9,443,771</u>	<u>\$ 2,073,885</u>

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - IMPACT FEE ORDINANCE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Interest Earnings	\$ 79,400	\$ 79,400	\$ 87,703	\$ 8,303
Miscellaneous	0	0	5,309	5,309
Total Revenues	<u>79,400</u>	<u>79,400</u>	<u>93,012</u>	<u>13,612</u>
Expenditures				
Capital Outlay	7,970,041	10,393,726	3,334,534	7,059,192
(Total Expenditures)	<u>7,970,041</u>	<u>10,393,726</u>	<u>3,334,534</u>	<u>7,059,192</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(7,890,641)</u>	<u>(10,314,326)</u>	<u>(3,241,522)</u>	<u>7,072,804</u>
Other Financing Sources (Uses)				
Operating Transfers in	0	163,777	163,777	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>163,777</u>	<u>163,777</u>	<u>0</u>
Net Change in Fund Balances	(7,890,641)	(10,150,549)	(3,077,745)	7,072,804
Fund Balances at Beginning of Year	<u>8,896,000</u>	<u>10,797,053</u>	<u>10,797,051</u>	<u>(2)</u>
Fund Balances at End of Year	<u>\$ 1,005,359</u>	<u>\$ 646,504</u>	<u>\$ 7,719,306</u>	<u>\$ 7,072,802</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, 2011**

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, 2011, 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, 2011:

Governmental Funds

General Fund	\$ 4,041,026
Special Revenue Funds	8,749,349
Debt Service Funds	819,142
Capital Projects Funds	<u>14,366,059</u>
Total	<u>\$ 27,975,576</u>

**COMBINING NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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.
- **Community Based Care Program**—to account for child welfare services that are provided through a combination of staff and contracts with a network of providers.
- **Amelia Concourse MSBU**—to account for funds received from the Amelia Concourse assessment allocated to the administrative charges associated with the levy of the special assessments.
- **Firefighter Education Trust**—to account for surcharges on civil penalties for noncriminal, nonmoving traffic violations of Section 316.1945(1)(b)(2) or (5), Florida Statutes.
- **F. S. Special Revenues Fund**—to account for State/other restricted revenues from general revenues.

Debt Service Funds

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

- **Optional Gas Tax 2000**—to account for debt service requirements to retire the local option gas tax revenue bonds, series 2000, dated September 12, 2000. The bonds are payable solely from and secured by a lien upon and a pledge of the County's local option gas tax. The bonds mature on March 1, 2025.
- **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.
- **Special Assessment—Series 2001A**—to account for debt service requirements to retire the Pirates Wood Municipal Service Benefit Unit Special Assessment Bonds, Series 2001A, dated September 11, 2001. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area.

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**—to account for various capital projects. Some projects may have their own fund.
- **CDBG**—to account for community development block grant income received after December 13, 1988.

NASSAU COUNTY BOARD OF COUNTY COMMISISONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	Special Revenue Funds			
	Law Enforcement Training	Special Law Enforcement	Sheriff Donations	Law Enforcement Trust
Assets				
Cash and Cash Equivalents	\$ 81,893	\$ 8,307	\$ 7,689	\$ 26,220
Equity in Pooled Investments	0	152,109	0	138,600
Accounts Receivable				
(Net of Allowance for Uncollectibles)	0	0	0	0
Loans Receivable				
(Net of Allowance for Uncollectibles)	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Constitutional Officers	0	0	0	0
Due from Other Governments	2,279	1,538	0	0
Prepaid Expenditures	0	0	0	0
Total Assets	84,172	161,954	7,689	164,820
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Constitutional Officers	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenues	0	0	0	0
Deposits	0	0	0	0
Total Liabilities	0	0	0	0
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	0	7,689	164,820
Committed	0	0	0	0
Assigned	84,172	161,954	0	0
Total Fund Balances	84,172	161,954	7,689	164,820
Total Liabilities and Fund Balances	\$ 84,172	\$ 161,954	\$ 7,689	\$ 164,820

Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation	Legal Aid Trust
\$ 30,249	\$ 35,180	\$ 137,939	\$ 7,970	\$ 2,235	\$ 0	\$ 18,795
0	0	619,608	174,001	123,555	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
31,060	0	7,871	2,423	4,846	425	2,423
0	0	0	0	0	0	0
61,309	35,180	765,418	184,394	130,636	425	21,218
17,288	0	809	3,242	1,088	0	20,914
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
32,908	0	0	0	0	0	0
0	0	0	0	0	0	0
50,196	0	809	3,242	1,088	0	20,914
0	0	0	0	0	0	0
11,113	35,180	764,609	181,152	129,548	425	304
0	0	0	0	0	0	0
0	0	0	0	0	0	0
11,113	35,180	764,609	181,152	129,548	425	304
\$ 61,309	\$ 35,180	\$ 765,418	\$ 184,394	\$ 130,636	\$ 425	\$ 21,218

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(Continued)

	Special Revenue Funds			
		911		
	Drivers Ed	Operations	EMS County	DES
	Safety Trust	and	Awards HRS	Donations
		Maintenance		
Assets				
Cash and Cash Equivalents	\$ 26,269	\$ 279,767	\$ 4,957	\$ 0
Equity in Pooled Investments	0	180,565	0	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 Other Funds	0	0	0	0
Due from Constitutional Officers	0	71,546	0	0
Due from Other Governments	2,722	506	0	0
Prepaid Expenditures	0	0	0	0
Total Assets	28,991	532,384	4,957	0
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Constitutional Officers	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenues	0	0	4,957	0
Deposits	0	0	0	0
Total Liabilities	0	0	4,957	0
Fund Balances				
Nonspendable	0	0	0	0
Restricted	28,991	532,384	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Total Fund Balances	28,991	532,384	0	0
Total Liabilities and Fund Balances	\$ 28,991	\$ 532,384	\$ 4,957	\$ 0

Special Revenue Funds						
Grants	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Community Based Care Program	Amelia Concourse MSBU
\$ 51,400	\$ 35,674	\$ 436,599	\$ 29,302	\$ 66,200	\$ 0	\$ 145,225
0	1,889,797	0	745,724	2,309,128	0	580,149
0	0	0	375	110	0	0
0	0	48,000	0	0	0	0
0	0	0	0	13,973	0	0
0	208,674	0	1,585	0	0	738
378,112	0	0	0	0	0	0
0	1,200	0	0	320	0	0
<u>429,512</u>	<u>2,135,345</u>	<u>484,599</u>	<u>776,986</u>	<u>2,389,731</u>	<u>0</u>	<u>726,112</u>
51,400	129,554	179	16,356	15,960	0	11,389
0	0	0	0	0	0	0
0	0	0	0	13,993	0	0
0	3,178	0	0	0	0	0
0	64,793	0	0	7,683	0	1
378,112	0	48,000	0	0	0	0
0	0	0	0	23,776	0	0
<u>429,512</u>	<u>197,525</u>	<u>48,179</u>	<u>16,356</u>	<u>61,412</u>	<u>0</u>	<u>11,390</u>
0	1,200	0	0	320	0	0
0	1,936,620	436,420	760,630	2,327,999	0	714,722
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>1,937,820</u>	<u>436,420</u>	<u>760,630</u>	<u>2,328,319</u>	<u>0</u>	<u>714,722</u>
<u>\$ 429,512</u>	<u>\$ 2,135,345</u>	<u>\$ 484,599</u>	<u>\$ 776,986</u>	<u>\$ 2,389,731</u>	<u>\$ 0</u>	<u>\$ 726,112</u>

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(Continued)

	Special Revenue Funds			Debt Service Funds
	Firefighter Education Trust	F.S. Special Revenues Fund	Total Special Revenue Funds	Optional Gas Tax 2000
Assets				
Cash and Cash Equivalents	\$ 3	\$ 997,132	\$ 2,429,005	\$ 277,763
Equity in Pooled Investments	0	0	6,913,236	1,164,803
Accounts Receivable				
(Net of Allowance for Uncollectibles)	0	0	485	0
Loans Receivable				
(Net of Allowance for Uncollectibles)	0	0	48,000	0
Due from Other Funds	0	0	13,973	0
Due from Constitutional Officers	0	7,395	289,938	0
Due from Other Governments	0	12,839	447,044	147,526
Prepaid Expenditures	0	0	1,520	431
Total Assets	3	1,017,366	10,143,201	1,590,523
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	22,003	290,182	0
Retainage Payable	0	0	0	0
Due to Other Funds	0	0	13,993	0
Due to Constitutional Officers	0	0	3,178	0
Due to Other Governments	0	0	72,477	0
Deferred Revenues	0	0	463,977	69,573
Deposits	0	0	23,776	0
Total Liabilities	0	22,003	867,583	69,573
Fund Balances				
Nonspendable	0	0	1,520	431
Restricted	0	995,363	9,027,969	1,520,519
Committed	3	0	3	0
Assigned	0	0	246,126	0
Total Fund Balances	3	995,363	9,275,618	1,520,950
Total Liabilities and Fund Balances	\$ 3	\$ 1,017,366	\$ 10,143,201	\$ 1,590,523

Debt Service Funds					Capital Projects Funds	
Amelia Concourse	1998/2009 Gas Tax Bonds	County Complex	Special Assessment Series 2001A	Total Debt Service Funds	Grants	County Complex
\$ 231,355	\$ 1,305	\$ 0	\$ 0	\$ 510,423	\$ 21,300	\$ 8,021
314,621	0	0	0	1,479,424	0	253,482
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,471	0	0	0	2,471	0	0
0	194,379	0	0	341,905	0	0
0	0	0	0	431	0	0
548,447	195,684	0	0	2,334,654	21,300	261,503
2,848	0	0	0	2,848	0	0
0	0	0	0	0	0	7,000
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6	0	0	0	6	0	0
0	98,000	0	0	167,573	0	0
0	0	0	0	0	0	0
2,854	98,000	0	0	170,427	0	7,000
0	0	0	0	431	0	0
545,593	97,684	0	0	2,163,796	21,300	0
0	0	0	0	0	0	254,503
0	0	0	0	0	0	0
545,593	97,684	0	0	2,164,227	21,300	254,503
\$ 548,447	\$ 195,684	\$ 0	\$ 0	\$ 2,334,654	\$ 21,300	\$ 261,503

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(Concluded)

	Capital Projects Funds			
	Capital Projects	CDBG	Total Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 3,517	\$ 0	\$ 32,838	\$ 2,972,266
Equity in Pooled Investments	570,776	290	824,548	9,217,208
Accounts Receivable (Net of Allowance for Uncollectibles)	0	0	0	485
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	48,000
Due from Other Funds	0	0	0	13,973
Due from Constitutional Officers	0	0	0	292,409
Due from Other Governments	0	0	0	788,949
Prepaid Expenditures	0	0	0	1,951
Total Assets	574,293	290	857,386	13,335,241
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	503	0	503	293,533
Retainage Payable	0	0	7,000	7,000
Due to Other Funds	0	0	0	13,993
Due to Constitutional Officers	0	0	0	3,178
Due to Other Governments	0	0	0	72,483
Deferred Revenues	0	0	0	631,550
Deposits	0	0	0	23,776
Total Liabilities	503	0	7,503	1,045,513
Fund Balances				
Nonspendable	0	0	0	1,951
Restricted	0	0	21,300	11,213,065
Committed	573,790	290	828,583	828,586
Assigned	0	0	0	246,126
Total Fund Balances	573,790	290	849,883	12,289,728
Total Liabilities and Fund Balances	\$ 574,293	\$ 290	\$ 857,386	\$ 13,335,241

**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, 2011**

	Special Revenue Funds			
	Law Enforcement Training	Special Law Enforcement	Sheriff Donations	Law Enforcement Trust
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	13,200	0	0	0
Fines and Forfeitures	12,026	15,178	0	6,584
Investment Earnings (Loss)	223	1,170	26	1,628
Miscellaneous	0	0	1,000	1,400
Total Revenues	25,449	16,348	1,026	9,612
Expenditures				
Current:				
General Government Services	0	0	0	0
Public Safety	9,599	0	2,623	26,000
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	0	0
Court-related Expenditures	0	0	0	0
Capital Outlay	0	0	0	15,699
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
(Total Expenditures)	9,599	0	2,623	41,699
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,850	16,348	(1,597)	(32,087)
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	0	0
Transfers to Constitutional Officers	0	(10,000)	0	0
Operating Transfers in	0	0	0	0
Operating Transfers (out)	0	0	0	(9,441)
Total Other Financing Sources (Uses)	0	(10,000)	0	(9,441)
Net Change in Fund Balances	15,850	6,348	(1,597)	(41,528)
Fund Balances at Beginning of Year	68,322	155,606	9,286	206,348
Fund Balances at End of Year	\$ 84,172	\$ 161,954	\$ 7,689	\$ 164,820

Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation	Legal Aid Trust
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
337,146	0	0	0	0	0	0
0	0	83,926	32,304	64,609	0	32,304
79,195	0	0	0	0	6,095	0
519	103	6,929	1,930	2,284	0	0
0	0	30	0	0	0	0
416,860	103	90,885	34,234	66,893	6,095	32,304
0	0	0	0	0	0	0
83,377	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	5,670	83,655
0	0	11,091	37,204	74,848	0	0
109,618	0	2,678	0	4,278	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
192,995	0	13,769	37,204	79,126	5,670	83,655
223,865	103	77,116	(2,970)	(12,233)	425	(51,351)
0	0	0	0	0	0	0
(184,769)	0	0	0	0	0	0
0	0	0	0	0	0	51,655
0	0	0	0	(184,508)	0	0
(184,769)	0	0	0	(184,508)	0	51,655
39,096	103	77,116	(2,970)	(196,741)	425	304
(27,983)	35,077	687,493	184,122	326,289	0	0
\$ 11,113	\$ 35,180	\$ 764,609	\$ 181,152	\$ 129,548	\$ 425	\$ 304

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, 2011
(Continued)

	Special Revenue Funds			
	Drivers Ed Safety Trust	911 Operations and Maintenance	EMS County Awards HRS	DES Donations
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	0	61,545	22,685	0
Charges for Services	0	418,106	0	0
Fines and Forfeitures	28,924	0	0	0
Investment Earnings (Loss)	67	2,273	0	6
Miscellaneous	0	0	0	0
Total Revenues	28,991	481,924	22,685	6
Expenditures				
Current:				
General Government Services	0	0	0	0
Public Safety	0	145,143	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Human Services	32,002	0	0	0
Court-related Expenditures	0	0	0	0
Capital Outlay	0	0	22,685	1,144
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
(Total Expenditures)	32,002	145,143	22,685	1,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,011)	336,781	0	(1,138)
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	70,580	0	0
Transfers to Constitutional Officers	0	(233,776)	0	0
Operating Transfers in	0	0	0	0
Operating Transfers (out)	0	0	0	(7,820)
Total Other Financing Sources (Uses)	0	(163,196)	0	(7,820)
Net Change in Fund Balances	(3,011)	173,585	0	(8,958)
Fund Balances at Beginning of Year	32,002	358,799	0	8,958
Fund Balances at End of Year	\$ 28,991	\$ 532,384	\$ 0	\$ 0

Special Revenue Funds						
Grants	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Community Based Care Program	Amelia Concourse MSBU
\$ 0	\$ 2,881,391	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	402,063	767,469	0	211,059
0	0	350,000	0	0	0	0
0	0	0	0	75,561	0	0
0	0	0	0	0	0	0
0	14,917	2,084	10,113	19,412	0	4,771
0	0	41,965	1,748	19,045	0	453
0	2,896,308	394,049	413,924	881,487	0	216,283
0	0	0	0	665,025	0	0
0	0	0	0	396,914	0	0
360,400	119,318	0	133,363	0	0	160,367
0	0	0	0	0	0	0
0	2,333,522	369,116	0	0	0	0
0	0	0	0	0	233	0
0	0	0	0	0	0	0
0	0	0	187,900	1,379	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
360,400	2,452,840	369,116	321,263	1,063,318	233	160,367
(360,400)	443,468	24,933	92,661	(181,831)	(233)	55,916
0	0	0	1,585	0	0	690
0	(86,442)	(62)	(17,322)	0	0	(6,804)
378,112	0	0	35,000	0	0	0
(14,041)	(36,163)	0	(415,843)	(140,639)	0	(3,041)
364,071	(122,605)	(62)	(396,580)	(140,639)	0	(9,155)
3,671	320,863	24,871	(303,919)	(322,470)	(233)	46,761
(3,671)	1,616,957	411,549	1,064,549	2,650,789	233	667,961
\$ 0	\$ 1,937,820	\$ 436,420	\$ 760,630	\$ 2,328,319	\$ 0	\$ 714,722

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, 2011
(Continued)

	Special Revenue Funds			Debt Service Funds
	Firefighter Education Trust	F. S. Special Revenue Fund	Total Special Revenue Funds	Optional Gas Tax 2000
Revenues				
Taxes	\$ 0	\$ 0	\$ 2,881,391	\$ 935,432
Licenses and Permits	0	0	1,380,591	0
Intergovernmental Revenues	0	30,989	802,365	0
Charges for Services	0	120,732	840,742	0
Fines and Forfeitures	0	40,795	188,797	0
Investment Earnings (Loss)	0	2,995	71,450	10,540
Miscellaneous	0	1,284	66,925	0
Total Revenues	<u>0</u>	<u>196,795</u>	<u>6,232,261</u>	<u>945,972</u>
Expenditures				
Current:				
General Government Services	0	0	665,025	0
Public Safety	0	58,032	721,688	0
Physical Environment	0	0	773,448	0
Transportation	0	0	0	0
Economic Environment	0	0	2,702,638	0
Human Services	0	12,387	133,947	0
Court-related Expenditures	0	52,600	175,743	0
Capital Outlay	0	48,003	393,384	0
Debt Service:				
Principal Retirement	0	0	0	557,758
Interest and Fiscal Charges	0	0	0	387,673
(Total Expenditures)	<u>0</u>	<u>171,022</u>	<u>5,565,873</u>	<u>945,431</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>25,773</u>	<u>666,388</u>	<u>541</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	72,855	0
Transfers to Constitutional Officers	0	0	(539,175)	0
Operating Transfers in	0	1,401	466,168	0
Operating Transfers (out)	0	(1)	(811,497)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,400</u>	<u>(811,649)</u>	<u>0</u>
Net Change in Fund Balances	0	27,173	(145,261)	541
Fund Balances at Beginning of Year	<u>3</u>	<u>968,190</u>	<u>9,420,879</u>	<u>1,520,409</u>
Fund Balances at End of Year	<u>\$ 3</u>	<u>\$ 995,363</u>	<u>\$ 9,275,618</u>	<u>\$ 1,520,950</u>

Debt Service Funds					Capital Projects Funds	
Amelia Concourse	1998/2009 Gas Tax Bonds	County Complex	Special Assessment Series 2001A	Total Debt Service Funds	Grants	County Complex
\$ 0	\$ 391,306	\$ 0	\$ 0	\$ 1,326,738	\$ 0	\$ 0
775,894	0	0	0	775,894	0	0
0	781,629	0	0	781,629	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
4,656	1,430	0	9	16,635	71	2,754
1,648	0	0	0	1,648	0	0
782,198	1,174,365	0	9	2,902,544	71	2,754
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	2,500	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	5,362	11,998
726,429	878,413	880,000	0	3,042,600	0	0
79,118	297,568	1,437,200	0	2,201,559	0	0
805,547	1,175,981	2,317,200	0	5,244,159	7,862	11,998
(23,349)	(1,616)	(2,317,200)	9	(2,341,615)	(7,791)	(9,244)
2,181	0	0	0	2,181	0	0
(22,760)	0	0	0	(22,760)	0	0
0	0	2,317,200	0	2,317,200	10,912	0
0	0	0	(10,911)	(10,911)	0	0
(20,579)	0	2,317,200	(10,911)	2,285,710	10,912	0
(43,928)	(1,616)	0	(10,902)	(55,905)	3,121	(9,244)
589,521	99,300	0	10,902	2,220,132	18,179	263,747
\$ 545,593	\$ 97,684	\$ 0	\$ 0	\$ 2,164,227	\$ 21,300	\$ 254,503

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, 2011
(Concluded)

	Capital Projects Funds			
	Capital Projects	CDBG	Total Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 4,208,129
Licenses and Permits	0	0	0	2,156,485
Intergovernmental Revenues	0	0	0	1,583,994
Charges for Services	0	0	0	840,742
Fines and Forfeitures	0	0	0	188,797
Investment Earnings (Loss)	9,989	290	13,104	101,189
Miscellaneous	0	2,559	2,559	71,132
Total Revenues	9,989	2,849	15,663	9,150,468
Expenditures				
Current:				
General Government Services	0	0	0	665,025
Public Safety	0	0	0	721,688
Physical Environment	0	0	0	773,448
Transportation	0	0	2,500	2,500
Economic Environment	0	0	0	2,702,638
Human Services	0	0	0	133,947
Court-related Expenditures	0	0	0	175,743
Capital Outlay	914,451	0	931,811	1,325,195
Debt Service:				
Principal Retirement	0	0	0	3,042,600
Interest and Fiscal Charges	0	0	0	2,201,559
(Total Expenditures)	914,451	0	934,311	11,744,343
Excess (Deficiency) of Revenues Over (Under) Expenditures	(904,462)	2,849	(918,648)	(2,593,875)
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	0	75,036
Transfers to Constitutional Officers	0	0	0	(561,935)
Operating Transfers in	0	0	10,912	2,794,280
Operating Transfers (out)	(129,100)	(52,042)	(181,142)	(1,003,550)
Total Other Financing Sources (Uses)	(129,100)	(52,042)	(170,230)	1,303,831
Net Change in Fund Balances	(1,033,562)	(49,193)	(1,088,878)	(1,290,044)
Fund Balances at Beginning of Year	1,607,352	49,483	1,938,761	13,579,772
Fund Balances at End of Year	\$ 573,790	\$ 290	\$ 849,883	\$ 12,289,728

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, 2011, and have issued our report thereon dated March 8, 2012. 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

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Board of County Commissioners
Nassau County, Florida

**INDEPENDENT AUDITORS' REPORT 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 8, 2012.

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 8, 2012
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, 2011, and have issued our report thereon dated March 8, 2012.

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 8, 2012, 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.

Current Year Findings and Recommendations

■ **Utility Billing**

It was noted during the testing of utility billing that there were several commercial irrigation accounts that were being billed at commercial water rates. As of April 1, 2010, the irrigation rates changed to an inclining rate structure, prior to that time the commercial water rate and irrigation rates were the same. This change in rate structure has caused these irrigation accounts to be under billed. Management has estimated the total amount of under billing to be approximately \$110,000. We recommend that the County review all of their utility accounts to determine if they are properly classified in their billing system.

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MANAGEMENT LETTER
(Concluded)

Current Year Findings and Recommendations *(Concluded)*

■ **Rescue Billing Segregation of Duties**

It was noted during the audit that the Billing Supervisor has the ability to make billing adjustments, perform monthly reconciliations of the billing system, and has access of cash receipts. In addition, the Billing Clerks are responsible for collecting cash receipts, preparing the deposit and posting charges to the billing system. Proper segregation of incompatible duties involves separating job functions so that ideally no one individual is able to authorize a transaction, record the transaction, and has access to the assets resulting from that transaction. We recommend that the County review the duties of these individuals to determine if incompatible duties can be reassigned or if compensating controls can be implemented to reduce risk.

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

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

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

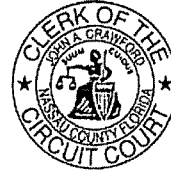
We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis, Gray and Company, LLP

March 8, 2012
Gainesville, Florida



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



March 8, 2012

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

Dear Sir/Madam,

The audit report of the Office of the Board of County Commissioners, 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 Board at September 30, 2011, 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 recommendations to improve financial management. The responses are provided below:

- 1.) Condition – Utility Billing – It was noted during the testing of utility billing that there were several commercial irrigation accounts that were being billed at commercial water rates. As of April 1, 2010, the irrigation rates changed to an inclining rate structure. Prior to that time the commercial water rate and the irrigation rates were the same. This change in rate structure has caused these irrigation accounts to be under billed. Management has estimated the total amount of under billing to be approximately \$110,000. We recommend that the County review all of their utility accounts to determine if they are properly classified in their billing system.

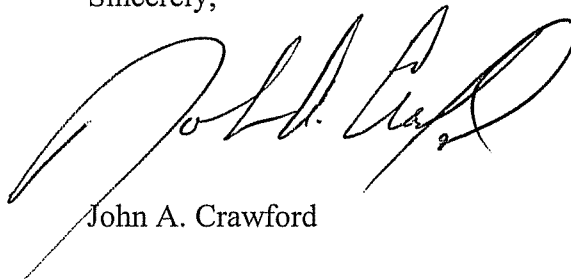
Response - The commercial water accounts were imported into the billing system when the utility system was purchased from Florida Water. When questioned in December, work orders were sent to the plant for verification of services. It was determined that 20 of the 81 commercial water accounts should have actually been coded and billed as commercial irrigation accounts. The accounts determined to be

coded inaccurately have been properly classified and the customers were notified of the corrections in writing.

- 2.) Condition – Rescue Billing Segregation of Duties – It was noted during the audit that the Billing Supervisor has the ability to make billing adjustments, perform monthly reconciliations of the billing system, and has access to cash receipts. In addition, the Billing Clerks are responsible for collecting cash receipts, preparing the deposit and posting charges to the billing system. Proper segregation of incompatible duties involves separating job functions so that ideally no one individual is able to authorize a transaction, record the transaction, and have access to the assets resulting from that transaction. We recommend that the County review the duties of these individuals to determine if incompatible duties can be reassigned, or if compensating controls can be implemented to reduce risk.

Response – The duties of the billing staff have been reallocated so the Billing Supervisor no longer has access to cash and the Billing Clerks rotate cash collection weekly. The Billing Supervisor generates a user activity report monthly and submits it to the Clerk's Office to ensure any revision to customer charges is valid. A fourth person has been assigned to make the deposit and send the required forms to Clerk Finance.

Sincerely,

A handwritten signature in black ink, appearing to read 'John A. Crawford', is written over the printed name.

John A. Crawford

JAC/mnp

Cc: Nassau County Board of
County Commissioners