

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

**FINANCIAL STATEMENTS
AND
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SEPTEMBER 30, 2015

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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, 2015, 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, 2015, 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

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

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, 2015, 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 April 28, 2016, 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.

Durvis, Gray and Company, LLP

April 28, 2016
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

| | Major Funds | | | | | Total Governmental Funds |
|--|-------------------|-------------------|---|--------------------------|-----------------|--------------------------------|
| | General Fund | Court Fund | Public Records Modernization Trust Fund | Child Support Fund | Teen Court | |
| Assets | | | | | | |
| Cash | \$ 178,919 | \$ 210,453 | \$ 672,468 | \$ 278,811 | \$ 7,580 | \$ 1,348,231 |
| Due from Board of County Commissioners | 10,436 | 0 | 0 | 0 | 0 | 10,436 |
| Due from Other Funds | 105,775 | 111,325 | 23,039 | 0 | 0 | 240,139 |
| Due from Other Governments | 15,242 | 0 | 0 | 27,028 | 0 | 42,270 |
| Prepaid Expenses | 3,710 | 243 | 8,783 | 0 | 0 | 12,736 |
| Total Assets | 314,082 | 322,021 | 704,290 | 305,839 | 7,580 | 1,653,812 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable | 61,537 | 4,598 | 36,505 | 0 | 0 | 102,640 |
| Due to Board of County Commissioners | 53,500 | 0 | 0 | 0 | 0 | 53,500 |
| Due to Other Funds | 0 | 54,686 | 702 | 4,222 | 0 | 59,610 |
| Due to Other Governments | 3,385 | 262,737 | 3,249 | 0 | 0 | 269,371 |
| Other Accrued Liabilities | 195,660 | 0 | 0 | 0 | 0 | 195,660 |
| Total Liabilities | 314,082 | 322,021 | 40,456 | 4,222 | 0 | 680,781 |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid Expenses | 0 | 0 | 8,783 | 0 | 0 | 8,783 |
| Restricted: | | | | | | |
| Records Modernization | 0 | 0 | 655,051 | 0 | 0 | 655,051 |
| Child Support | 0 | 0 | 0 | 301,617 | 0 | 301,617 |
| Committed: | | | | | | |
| Teen Court | 0 | 0 | 0 | 0 | 7,580 | 7,580 |
| Total Fund Balances | 0 | 0 | 663,834 | 301,617 | 7,580 | 973,031 |
| Total Liabilities and Fund Balances | \$ 314,082 | \$ 322,021 | \$ 704,290 | \$ 305,839 | \$ 7,580 | \$ 1,653,812 |

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, 2015**

| | Major Funds | | | | | Total Government Funds |
|--|--------------------|--------------------|---|--------------------------|-----------------|------------------------------|
| | General Fund | Court Fund | Public Records Modernization Trust Fund | Child Support Fund | Teen Court | |
| Revenues | | | | | | |
| Intergovernmental Revenue | \$ 0 | \$ 227,507 | \$ 0 | \$ 152,569 | \$ 0 | \$ 380,076 |
| Charges for Services | 552,078 | 911,388 | 207,108 | 0 | 0 | 1,670,574 |
| Judgments and Fines | 0 | 419,913 | 64,418 | 0 | 0 | 484,331 |
| Miscellaneous | 9,890 | 3,420 | 0 | 0 | 1,427 | 14,737 |
| Total Revenues | 561,968 | 1,562,228 | 271,526 | 152,569 | 1,427 | 2,549,718 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government: | | | | | | |
| Personal Services | 1,797,965 | 0 | 0 | 0 | 0 | 1,797,965 |
| Operating Expenditures | 672,000 | 0 | 0 | 0 | 4,020 | 676,020 |
| Economic Environment: | | | | | | |
| Personal Services | 49,820 | 0 | 0 | 0 | 0 | 49,820 |
| Operating Expenditures | 2,988 | 0 | 0 | 0 | 0 | 2,988 |
| Court-related: | | | | | | |
| Personal Services | 0 | 1,413,056 | 3,779 | 86,498 | 0 | 1,503,333 |
| Operating Expenditures | 0 | 149,172 | 195,329 | 11,933 | 0 | 356,434 |
| Capital Outlay | 104,151 | 0 | 0 | 0 | 0 | 104,151 |
| (Total Expenditures) | (2,626,924) | (1,562,228) | (199,108) | (98,431) | (4,020) | (4,490,711) |
| (Deficiency) Excess of Revenues (Under) Over Expenditures | (2,064,956) | 0 | 72,418 | 54,138 | (2,593) | (1,940,993) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in from Board of County Commissioners | | | | | | |
| | 2,091,476 | 0 | 479 | 0 | 0 | 2,091,955 |
| Transfers (out) to Board of County Commissioners | | | | | | |
| | (26,520) | 0 | 0 | 0 | 0 | (26,520) |
| Total Other Financing Sources (Uses) | 2,064,956 | 0 | 479 | 0 | 0 | 2,065,435 |
| Net Change in Fund Balances | 0 | 0 | 72,897 | 54,138 | (2,593) | 124,442 |
| Fund Balances, Beginning of Year | 0 | 0 | 590,937 | 247,479 | 10,173 | 848,589 |
| Fund Balances, End of Year | \$ 0 | \$ 0 | \$ 663,834 | \$ 301,617 | \$ 7,580 | \$ 973,031 |

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, 2015**

| | General Fund | | | Variance With Final Budget Positive (Negative) |
|--|-------------------------|--------------------|---------------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues | | | | |
| Charges for Services | \$ 466,159 | \$ 554,187 | \$ 552,078 | \$ (2,109) |
| Miscellaneous | 8,000 | 8,000 | 9,890 | 1,890 |
| Total Revenues | <u>474,159</u> | <u>562,187</u> | <u>561,968</u> | <u>(219)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Personal Services | 1,839,287 | 1,797,965 | 1,797,965 | 0 |
| Operating Expenditures | 663,772 | 672,001 | 672,000 | 1 |
| Economic Environment: | | | | |
| Personal Services | 48,203 | 49,820 | 49,820 | 0 |
| Operating Expenditures | 4,250 | 2,988 | 2,988 | 0 |
| Capital Outlay | 0 | 104,151 | 104,151 | 0 |
| (Total Expenditures) | <u>(2,555,512)</u> | <u>(2,626,925)</u> | <u>(2,626,924)</u> | <u>1</u> |
| (Deficiency) of Revenues (Under) Expenditures | <u>(2,081,353)</u> | <u>(2,064,738)</u> | <u>(2,064,956)</u> | <u>(218)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in from Board of County Commissioners | 2,081,353 | 2,091,258 | 2,091,476 | 218 |
| Transfers (out) to Board of County Commissioners | 0 | (26,520) | (26,520) | 0 |
| Total Other Financing Sources (Uses) | <u>2,081,353</u> | <u>2,064,738</u> | <u>2,064,956</u> | <u>218</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, 2015
(Continued)

| | Court Fund | | | Variance With Final Budget Positive (Negative) |
|---|-------------------------|--------------------|---------------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental Revenue | \$ 310,063 | \$ 227,507 | \$ 227,507 | \$ 0 |
| Charges for Services | 866,745 | 866,291 | 911,388 | 45,097 |
| Judgments and Fines | 468,430 | 468,430 | 419,913 | (48,517) |
| Miscellaneous | 0 | 0 | 3,420 | 3,420 |
| Total Revenues | <u>1,645,238</u> | <u>1,562,228</u> | <u>1,562,228</u> | <u>0</u> |
| Expenditures | | | | |
| Current: | | | | |
| Court-related: | | | | |
| Personal Services | 1,520,255 | 1,413,056 | 1,413,056 | 0 |
| Operating Expenditures | 124,983 | 149,172 | 149,172 | 0 |
| (Total Expenditures) | <u>(1,645,238)</u> | <u>(1,562,228)</u> | <u>(1,562,228)</u> | <u>0</u> |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balances, Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balances, End of Year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

| | Public Records Modernization Trust Fund | | | Variance With Final Budget Positive (Negative) |
|--|--|------------------|---------------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues | | | | |
| Charges for Services | \$ 173,000 | \$ 173,000 | \$ 207,108 | \$ 34,108 |
| Judgments and Fines | 62,000 | 62,000 | 64,418 | 2,418 |
| Total Revenues | <u>235,000</u> | <u>235,000</u> | <u>271,526</u> | <u>36,526</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Operating Expenditures | 149,536 | 149,536 | 0 | 149,536 |
| Court-related: | | | | |
| Personal Services | 0 | 15,913 | 3,779 | 12,134 |
| Operating Expenditures | 676,400 | 660,487 | 195,329 | 465,158 |
| (Total Expenditures) | <u>(825,936)</u> | <u>(825,936)</u> | <u>(199,108)</u> | <u>626,828</u> |
| Excess of Revenues Over Expenditures | <u>(590,936)</u> | <u>(590,936)</u> | <u>72,418</u> | <u>663,354</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in from Board of County Commissioners | 0 | 0 | 479 | 479 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>479</u> | <u>479</u> |
| Net Change in Fund Balances | (590,936) | (590,936) | 72,897 | 663,833 |
| Fund Balances, Beginning of Year | <u>590,937</u> | <u>590,937</u> | <u>590,937</u> | <u>0</u> |
| Fund Balances, End of Year | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 663,834</u> | <u>\$ 663,833</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, 2015
(Concluded)

| | Child Support Fund | | | Variance With Final Budget Positive (Negative) |
|---|---------------------------|------------------|---------------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 135,000 | \$ 135,000 | \$ 152,569 | \$ 17,569 |
| Total Revenues | <u>135,000</u> | <u>135,000</u> | <u>152,569</u> | <u>17,569</u> |
| Expenditures | | | | |
| Current: | | | | |
| Court-related: | | | | |
| Personal Services | 65,575 | 86,500 | 86,498 | 2 |
| Operating Expenditures | 316,903 | 295,978 | 11,933 | 284,045 |
| (Total Expenditures) | <u>(382,478)</u> | <u>(382,478)</u> | <u>(98,431)</u> | <u>284,047</u> |
| Excess of Revenues Over Expenditures | <u>(247,478)</u> | <u>(247,478)</u> | <u>54,138</u> | <u>301,616</u> |
| Net Change in Fund Balances | (247,478) | (247,478) | 54,138 | 301,616 |
| Fund Balances, Beginning of Year | <u>247,479</u> | <u>247,479</u> | <u>247,479</u> | <u>0</u> |
| Fund Balances, End of Year | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 301,617</u> | <u>\$ 301,616</u> |

See accompanying notes to the financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2015**

Assets

| | |
|----------------------------|-------------------------|
| Cash | \$ 2,972,924 |
| Due from Other Governments | 448 |
| Due from Individuals | <u>998</u> |
| Total Assets | <u><u>2,974,370</u></u> |

Liabilities

| | |
|---|----------------------------|
| Due to Board of County Commissioners | 52,446 |
| Due to Other Funds | 180,529 |
| Due to Other Governments | 301,529 |
| Deposits | 2,424,872 |
| Other Liabilities | <u>14,994</u> |
| Total Liabilities | <u><u>\$ 2,974,370</u></u> |

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 31 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'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 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 *(Continued)*

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 1 - Summary of Significant Accounting Policies (Concluded)

New Accounting Pronouncement

The Clerk participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. As a participating employer, the Clerk implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this special-purpose presentation. As such, only the applicable disclosures required by GASB 68 have been presented herein. In addition, the cost-sharing multiple-employer plans mentioned above operate on a fiscal year ended June 30 (see Note 3 for additional disclosures regarding the plan).

Note 2 - Cash and Investments

At September 30, 2015, the carrying amount of the Clerk's deposits was \$4,315,230 and the bank balance was \$4,856,370. The Clerk also held \$5,925 in change funds at September 30, 2015. 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, 2015.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

Note 3 - Employee Retirement Plan *(Continued)*

General Information about the Florida Retirement System (FRS) *(Concluded)*

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, *Florida Administrative Code*; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Clerk are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>% Value</u> |
|---|----------------|
| <i>Regular Class Members Initially Enrolled Before July 1, 2011</i> | |
| Retirement up to Age 62 or up to 30 Years of Service | 1.60 |
| Retirement at Age 63 or with 31 Years of Service | 1.63 |
| Retirement at Age 64 or with 32 Years of Service | 1.65 |
| Retirement at Age 65 or with 33 or more Years of Service | 1.68 |
| <i>Regular Class Members Initially Enrolled on or After July 1, 2011</i> | |
| Retirement up to Age 65 or up to 33 Years of Service | 1.60 |
| Retirement at Age 66 or with 34 Years of Service | 1.63 |
| Retirement at Age 67 or with 35 Years of Service | 1.65 |
| Retirement at Age 68 or with 36 or more Years of Service | 1.68 |
| <i>Elected County Officers</i> | 3.00 |
| <i>Senior Management Service Class</i> | 2.00 |

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-2015 fiscal year were as follows:

| Class | Year Ended June 30, 2015 | | Year Ended June 30, 2016 | |
|---|--------------------------|----------|--------------------------|----------|
| | Percent of Gross Salary | | Percent of Gross Salary | |
| | Employee | Employer | Employee | Employer |
| FRS, Regular | 3.00 | 6.07 | 3.00 | 5.56 |
| FRS, Elected County Officers | 3.00 | 41.94 | 3.00 | 40.57 |
| FRS, Senior Management Service | 3.00 | 19.84 | 3.00 | 19.73 |
| DROP - Applicable to Members from All of the Above Classes | 0.00 | 11.02 | 0.00 | 11.22 |
| FRS, Reemployed Retiree | (1) | (1) | (1) | (1) |

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Clerk's contributions (employer) to the FRS Plan totaled \$247,805 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2015, the Clerk's proportionate share of the FRS net pension liability was \$1,333,658. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Clerk's proportion was .010325357%, which was an increase of .000988452 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Clerk's pension expense related to the plan (full accrual basis) was \$177,461 related to the Plan. The Clerk's pension expense, proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources are recognized at the County-wide level.

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$58,702 and \$62,638, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.60% |
| Salary Increases | 3.25% Average, Including Inflation |
| Investment Rate of Return | 7.65% Net of Pension Plan Investment Expense, Including Inflation |

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Actuarial Assumptions. (Concluded)

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Annual Target Allocation ⁽¹⁾</u> | <u>Annual Arithmetic Return</u> | <u>Geometric Return</u> | <u>Standard Deviation</u> |
|--------------------------|--|---------------------------------|-------------------------|---------------------------|
| Cash | 1% | 3.2% | 3.1% | 1.7% |
| Fixed Income | 18% | 4.8% | 4.7% | 4.7% |
| Global Equity | 53% | 8.5% | 7.2% | 17.7% |
| Real Estate (Property) | 10% | 6.8% | 6.2% | 12.0% |
| Private Equity | 6% | 11.9% | 8.2% | 30.0% |
| Strategic Investments | 12% | 6.7% | 6.1% | 11.4% |
| Total | <u>100%</u> | | | |
| Assumed Inflation – Mean | | 2.6% | | 1.9% |

Note: (1) As Outlined in the Plan's Investment Policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.65%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Clerk's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Clerk's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

| | <u>1% Decrease (6.65%)</u> | <u>Current Discount Rate (7.65%)</u> | <u>1% Increase (8.65%)</u> |
|--|----------------------------|--------------------------------------|----------------------------|
| Clerk's Proportionate Share of the Net Pension Liability | \$ 3,455,810 | \$ 1,333,658 | \$ (432,321) |

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems Florida in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Clerk contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate Trust Fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Clerk's contributions to the HIS Plan totaled \$36,306 for the fiscal year ended September 30, 2015.

At September 30, 2015, the Clerk's proportionate share of the HIS net pension liability was \$907,200. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Clerk's proportion was .0088957%, which was an increase of .0001675 from its proportion measured as of June 30, 2014.

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

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Continued)

Contributions. (Concluded)

For the fiscal year ended September 30, 2015, the Clerk's pension expense related to the HIS plan (full accrual basis) was \$65,003. The Clerk's pension expense, proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are recognized at the County-wide level.

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$10,922 and \$8,621, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2014, and recalculated as of June 30, 2015, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used determine the total pension liability.

| | |
|---------------------|--|
| Inflation | 2.60% |
| Salary Increases | 3.25% Average, Including Inflation |
| Municipal Bond Rate | 3.80% Net of Pension Plan Investment Expense, Including Inflation |

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008 through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Clerk's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Clerk's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

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

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Sensitivity of the Clerk's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. (Concluded)

| | 1% Decrease (2.80%) | Current Discount Rate (3.80%) | 1% Increase (4.80%) |
|---|------------------------------------|--|------------------------------------|
| Clerk's Proportionate Share of the Net Pension Liability | \$ 1,033,735 | \$ 907,220 | \$ 801,725 |

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

FRS - Defined Contribution Pension Plan

The Clerk contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2014-15 fiscal year were as follows:

| Class | Percent of Gross Compensation |
|--------------------------------|--|
| FRS, Regular | 6.30% |
| FRS, Elected County Officers | 11.34% |
| FRS, Senior Management Service | 7.67% |

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

Note 3 - Employee Retirement Plan (Concluded)

FRS - Defined Contribution Pension Plan (Concluded)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Clerk's Investment Plan pension expense totaled \$22,069 for the fiscal year ended September 30, 2015.

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 60 active employees and eight 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 \$829,230 as of September 30, 2015. 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 - Long-term Liabilities

A summary of the changes in long-term liabilities is as follows:

| | <u>Balance</u> <u>October 1,</u> <u>2014</u> | <u>Additions</u> | <u>(Deletions)</u> | <u>Balance</u> <u>September 30,</u> <u>2015</u> |
|------------------------------------|--|---------------------|---------------------|---|
| Liability for Compensated Absences | \$ 0 | \$ 158,776 | \$ (91,719) | \$ 67,057 |
| Other Postemployment Benefits | 894,421 | 0 | (65,191) | 829,230 |
| Net Pension Liabilities | <u>1,385,799</u> | <u>855,079</u> | <u>0</u> | <u>2,240,878</u> |
| Total Long-term Debt | <u>\$ 2,280,220</u> | <u>\$ 1,013,855</u> | <u>\$ (156,910)</u> | <u>\$ 3,137,165</u> |

See Note 3 for more information on the Net Pension Liabilities related to the FRS and HIS Pension Plans. See Note 4 for a description of the County's policies on OPEB.

The long-term liabilities presented above are not reported in the financial statements of the Clerk since they are not payable from available resources at September 30, 2015. The Clerk's long term debt is recorded in the statement of net position as part of the basic financial statements of the County.

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2015, are as follows:

| | <u>Due</u> <u>from Other</u> <u>Funds</u> | <u>Due</u> <u>to Other</u> <u>Funds</u> |
|------------------------------|---|---|
| General Fund | \$ 105,775 | \$ 0 |
| Special Revenue Funds | | |
| Court Fund | 111,325 | 54,686 |
| Public Records | | |
| Modernization Fund | 23,039 | 702 |
| Child Support Fund | 0 | 4,222 |
| Agency Funds | | |
| Civil Trust Fund | 0 | 41,468 |
| Recording Trust Fund | 0 | 62,045 |
| Criminal Trust Fund | 0 | 4,724 |
| Special Trust Fund | 0 | 69,592 |
| Domestic Relations Fund | 0 | 1,555 |
| Bail Bond Fund | 0 | 1,145 |
| Total | <u>\$ 240,139</u> | <u>\$ 240,139</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, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-------------------------|-----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$ 0 | \$ 0 | \$ 1,427 | \$ 1,427 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>1,427</u> | <u>1,427</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Operating Expenditures | 10,173 | 10,173 | 4,020 | 6,153 |
| (Total Expenditures) | <u>(10,173)</u> | <u>(10,173)</u> | <u>(4,020)</u> | <u>6,153</u> |
| Excess of Revenues Over Expenditures | <u>(10,173)</u> | <u>(10,173)</u> | <u>(2,593)</u> | <u>7,580</u> |
| Net Change in Fund Balances | (10,173) | (10,173) | (2,593) | 7,580 |
| Fund Balances, Beginning of Year | <u>10,173</u> | <u>10,173</u> | <u>10,173</u> | <u>0</u> |
| Fund Balances, End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 7,580</u> | <u>\$ 7,580</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 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, 2015**

| | <u>Civil Trust</u> | <u>Recording Trust</u> | <u>Criminal Trust</u> | <u>Special Trust</u> | <u>Domestic Relations</u> | <u>Registry of the Court</u> | <u>Bail Bond</u> | <u>Total</u> |
|---|------------------------|----------------------------|---------------------------|--------------------------|-------------------------------|--------------------------------------|----------------------|---------------------|
| Assets | | | | | | | | |
| Cash | \$ 1,333,565 | \$ 406,783 | \$ 22,680 | \$ 208,418 | \$ 1,935 | \$ 944,120 | \$ 55,423 | \$ 2,972,924 |
| Due from Other Governments | 0 | 240 | 0 | 0 | 208 | 0 | 0 | 448 |
| Due from Individuals | 0 | 0 | 0 | 998 | 0 | 0 | 0 | 998 |
| Total Assets | <u>1,333,565</u> | <u>407,023</u> | <u>22,680</u> | <u>209,416</u> | <u>2,143</u> | <u>944,120</u> | <u>55,423</u> | <u>2,974,370</u> |
| Liabilities | | | | | | | | |
| Due to Board of County Commissioners | 0 | 14,436 | 2,615 | 35,395 | 0 | 0 | 0 | 52,446 |
| Due to Other Funds | 41,468 | 62,045 | 4,724 | 69,592 | 1,555 | 0 | 1,145 | 180,529 |
| Due to Other Governments | 41,635 | 178,259 | 9,918 | 71,117 | 588 | 0 | 12 | 301,529 |
| Deposits | 1,250,462 | 151,910 | 3,129 | 20,985 | 0 | 944,120 | 54,266 | 2,424,872 |
| Other Liabilities | 0 | 373 | 2,294 | 12,327 | 0 | 0 | 0 | 14,994 |
| Total Liabilities | <u>\$ 1,333,565</u> | <u>\$ 407,023</u> | <u>\$ 22,680</u> | <u>\$ 209,416</u> | <u>\$ 2,143</u> | <u>\$ 944,120</u> | <u>\$ 55,423</u> | <u>\$ 2,974,370</u> |

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, 2015, and have issued our report thereon dated April 28, 2016, 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.

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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 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.

Durvis, Gray and Company, LLP

April 28, 2016
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, 2015, 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, 2015.

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

April 28, 2016
Gainesville, Florida

Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTIONS 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, 2015, as required by Section 10.556(10)(c), *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, 2015.

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

April 28, 2016
Gainesville, Florida

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 61.181, 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 61.181, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(d), *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, 2015.

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

April 28, 2016
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, 2015, and have issued our report thereon dated April 28, 2016, 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 on 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 April 28, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Durvis, Gray and Company, LLP

April 28, 2016
Gainesville, Florida