

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2015

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

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INDEPENDENT AUDITORS' REPORT

The Honorable Bill Leeper
Nassau County Sheriff
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, Sheriff (the Sheriff), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Sheriff'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 auditors' 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 Sheriff as of September 30, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison for each major fund for the fiscal 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 Bill Leeper
Nassau County Sheriff
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, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida 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

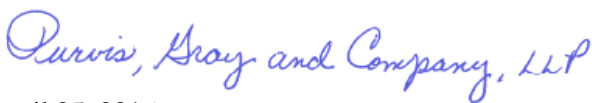
Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff'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 relate 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 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 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



April 25, 2016
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Inmate Commissary</u>	<u>Federal Inmate</u>		
Assets					
Cash in Bank	\$ 737,338	\$ 410,038	\$ 266,949	\$ 237,154	\$ 1,651,479
Cash on Hand	0	0	0	3,602	3,602
Accounts Receivable	35,804	0	0	0	35,804
Due from Other Funds	8,079	0	0	0	8,079
Due from Board of County Commissioners	11,002	0	0	0	11,002
Due from Other Governments	3,189	14,998	47,151	200	65,538
Total Assets	<u>795,412</u>	<u>425,036</u>	<u>314,100</u>	<u>240,956</u>	<u>1,775,504</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	729,747	974	936	1,458	733,115
Due to Other Funds	0	0	6,093	0	6,093
Due to Board of County Commissioners	65,665	0	307,071	115,381	488,117
Total Liabilities	<u>795,412</u>	<u>974</u>	<u>314,100</u>	<u>116,839</u>	<u>1,227,325</u>
Fund Balances					
Restricted:					
Law Enforcement	0	0	0	8,792	8,792
Inmate Welfare	0	424,062	0	0	424,062
Committed:					
Investigative	0	0	0	115,325	115,325
Total Fund Balances	<u>0</u>	<u>424,062</u>	<u>0</u>	<u>124,117</u>	<u>548,179</u>
Total Liabilities and Fund Balances	<u>\$ 795,412</u>	<u>\$ 425,036</u>	<u>\$ 314,100</u>	<u>\$ 240,956</u>	<u>\$ 1,775,504</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Inmate Commissary</u>	<u>Federal Inmate</u>		
Revenues					
Intergovernmental	\$ 177,535	\$ 0	\$ 405,062	\$ 0	\$ 582,597
Miscellaneous	215,488	181,888	0	0	397,376
Total Revenues	<u>393,023</u>	<u>181,888</u>	<u>405,062</u>	<u>0</u>	<u>979,973</u>
Expenditures					
Current:					
Court-related:					
Personal Services	685,337	0	0	0	685,337
Operating Expenditures	17,189	0	0	0	17,189
Public Safety:					
Personal Services	11,278,325	0	3,607	116,940	11,398,872
Operating Expenditures	3,965,332	86,242	23,384	133,424	4,208,382
Capital Outlay	1,820,301	27,231	38,331	0	1,885,863
Debt Service:					
Principal	43,500	0	0	0	43,500
Interest	11,863	0	0	0	11,863
(Total Expenditures)	<u>(17,821,847)</u>	<u>(113,473)</u>	<u>(65,322)</u>	<u>(250,364)</u>	<u>(18,251,006)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(17,428,824)</u>	<u>68,415</u>	<u>339,740</u>	<u>(250,364)</u>	<u>(17,271,033)</u>
Other Financing Sources (Uses)					
Capital Lease Obligation	586,747	0	0	0	586,747
Transfers in from Board of County Commissioners	16,900,593	0	0	467,955	17,368,548
Transfers (out) to Board of County Commissioners	(58,516)	0	(339,740)	(115,381)	(513,637)
Total Other Financing Sources (Uses)	<u>17,428,824</u>	<u>0</u>	<u>(339,740)</u>	<u>352,574</u>	<u>17,441,658</u>
Net Change in Fund Balance	0	68,415	0	102,210	170,625
Fund Balance, Beginning of Year	0	355,647	0	21,907	377,554
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 424,062</u>	<u>\$ 0</u>	<u>\$ 124,117</u>	<u>\$ 548,179</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 136,713	\$ 177,535	\$ 177,535	\$ 0
Miscellaneous	0	215,579	215,488	(91)
Total Revenues	<u>136,713</u>	<u>393,114</u>	<u>393,023</u>	<u>(91)</u>
Expenditures				
Current:				
Court-related:				
Personal Services	728,780	685,337	685,337	0
Operating Expenditures	15,373	17,189	17,189	0
Public Safety:				
Personal Services	11,382,307	11,278,326	11,278,325	1
Operating Expenditures	3,868,216	3,967,119	3,965,332	1,787
Capital Outlay	753,500	1,820,300	1,820,301	(1)
Debt Service:				
Principal	127,938	55,363	43,500	11,863
Interest	0	0	11,863	(11,863)
(Total Expenditures)	<u>(16,876,114)</u>	<u>(17,823,634)</u>	<u>(17,821,847)</u>	<u>1,787</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(16,739,401)</u>	<u>(17,430,520)</u>	<u>(17,428,824)</u>	<u>1,696</u>
Other Financing Sources (Uses)				
Capital Lease Obligation	0	586,747	586,747	0
Transfers in from Board of County Commissioners	16,739,401	16,900,593	16,900,593	0
Transfers (out) to Board of County Commissioners	0	(56,820)	(58,516)	(1,696)
Total Other Financing Sources (Uses)	<u>16,739,401</u>	<u>17,430,520</u>	<u>17,428,824</u>	<u>(1,696)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Inmate Commissary Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 137,052	\$ 181,888	\$ 181,888	\$ 0
Total Revenues	<u>137,052</u>	<u>181,888</u>	<u>181,888</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	57,389	86,242	86,242	0
Capital Outlay	20,590	27,231	27,231	0
(Total Expenditures)	<u>(77,979)</u>	<u>(113,473)</u>	<u>(113,473)</u>	<u>0</u>
Net Change in Fund Balance	<u>59,073</u>	<u>68,415</u>	<u>68,415</u>	<u>0</u>
Fund Balance, Beginning of Year	<u>355,647</u>	<u>355,647</u>	<u>355,647</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 414,720</u>	<u>\$ 424,062</u>	<u>\$ 424,062</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FEDERAL INMATE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Federal Inmate Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 0	\$ 405,062	\$ 405,062	\$ 0
Total Revenues	<u>0</u>	<u>405,062</u>	<u>405,062</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	0	3,607	3,607	0
Operating Expenditures	0	23,384	23,384	0
Capital Outlay	0	38,331	38,331	0
(Total Expenditures)	<u>0</u>	<u>(65,322)</u>	<u>(65,322)</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>339,740</u>	<u>339,740</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers (out) to Board of County Commissioners	0	(339,740)	(339,740)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(339,740)</u>	<u>(339,740)</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2015**

Assets

Cash	\$ 49,653
Total Assets	<u>49,653</u>

Liabilities

Accounts Payable	29,322
Deposits	5,170
Due to Other Funds	1,986
Due to Other Governments	<u>13,175</u>
Total Liabilities	<u>\$ 49,653</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not a complete presentation of the County as a whole. 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, *Rules of the Auditor General Local Governmental Entity Audits*.

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

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except for those required to be accounted for in another fund. During the fiscal year, the Sheriff took over operations of the County Emergency Operations Center, which is accounted for in the general fund.
- ▶ **Inmate Commissary Fund**—This fund accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.
- ▶ **911 Operations Fund**—This fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Governmental Funds (Concluded)**

● **Other Governmental Funds**

- ▶ **Special Revenue Funds**—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports three special revenue funds in the financial statements under the titles, Sheriff's Investigative Fund, Federal Inmate, and the Equitable Sharing Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes. The Federal Inmate Fund accounts for funds received for housing federal inmates at the Nassau County Detention Facility. The Equitable Sharing Fund accounts for monies received from forfeiture of assets.

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

Measurement Focus

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

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. The Inmate Commissary fund and the 911 Operations fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Requirement (Concluded)

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

Capital Assets

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

Accrued Compensated Absences

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

In addition, the Sheriff maintains the following policy for sick leave. Sick leave is accumulated at the rate of eight hours per month. An employee will not be paid out any sick time upon termination of employment.

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

Workers' Compensation and Group Health Insurance

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

Risk Management

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

The Sheriff participates in two Florida Sheriffs Self-insurance funds for risk related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage. Coverage limits for automobile risks are \$200,000 per accident for bodily injury and \$100,000 per accident for property damage.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Management (Concluded)

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

Fund Balance Reporting

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

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County’s governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year’s budget deficit.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

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

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

New Accounting Pronouncement

The Sheriff 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 Sheriff 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

Cash Deposits

At September 30, 2015, the carrying amount of the Sheriff's deposits was \$1,701,132 and the bank balance was \$1,909,402. Cash on hand was \$3,602. Deposits in banks are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Sheriff are placed with qualified financial institutions, which means, they are insured or collateralized.

Note 3 - Employee 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.

Essentially all regular employees of the Sheriff 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).

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

Note 3 - Employee Retirement Plan (Continued)

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 Sheriff are as follows:

- *Regular Class*—Members of the Plan 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.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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 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 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. 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.

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. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<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
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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.

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 Percent of Gross Salary		Year Ended June 30, 2016 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
FRS, Special Risk Regular	3.00	18.52	3.00	20.34
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.

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Contributions. (Concluded)

The Sheriff contributions (employer), to the FRS Plan totaled \$1,353,154 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 Sheriff's proportionate share of the FRS net pension liability was \$6,969,341. 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 Sheriff's proportionate share of the net pension liability was based on the Sheriff's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Sheriff's proportion was .053957548%, which was an increase of .001129184 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Sheriff's pension expense related to the plan (full accrual basis) was \$336,177. The Sheriff'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 \$354,671 and \$317,048, 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

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:

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Actuarial Assumptions. (Concluded)

<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%

⁽¹⁾ As Outlined in the FRS Pension 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 Sheriff’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Sheriff’s proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Sheriff’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>
Sheriff’s Proportionate Share of the Net Pension Liability	\$ 18,059,139	\$ 6,969,341	\$ (2,259,192)

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 Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

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

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Continued)

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 Sheriff 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 Sheriff's contributions to the HIS Plan totaled \$132,526 for the fiscal year ended September 30, 2015 (modified accrual basis).

Pension Liabilities and Pension Expense. At September 30, 2015, the Sheriff's proportionate share of the HIS net pension liability was \$3,261,981. 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 Sheriff's proportionate share of the net pension liability was based on the Sheriff's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Sheriff's proportion was .0319851%, which was an increase of .0004913 from its proportion measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Sheriff's pension expense related to the HIS plan (full accrual basis) was \$265,042. The Sheriff'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 \$40,214 and \$29,955, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

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

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

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 to determine the total pension liability.

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Municipal Bond Return	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 the 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 Sheriff's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Sheriff's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Sheriff'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:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Sheriff's Proportionate Share of the Net Pension Liability	\$ 3,716,875	\$ 3,261,981	\$ 2,882,667

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.

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

Note 3 - Employee Retirement Plan (Continued)

FRS – Defined Contribution Pension Plan

The Sheriff 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. The Sheriff 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
FRS, Special Risk Regular	14.00

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 Plan is transferred to the Investment Plan, the member must have the years of service required for 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 Sheriff.

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

Note 3 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

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 Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Sheriff's Investment Plan pension expense totaled \$127,950 for the fiscal year ended September 30, 2015.

Note 4 - Other Postemployment Benefits (OPEB)

The County offers certain postemployment health care benefits that are considered part of an Other Postemployment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."

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

Currently, the Sheriff has 190 active employees and 15 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Sheriff's portion of the OPEB obligation for the year totaled \$2,499,885. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Capital Assets

The tangible personal property used by the Sheriff in its governmental fund operation is reported as capital assets in the statement of net assets as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff and capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

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

Note 5 - Capital Assets (Concluded)

	Balance October 1, 2014	Increase	Decrease	Balance September 30, 2015
Capital Assets				
Machinery and Equipment	\$ 7,727,829	\$ 4,037,728	\$ (235,051)	\$ 11,530,506
Accumulated Depreciation	<u>(5,701,776)</u>	<u>(1,011,026)</u>	<u>232,143</u>	<u>(6,480,659)</u>
Machinery and Equipment, Net	<u>\$ 2,026,053</u>	<u>\$ 3,026,702</u>	<u>\$ (2,908)</u>	<u>\$ 5,049,847</u>

Depreciation expense was recorded in the government-wide financial statements in the amount of \$1,011,026.

Note 6 - Operating Leases

The Sheriff leased various copiers during fiscal year 2014-2015. The monthly lease payments for these copiers ranged from \$135 to \$540 per month. The expiration dates of the leases range from November 2014 to October 2019. Lease expense for the year under these leases was \$50,721. Future minimum lease payments for the leases are as follows:

Year Ending September 30	Annual Lease Payments
2016	\$ 45,701
2017	11,538
2018	2,758
2019	2,758
2020	<u>230</u>
Total	<u>\$ 62,985</u>

Note 7 - Changes in Long-term Debt

The following is a summary of the changes in long-term debt of the Sheriff for the year ended September 30, 2015:

	Balance October 1, 2014	Additions	(Deletions)	Balance September 30, 2015
Capital Lease	\$ 0	\$ 586,747	\$ (43,500)	\$ 543,247
Accrued Compensated Absences	764,412	1,053,361	(988,443)	829,330
Other Postemployment Benefits	2,327,944	171,941	0	2,499,885
Net Pension Liability	<u>6,168,055</u>	<u>4,063,267</u>	<u>0</u>	<u>10,231,322</u>
Totals	<u>\$ 9,260,411</u>	<u>\$ 5,875,316</u>	<u>\$ (1,031,943)</u>	<u>\$ 14,103,784</u>

See Note 3 for more information on the Net Pension Liabilities related to the FRS and HIS Pension Plans.

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

Note 7 - Changes in Long-term Debt (Concluded)

Compensated Absences

Accrued compensated absences represent the vested portion of accrued leave, and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB are described in Note 4. The Sheriff's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Capital Lease

During the year, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid monthly at an imputed interest rate of 5.0% and matures May 1, 2020. Future minimum lease payments under this capital lease are as follows:

Year Ending September 30	Future Lease Payments
2016	\$ 132,872
2017	132,872
2018	132,872
2019	132,872
2020	79,808
Total Future Minimum Lease Payments	611,296
(Less Amount Representing Interest)	(68,049)
Present Value of Future Minimum Lease Payments	\$ 543,247

Note 8 - Interfund Receivables and Payables

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

	Due from Other Funds	Due to Other Funds
General Fund	\$ 8,079	\$ 0
Special Revenue Funds		
Inmate Welfare	0	6,093
Agency Funds		
Inmate Commissary	0	1,986
Totals	\$ 8,079	\$ 8,079

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2015**

	<u>Sheriff Investigative</u>	<u>911 Operations</u>	<u>Equitable Sharing</u>	<u>Total Other Governmental Funds</u>
Assets				
Cash in Bank	\$ 111,523	\$ 116,839	\$ 8,792	\$ 237,154
Cash on Hand	3,602	0	0	3,602
Due from Other Governments	200	0	0	200
Total Assets	<u>115,325</u>	<u>116,839</u>	<u>8,792</u>	<u>240,956</u>
Liabilities and Fund Balances				
Accounts Payable	0	1,458	0	1,458
Due to Board of County Commissioners	<u>0</u>	<u>115,381</u>	<u>0</u>	<u>115,381</u>
Total Liabilities	<u>0</u>	<u>116,839</u>	<u>0</u>	<u>116,839</u>
Fund Balances				
Restricted:				
Law Enforcement	0	0	8,792	8,792
Committed:				
Investigative	<u>115,325</u>	<u>0</u>	<u>0</u>	<u>115,325</u>
Total Fund Balances	<u>115,325</u>	<u>0</u>	<u>8,792</u>	<u>124,117</u>
Total Liabilities and Fund Balances	<u>\$ 115,325</u>	<u>\$ 116,839</u>	<u>\$ 8,792</u>	<u>\$ 240,956</u>

**NASSAU COUNTY SHERIFF
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2015**

	<u>Sheriff Investigative</u>	<u>911 Operations</u>	<u>Equitable Sharing</u>	<u>Total Other Governmental Funds</u>
Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Current:				
Public Safety:				
Personal Services	0	116,940	0	116,940
Operating Expenditures	18,765	110,562	4,097	133,424
(Total Expenditures)	<u>(18,765)</u>	<u>(227,502)</u>	<u>(4,097)</u>	<u>(250,364)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(18,765)</u>	<u>(227,502)</u>	<u>(4,097)</u>	<u>(250,364)</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	121,723	342,883	3,349	467,955
Transfers (out) to Board of County Commissioners	<u>0</u>	<u>(115,381)</u>	<u>0</u>	<u>(115,381)</u>
Total Other Financing Sources (Uses)	<u>121,723</u>	<u>227,502</u>	<u>3,349</u>	<u>352,574</u>
Net Change in Fund Balance	102,958	0	(748)	102,210
Fund Balance, Beginning of Year	<u>12,367</u>	<u>0</u>	<u>9,540</u>	<u>21,907</u>
Fund Balance, End of Year	<u>\$ 115,325</u>	<u>\$ 0</u>	<u>\$ 8,792</u>	<u>\$ 124,117</u>

AGENCY FUNDS

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

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

Abandoned Property—Accounts for funds received from the conversion of abandoned property to cash. These funds are required to be submitted to the Nassau County School Board.

**NASSAU COUNTY SHERIFF
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2015**

	<u>Individual Depositors/ Suspense</u>	<u>Inmate Trust</u>	<u>Abandoned Property</u>	<u>Total</u>
Assets				
Cash	\$ 13,175	\$ 22,372	\$ 14,106	\$ 49,653
Total Assets	<u>13,175</u>	<u>22,372</u>	<u>14,106</u>	<u>49,653</u>
Liabilities				
Accounts Payable	0	15,216	14,106	29,322
Deposits	0	5,170	0	5,170
Due to Other Funds	0	1,986	0	1,986
Due to Other Governments	13,175	0	0	13,175
Total Liabilities	<u>\$ 13,175</u>	<u>\$ 22,372</u>	<u>\$ 14,106</u>	<u>\$ 49,653</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 Bill Leeper
Nassau County Sheriff
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 the 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, Sheriff (the Sheriff), as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 25, 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 of the financial statements, we considered the Sheriff'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 and 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

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

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

Compliance and Other Matters

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

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 Sheriff'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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

April 25, 2016
Gainesville, Florida

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have examined Nassau County, Florida, Sheriff's (the Sheriff) 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 Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff'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 Sheriff'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 Sheriff's compliance with specified requirements.

In our opinion, the Sheriff 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 Sheriff, 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 25, 2016
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of Nassau County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated April 25, 2016, which was modified to indicate that financials 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 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' Report on our examination 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 25, 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 findings and recommendations made in the preceding annual financial audit report. There were no such findings or recommendations made in the preceding financial audit 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 Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Sheriff.

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The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

Section 10.554(1)(i)2., *Rules of 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 statement amounts that is less than material but which warrants the 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 Sheriff 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 25, 2016
Gainesville, Florida