

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2014, and the respective changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Nassau County as of September 30, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 other financial information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 2015, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.



March 5, 2015
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Assets						
Cash	\$ 153,613	\$ 170,687	\$ 564,800	\$ 225,174	\$ 10,173	\$ 1,124,447
Due from Board of County Commissioners	27,123	0	0	0	0	27,123
Due from Other Funds	98,983	127,820	20,612	20	0	247,435
Due from Other Governments	14,704	0	0	25,982	0	40,686
Prepaid Expenses	9,676	0	8,527	0	0	18,203
Total Assets	304,099	298,507	593,939	251,176	10,173	1,457,894
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	70,435	637	3,002	756	0	74,830
Due to Board of County Commissioners	18,291	0	0	0	0	18,291
Due to Other Funds	0	57,583	0	2,941	0	60,524
Due to Other Governments	23,298	240,287	0	0	0	263,585
Other Accrued Liabilities	192,075	0	0	0	0	192,075
Total Liabilities	304,099	298,507	3,002	3,697	0	609,305
Fund Balances						
Nonspendable:						
Prepaid Expenses	0	0	8,527	0	0	8,527
Restricted:						
Records Modernization	0	0	582,410	0	0	582,410
Child Support	0	0	0	247,479	0	247,479
Committed:						
Teen Court	0	0	0	0	10,173	10,173
Total Fund Balances	0	0	590,937	247,479	10,173	848,589
Total Liabilities and Fund Balances	\$ 304,099	\$ 298,507	\$ 593,939	\$ 251,176	\$ 10,173	\$ 1,457,894

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Revenues						
Intergovernmental Revenue	\$ 0	\$ 259,695	\$ 0	\$ 145,289	\$ 0	\$ 404,984
Charges for Services	554,096	936,924	174,068	0	0	1,665,088
Judgments and Fines	0	448,490	68,573	0	0	517,063
Miscellaneous	10,414	129	0	0	2,318	12,861
Total Revenues	<u>564,510</u>	<u>1,645,238</u>	<u>242,641</u>	<u>145,289</u>	<u>2,318</u>	<u>2,599,996</u>
Expenditures						
Current:						
General Government:						
Personal Services	1,752,199	0	0	0	0	1,752,199
Operating Expenditures	825,474	0	0	0	1,022	826,496
Economic Environment:						
Personal Services	49,711	0	0	0	0	49,711
Operating Expenditures	2,740	0	0	0	0	2,740
Court-related:						
Personal Services	0	1,484,670	0	72,752	0	1,557,422
Operating Expenditures	0	160,568	109,697	8,939	0	279,204
Capital Outlay	17,370	0	0	0	0	17,370
(Total Expenditures)	<u>(2,647,494)</u>	<u>(1,645,238)</u>	<u>(109,697)</u>	<u>(81,691)</u>	<u>(1,022)</u>	<u>(4,485,142)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(2,082,984)</u>	<u>0</u>	<u>132,944</u>	<u>63,598</u>	<u>1,296</u>	<u>(1,885,146)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	2,097,432	0	311	0	0	2,097,743
Transfers (out) to Board of County Commissioners	(14,448)	0	0	0	0	(14,448)
Total Other Financing Sources (Uses)	<u>2,082,984</u>	<u>0</u>	<u>311</u>	<u>0</u>	<u>0</u>	<u>2,083,295</u>
Net Change in Fund Balances	0	0	133,255	63,598	1,296	198,149
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>457,682</u>	<u>183,881</u>	<u>8,877</u>	<u>650,440</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 590,937</u>	<u>\$ 247,479</u>	<u>\$ 10,173</u>	<u>\$ 848,589</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 494,159	\$ 556,635	\$ 554,096	\$ (2,539)
Miscellaneous	8,000	8,100	10,414	2,314
Total Revenues	<u>502,159</u>	<u>564,735</u>	<u>564,510</u>	<u>(225)</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,787,397	1,752,199	1,752,199	0
Operating Expenditures	714,462	825,474	825,474	0
Economic Environment:				
Personal Services	46,856	49,711	49,711	0
Operating Expenditures	4,250	2,740	2,740	0
Capital Outlay	1,200	17,370	17,370	0
(Total Expenditures)	<u>(2,554,165)</u>	<u>(2,647,494)</u>	<u>(2,647,494)</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,052,006)</u>	<u>(2,082,759)</u>	<u>(2,082,984)</u>	<u>(225)</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,052,006	2,097,207	2,097,432	225
Transfers (out) to Board of County Commissioners	0	(14,448)	(14,448)	0
Total Other Financing Sources (Uses)	<u>2,052,006</u>	<u>2,082,759</u>	<u>2,082,984</u>	<u>225</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

	Court Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 259,695	\$ 259,695	\$ 259,695	\$ 0
Charges for Services	907,689	907,689	936,924	29,235
Judgments and Fines	477,854	477,854	448,490	(29,364)
Miscellaneous	0	0	129	129
Total Revenues	<u>1,645,238</u>	<u>1,645,238</u>	<u>1,645,238</u>	<u>0</u>
Expenditures				
Current:				
Court-related:				
Personal Services	1,487,676	1,484,670	1,484,670	0
Operating Expenditures	157,562	160,568	160,568	0
(Total Expenditures)	<u>(1,645,238)</u>	<u>(1,645,238)</u>	<u>(1,645,238)</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

	Public Records Modernization Trust Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 180,368	\$ 180,368	\$ 174,068	\$ (6,300)
Judgments and Fines	67,273	67,273	68,573	1,300
Total Revenues	<u>247,641</u>	<u>247,641</u>	<u>242,641</u>	<u>(5,000)</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	107,636	107,636	0	107,636
Court-related:				
Operating Expenditures	590,657	590,657	109,697	480,960
Capital Outlay	7,500	7,500	0	7,500
(Total Expenditures)	<u>(705,793)</u>	<u>(705,793)</u>	<u>(109,697)</u>	<u>596,096</u>
Excess of Revenues Over Expenditures	<u>(458,152)</u>	<u>(458,152)</u>	<u>132,944</u>	<u>591,096</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	470	470	311	(159)
Total Other Financing Sources (Uses)	<u>470</u>	<u>470</u>	<u>311</u>	<u>(159)</u>
Net Change in Fund Balances	(457,682)	(457,682)	133,255	590,937
Fund Balances, Beginning of Year	<u>457,682</u>	<u>457,682</u>	<u>457,682</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 590,937</u>	<u>\$ 590,937</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Concluded)**

	Child Support Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 118,000	\$ 118,000	\$ 145,289	\$ 27,289
Total Revenues	<u>118,000</u>	<u>118,000</u>	<u>145,289</u>	<u>27,289</u>
Expenditures				
Current:				
Court-related:				
Personal Services	76,591	78,508	72,752	5,756
Operating Expenditures	225,245	223,328	8,939	214,389
(Total Expenditures)	<u>(301,836)</u>	<u>(301,836)</u>	<u>(81,691)</u>	<u>220,145</u>
Excess of Revenues Over Expenditures	<u>(183,836)</u>	<u>(183,836)</u>	<u>63,598</u>	<u>247,434</u>
Net Change in Fund Balances	(183,836)	(183,836)	63,598	247,434
Fund Balances, Beginning of Year	<u>183,881</u>	<u>183,881</u>	<u>183,881</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 247,479</u>	<u>\$ 247,434</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2014**

Assets

Cash	\$ 2,076,282
Due from Other Funds	10
Due from Other Governments	898
Due from Individuals	<u>1,246</u>

Total Assets 2,078,436

Liabilities

Due to Board of County Commissioners	46,924
Due to Other Funds	186,921
Due to Other Governments	153,260
Deposits	1,683,470
Other Liabilities	<u>7,861</u>

Total Liabilities \$ 2,078,436

See accompanying notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

The Clerk funds his noncourt operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129 and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. The receipts from the County General Fund are recorded as other financing sources on the Clerk's general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County General Fund at year-end. The court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida and are reported in the Court Fund. At year-end, any excess of revenues over court-related expenditures of the Court fund are remitted to the State of Florida pursuant to Florida Statute 28.37.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

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

■ **Governmental Funds**

● **Major Funds**

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Governmental Funds (Concluded)**

● **Major Funds (Concluded)**

- ▶ **Court Fund**—The court fund was established to account for court-related revenues and expenditures and are required to be reported separately from the Clerk's general fund activities.

- ▶ **Public Records Modernization Trust Fund**—This fund accounts for proceeds of specific revenues that are legally restricted for expenditures of the public records program, and additional clerk court related operational needs and program enhancements.

- ▶ **Child Support Fund**—This fund accounts for proceeds of specific revenues that are restricted for expenditures of the child support program.

- **Nonmajor Governmental Fund**
 - ▶ **Teen Court Fund**—This fund accounts for proceeds of specific revenues that are committed for expenditures of the teen court program.

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

Measurement Focus

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

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO INANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the general fund, the public records fund, teen court, and child support. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. A budget was adopted for the court fund and approved by the Legislative Budget Commission pursuant to Florida Statute 28.35. Budgets are prepared on the modified accrual basis of accounting.

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

Capital Assets

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

Accrued Compensated Absences

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

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

Workers' Compensation and Group Health Insurance

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

Risk Management

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Risk Management (Concluded)

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

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

Fund Balance Reporting

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

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

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

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

Note 2 - Cash and Investments

At September 30, 2014, the carrying amount of the Clerk's deposits was \$3,194,904 and the bank balance was \$3,476,601. The Clerk also held \$5,825 in change funds at September 30, 2014. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash funds of the Clerk are deposited in accordance with Florida Statutes 280 and 218.415, and Nassau County Resolution 95-144.

Investments

The Clerk's investment practices are governed by Chapters 28.33 and 218.415, Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury and the Local Government Surplus Funds Trust Fund (the State Board of Administration). There were no investments as of September 30, 2014.

Note 3 - Employee Benefits

Plan Description

Membership in the Florida Retirement System (FRS) is required for all full-time and part-time employees in regularly established positions for state agencies, county governments, district school boards, state universities and state community colleges, or cities, independent special districts, metropolitan planning organizations, public charter schools or public charter technical career centers. The FRS Pension Plan is a cost-sharing, multiple employer, public retirement system, administered by the State of Florida Division of Retirement. The FRS also offers eligible employees participation in an alternative defined contribution plan (the Investment Plan).

If initially enrolled prior to July 1, 2011, the FRS provides for vesting of benefits after six years of creditable service and normal retirement is after 30 years of service or age 62. The vesting requirements change to eight years of creditable service for those initially enrolled on or after July 1, 2011 and normal retirement is after 33 years of service or age 65. The monthly benefit received is based upon the: (1) average monthly compensation in the highest five years of creditable service (eight years if the employee is initially enrolled on or after July 1, 2011); (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees who have not yet reached their normal retirement date, may elect to take early retirement and receive retirement benefits that are reduced 5% for each year between their age at retirement and the normal retirement age. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death and disability benefits (including in-line-of-duty disability) and cost of living adjustments. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S-4, *Florida Administrative Code*.

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

Note 3 - Employee Benefits (Concluded)

Plan Description (Concluded)

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

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

Funding Policy

The Florida Legislature has established a uniform contribution rate system for the FRS covering both the Pension Plan and the Investment Plan. The current contribution rates by member class are as follows: regular employees 7.37%, senior management 21.14%, DROP employees 12.28%, and elected officials 43.24%. As of July 1, 2011, employees (except those in DROP) are required to contribute 3% of their compensation to the plan. The Clerk's contributions to the plan for the years ended September 30, 2014, 2013, and 2012, were \$279,335, \$176,708, and \$142,131, respectively, equal to the actuarially determined contribution requirements for each fiscal year.

Note 4 - Other Postemployment Benefits

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

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

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$547.92

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

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

Note 4 - Other Postemployment Benefits (Concluded)

In the current report, the Clerk has 63 active employees and 10 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Clerk's portion of the OPEB obligation totaled \$894,421 as of September 30, 2014. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Change in Long-term Debt

The following is a summary of the change in long-term debt of the Clerk for the year ended September 30, 2014:

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2014</u>
Other Postemployment Benefits	\$ 782,187	\$ 223,188	\$ (110,954)	\$ 894,421
Total Long-term Debt	<u>\$ 782,187</u>	<u>\$ 223,188</u>	<u>\$ (110,954)</u>	<u>\$ 894,421</u>

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

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

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2014, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 98,983	\$ 0
Special Revenue Funds		
Court Fund	127,820	57,583
Public Records Modernization Fund	20,612	0
Child Support Fund	20	2,941
Agency Funds		
Civil Trust Fund	0	53,591
Recording Trust Fund	10	51,052
Criminal Trust Fund	0	3,298
Special Trust Fund	0	76,178
Domestic Relations Fund	0	2,204
Bail Bond Fund	0	598
Total	<u>\$ 247,445</u>	<u>\$ 247,445</u>

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
TEEN COURT
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 2,318	\$ 2,318
Total Revenues	<u>0</u>	<u>0</u>	<u>2,318</u>	<u>2,318</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	8,877	8,877	1,022	7,855
(Total Expenditures)	<u>(8,877)</u>	<u>(8,877)</u>	<u>(1,022)</u>	<u>7,855</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>(8,877)</u>	<u>1,296</u>	<u>10,173</u>
Net Change in Fund Balances	(8,877)	(8,877)	1,296	10,173
Fund Balances, Beginning of Year	<u>8,877</u>	<u>8,877</u>	<u>8,877</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,173</u>	<u>\$ 10,173</u>

AGENCY FUNDS

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

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

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

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

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

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

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

	Civil Trust	Recording Trust	Criminal Trust	Special Trust	Domestic Relations	Registry of the Court	Bail Bond	Total
Assets								
Cash	\$ 541,021	\$ 307,897	\$ 14,140	\$ 218,118	\$ 2,529	\$ 959,583	\$ 32,994	\$ 2,076,282
Due from Other Funds	0	10	0	0	0	0	0	10
Due from Other Governments	0	547	0	0	351	0	0	898
Due from Individuals	0	0	0	1,246	0	0	0	1,246
Total Assets	541,021	308,454	14,140	219,364	2,880	959,583	32,994	2,078,436
Liabilities								
Due to Board of County Commissioners	0	11,986	1,938	33,000	0	0	0	46,924
Due to Other Funds	53,591	51,052	3,298	76,178	2,204	0	598	186,921
Due to Other Governments	45,463	35,132	5,958	66,025	676	0	6	153,260
Deposits	441,967	210,071	2,946	36,513	0	959,583	32,390	1,683,470
Other Liabilities	0	213	0	7,648	0	0	0	7,861
Total Liabilities	\$ 541,021	\$ 308,454	\$ 14,140	\$ 219,364	\$ 2,880	\$ 959,583	\$ 32,994	\$ 2,078,436

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2014, and have issued our report thereon dated March 5, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined Nassau County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 28.35 AND 28.36, FLORIDA STATUTES**

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

We have examined Nassau County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 5, 2015, which was modified to indicate that the financial statements are not intended to be a complete presentation of Nassau County, Florida.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Reports on our examinations conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 5, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no such recommendations made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Clerk.

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

MANAGEMENT LETTER
(Concluded)

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements that is less than material but which warrants that attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

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

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida