

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

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

**SEPTEMBER 30, 2007**

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

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

**SEPTEMBER 30, 2007**

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## **INTRODUCTORY SECTION**

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

**LIST OF ELECTED AND APPOINTED OFFICIALS**

**Serving as of September 30, 2007**

**ELECTED OFFICIALS**

<b>Commissioner – District 1, Chairman</b>	<b>Jim B. Higginbotham</b>
<b>Commissioner – District 2, Vice-Chairman</b>	<b>Michael H. Boyle</b>
<b>Commissioner – District 3</b>	<b>Thomas D. Branan, Jr.</b>
<b>Commissioner – District 4</b>	<b>Barry Holloway</b>
<b>Commissioner – District 5</b>	<b>Marianne Marshall</b>
<b>Clerk of the Circuit Court</b>	<b>John A. Crawford</b>
<b>Tax Collector</b>	<b>John M. Drew</b>
<b>Sheriff</b>	<b>Tommy Seagraves</b>
<b>Property Appraiser</b>	<b>Greg Haddock</b>
<b>Supervisor of Elections</b>	<b>Vicki P. Cannon</b>

**APPOINTED OFFICIALS**

<b>County Attorney</b>	<b>David A. Hallman</b>
<b>Interim County Administrator</b>	<b>Ted Selby</b>

## **FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

The Honorable Board of County Commissioners  
Nassau County, Florida

We have audited the accompanying special purpose financial statements of each major fund and aggregate remaining fund information of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2007, as listed in the table of contents. These special purpose financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these special purpose financial statements based on our audit.

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

As discussed in note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, and present only the Board and are intended to present each major fund and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2007, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Board as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

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

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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

The Honorable Board of County Commissioners  
Nassau County, Florida

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2008, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Purvis, Gray and Company, LLP*

March 18, 2008  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**



**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2007**

	<u>General Fund</u>	<u>County Transportation Fund</u>	<u>Impact Fee Ordinance Trust</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 3,254,651	\$ 1,449,409	\$ 2,122,233
Equity in Pooled Investments	7,595,898	1,624,173	13,979,742
Accounts Receivable, Net of Allowance for Uncollectibles	535,210	62,913	5,369
Loans Receivable, Net of Allowance for Uncollectibles			
Due from Other Funds	496,590	0	0
Due from Constitutional Officers	3,406,017	57,734	3,462
Due from Other Governments	920,763	315,439	0
Inventories	0	138,263	0
Prepaid Expenditures	8,988	307	0
Deposits	2,000	0	0
<b>Total Assets</b>	<u>16,220,117</u>	<u>3,648,238</u>	<u>16,110,806</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	1,449,339	251,451	109,635
Accrued Liabilities	660,910	10,490	0
Retainage Payable			
Due to Other Funds	0	172,058	0
Due to Constitutional Officers	13,064	0	74,893
Due to Other Governments	11,013	0	1,311,413
Deferred Revenues	826,750	133,905	0
Deposits	120,897	1,000	0
<b>Total Liabilities</b>	<u>3,081,973</u>	<u>568,904</u>	<u>1,495,941</u>
<b>Fund Balances</b>			
Reserved for:			
Inventories	0	138,263	0
Prepaid Items	8,988	307	0
Grants and State Laws	1,179,875	0	0
Encumbrances	143,833	10,416	715
Unreserved - Designated for:			
Capital Purchases	8,003	0	696,841
Recreation	56,639	0	1,690,645
Professional Services	177,035	50,000	0
Road Projects	0	0	9,626,188
Retirement of Bonds	0	0	0
Capital Projects	2,045,314	0	1,063,229
Unreserved - Undesignated:			
General Fund	9,518,457	0	0
Special Revenue Funds	0	2,880,348	1,537,247
Debt Service Funds	0	0	0
Capital Projects Funds	0	0	0
<b>Total Fund Balances</b>	<u>13,138,144</u>	<u>3,079,334</u>	<u>14,614,865</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 16,220,117</u>	<u>\$ 3,648,238</u>	<u>\$ 16,110,806</u>

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

<u>County Road 121</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 513,784	\$ 8,806,543	\$ 16,146,620
10,339	22,220,759	45,430,911
937	41,827	646,256
0	310,600	310,600
0	20,004	516,594
0	159,733	3,626,946
2,668,286	2,181,809	6,086,297
0	0	138,263
0	5,324	14,619
0	0	2,000
<u>3,193,346</u>	<u>33,746,599</u>	<u>72,919,106</u>
2,000,621	691,963	4,503,009
0	0	671,400
469,413	728,378	1,197,791
0	294,379	466,437
0	0	87,957
0	362,422	1,684,848
2,668,286	1,253,824	4,882,765
0	0	121,897
<u>5,138,320</u>	<u>3,330,966</u>	<u>13,616,104</u>
0	0	138,263
0	5,324	14,619
0	60,098	1,239,973
0	85,448	240,412
0	40,374	745,218
0	0	1,747,284
0	200,000	427,035
0	5,303,867	14,930,055
0	1,495,897	1,495,897
0	2,073,636	5,182,179
0	0	9,518,457
0	18,162,532	22,580,127
0	473,497	473,497
(1,944,974)	2,514,960	569,986
<u>(1,944,974)</u>	<u>30,415,633</u>	<u>59,303,002</u>
<u>\$ 3,193,346</u>	<u>\$ 33,746,599</u>	<u>\$ 72,919,106</u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>General</u>	<u>County Transportation Fund</u>	<u>Impact Fee Ordinance Trust</u>
<b>Revenues</b>			
Taxes	\$ 34,490,641	\$ 8,276,637	\$ 0
Licenses and Permits	7,675	90,844	0
Intergovernmental Revenues	5,220,714	1,112,519	0
Charges for Services	2,676,584	141,303	0
Fines and Forfeitures	104,589	0	0
Interest Earnings	55,795	4,508	694,598
Miscellaneous	1,041,522	67,697	3,053,784
<b>Total Revenues</b>	<u>43,597,520</u>	<u>9,693,508</u>	<u>3,748,382</u>
<b>Expenditures</b>			
Current:			
General Government Services	7,535,002	0	23,866
Public Safety	9,066,917	0	25,024
Physical Environment	386,399	0	0
Transportation	0	6,349,683	127,782
Economic Environment	38,231	0	0
Human Services	1,114,502	0	0
Culture and Recreation	1,988,031	0	27,717
Court-related Expenditures	932,731	0	0
Capital Outlay	1,416,970	1,129,163	14,654
Debt Service:			
Principal Retirement	2,183,203	125,057	0
Interest and Fiscal Charges	68,472	3,574	0
<b>(Total Expenditures)</b>	<u>24,730,458</u>	<u>7,607,477</u>	<u>219,043</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>18,867,062</u>	<u>2,086,031</u>	<u>3,529,339</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Constitutional Officers	3,405,103	48,835	0
Transfers to Constitutional Officers	(15,755,649)	0	0
Operating Transfers in	153,720	0	107,290
Operating Transfers out	(7,077,532)	(4,524,782)	(167,708)
Issuance of Refunding Bonds	0	0	0
Premium on Debt Issuance	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(19,274,358)</u>	<u>(4,475,947)</u>	<u>(60,418)</u>
<b>Net Change in Fund Balances</b>	(407,296)	(2,389,916)	3,468,921
<b>Fund Balances at Beginning of Year</b>	13,545,440	5,491,495	11,145,944
<b>Decrease in Reserve for Inventory</b>	<u>0</u>	<u>(22,245)</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 13,138,144</u>	<u>\$ 3,079,334</u>	<u>\$ 14,614,865</u>

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

<u>County Road 121</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 20,124,334	\$ 62,891,612
0	2,074,704	2,173,223
32,965	4,779,736	11,145,934
0	875,085	3,692,972
0	226,799	331,388
97,295	1,510,909	2,363,105
1,338,207	2,750,597	8,251,807
<u>1,468,467</u>	<u>32,342,164</u>	<u>90,850,041</u>
0	2,626,204	10,185,072
0	6,168,405	15,260,346
0	253,899	640,298
0	0	6,477,465
0	2,941,100	2,979,331
0	3,349,782	4,464,284
0	1,500	2,017,248
0	62,911	995,642
4,855,243	5,955,056	13,371,086
0	5,250,039	7,558,299
0	2,812,362	2,884,408
<u>4,855,243</u>	<u>29,421,258</u>	<u>66,833,479</u>
<u>(3,386,776)</u>	<u>2,920,906</u>	<u>24,016,562</u>
0	219,322	3,673,260
0	(3,212,664)	(18,968,313)
217,223	9,099,746	9,577,979
0	(10,185,021)	(21,955,043)
0	29,630,000	29,630,000
0	1,781,958	1,781,958
0	(29,771,319)	(29,771,319)
<u>217,223</u>	<u>(2,437,978)</u>	<u>(26,031,478)</u>
(3,169,553)	482,928	(2,014,916)
1,224,579	29,932,705	61,340,163
0	0	(22,245)
<u>\$ (1,944,974)</u>	<u>\$ 30,415,633</u>	<u>\$ 59,303,002</u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
SEPTEMBER 30, 2007**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Total</b>
	<b>Disposal</b>		
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,963,507	\$ 819,906	\$ 2,783,413
Equity in Pooled Investments	3,028,982	0	3,028,982
Accounts Receivable, Net	60,955	396,941	457,896
Assessments Receivable, Net	123,461	0	123,461
Due from Constitutional Officers	48,671	0	48,671
Due from Other Governments	103,221	0	103,221
Prepaid Expenses	211	750	961
<b>Total Current Assets</b>	<b>5,329,008</b>	<b>1,217,597</b>	<b>6,546,605</b>
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	2,249,811	2,249,811
Equity in Pooled Investments - Restricted	6,836,036	0	6,836,036
Deferred Charges - Bond Issuance Cost	0	667,986	667,986
Capital Assets (Net of Accumulated Depreciation Where Applicable)	7,335,815	15,240,031	22,575,846
<b>Total Noncurrent Assets</b>	<b>14,171,851</b>	<b>18,157,828</b>	<b>32,329,679</b>
<b>Total Assets</b>	<b>19,500,859</b>	<b>19,375,425</b>	<b>38,876,284</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	244,506	86,050	330,556
Other Current Liabilities	580,374	66,726	647,100
Due to Other Funds	28,607	21,550	50,157
Deposits	0	155,387	155,387
Bonds Payable	0	400,000	400,000
Compensated Absences	50,000	25,000	75,000
<b>Total Current Liabilities</b>	<b>903,487</b>	<b>754,713</b>	<b>1,658,200</b>
Noncurrent Liabilities:			
Compensated Absences	17,262	66,638	83,900
Bonds Payable Long-term (Net of Unamortized Discount)	0	17,034,531	17,034,531
Landfill Closure and Postclosure Liability (Payable from Restricted Assets)	15,728,543	0	15,728,543
<b>Total Noncurrent Liabilities</b>	<b>15,745,805</b>	<b>17,101,169</b>	<b>32,846,974</b>
<b>Total Liabilities</b>	<b>16,649,292</b>	<b>17,855,882</b>	<b>34,505,174</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	7,335,815	(1,526,514)	5,809,301
Restricted	0	2,249,811	2,249,811
Unrestricted	(4,484,248)	796,246	(3,688,002)
<b>Total Net Assets</b>	<b>\$ 2,851,567</b>	<b>\$ 1,519,543</b>	<b>\$ 4,371,110</b>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Disposal</b>	<b>Water and Sewer</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 651,752	\$ 3,187,766	\$ 3,839,518
Special Assessments	3,052,333	0	3,052,333
Other Income	68,926	800	69,726
<b>Total Operating Revenues</b>	<u>3,773,011</u>	<u>3,188,566</u>	<u>6,961,577</u>
<b>Operating Expenses</b>			
Contractual Services	29,813	25,854	55,667
Professional Services	997,691	128,842	1,126,533
Landfill Closure and Postclosure	4,826,207	0	4,826,207
Salaries and Benefits	760,242	601,948	1,362,190
Rentals and Leases	225,851	810	226,661
Repairs and Maintenance	91,124	128,072	219,196
Fees - Constitutional Officers	119,624	150,000	269,624
Gas and Oil	96,268	26,544	122,812
Materials	195,668	80,175	275,843
Depreciation	1,235,003	616,218	1,851,221
Remediation Costs	250,000	0	250,000
Other Expenses	225,593	327,345	552,938
<b>(Total Operating Expenses)</b>	<u>9,053,084</u>	<u>2,085,808</u>	<u>11,138,892</u>
<b>Operating (Loss) Income</b>	<u>(5,280,073)</u>	<u>1,102,758</u>	<u>(4,177,315)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Earnings	762,745	104,894	867,639
Grant Revenues	191,176	0	191,176
Other Nonoperating Income	73,051	17,838	90,889
Interest and Other Debt Service Costs	(1,226,138)	(843,539)	(2,069,677)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(199,166)</u>	<u>(720,807)</u>	<u>(919,973)</u>
<b>(Loss) Income Before Operating Transfers</b>	(5,479,239)	381,951	(5,097,288)
<b>Operating Transfers in</b>	12,521,740	0	12,521,740
<b>Operating Transfers out</b>	<u>(278,742)</u>	<u>0</u>	<u>(278,742)</u>
<b>Change in Net Assets</b>	6,763,759	381,951	7,145,710
<b>Total Net Assets, Beginning of Year</b>	<u>(3,912,192)</u>	<u>1,137,592</u>	<u>(2,774,600)</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 2,851,567</u>	<u>\$ 1,519,543</u>	<u>\$ 4,371,110</u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 3,991,328	\$ 3,173,649	\$ 7,164,977
Cash Payments to Vendors for Goods and Services	(6,221,637)	(842,797)	(7,064,434)
Cash Payments to Employees	(755,971)	(579,276)	(1,335,247)
Cash Received from Other Sources	64,324	0	64,324
Cash Received for Deposits	0	6,923	6,923
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(2,921,956)</u>	<u>1,758,499</u>	<u>(1,163,457)</u>
<b>Noncapital Financing Activities</b>			
Cash Received from Grant Revenues	191,176	0	191,176
Cash Received from Other Noncapital Sources	73,051	17,837	90,888
Transfers from Other Funds	12,521,740	0	12,521,740
Transfers to Other Funds	(144,674)	0	(144,674)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>12,641,293</u>	<u>17,837</u>	<u>12,659,130</u>
<b>Capital and Related Financing Activities</b>			
Acquisition of Property, Plant, and Equipment	(493,816)	(136,973)	(630,789)
Principal Payments on Bonds	(11,830,000)	(390,000)	(12,220,000)
Payment of Interest and Other Debt Costs	(1,166,309)	(808,983)	(1,975,292)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(13,490,125)</u>	<u>(1,335,956)</u>	<u>(14,826,081)</u>
<b>Investing Activities</b>			
Interest Received	762,744	104,894	867,638
Sales of Investments	19,147,732	0	19,147,732
Purchase of Investments	(14,676,102)	0	(14,676,102)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>5,234,374</u>	<u>104,894</u>	<u>5,339,268</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,463,586	545,274	2,008,860
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>499,921</u>	<u>2,524,443</u>	<u>3,024,364</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,963,507</u>	<u>\$ 3,069,717</u>	<u>\$ 5,033,224</u>
<b><u>Reported in Statement of Net Assets as:</u></b>			
Cash and Cash Equivalents	\$ 1,963,507	\$ 819,906	\$ 2,783,413
Cash and Cash Equivalents - Restricted	<u>0</u>	<u>2,249,811</u>	<u>2,249,811</u>
<b>Total</b>	<u>\$ 1,963,507</u>	<u>\$ 3,069,717</u>	<u>\$ 5,033,224</u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**  
*(Concluded)*

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Total</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided by Operating Activities</u></b>			
Operating Income (Loss)	\$ (5,280,073)	\$ 1,102,758	\$ (4,177,315)
Adjustments to Reconcile Net Income (Loss) to Net Cash			
Provided by Operating Activities:			
Depreciation and Amortization	1,235,003	616,218	1,851,221
Provision for Closure and Postclosure Costs	586,428	0	586,428
Tax Collector Fees	59,955	0	59,955
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	297,052	(14,917)	282,135
Increase in Assessments Receivable	(9,809)	0	(9,809)
Decrease in Due from Other Funds	19,270	0	19,270
Increase in Due from Other Governments	(4,602)	0	(4,602)
Increase in Prepaid Expense	(211)	(750)	(961)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	(218,137)	42,956	(175,181)
Decrease in Due to Other Funds	(143,347)	(16,678)	(160,025)
Increase in Deposits	0	6,923	6,923
Increase (Decrease) in Other Current Liabilities	532,244	(683)	531,561
Increase in Compensated Absences	4,271	22,672	26,943
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ (2,921,956)</u></b>	<b><u>\$ 1,758,499</u></b>	<b><u>\$ (1,163,457)</u></b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Increase in Fair Value of Investments	<u>\$ 628,404</u>	<u>\$ 0</u>	<u>\$ 628,404</u>

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



## **NOTES TO FINANCIAL STATEMENTS**

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

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

The accounting policies of the Nassau County Board of County Commissioners (the Board) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The significant accounting policies followed by the Board are described below to enhance the usefulness of the special purpose fund financial statements to the reader.

**Reporting Entity**

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2007. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

**Basis of Presentation**

These special purpose financial statements are financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Board, were prepared in conformity with generally accepted accounting principles (GAAP).

**Fund Accounting**

The accounts of the Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances or net assets, as appropriate, revenues and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are used by the Board:

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the Board, which are not properly accounted for in other funds.
  
- ▶ The **County Transportation Trust Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.

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

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

**Fund Accounting (Concluded)**

■ **Governmental Funds (Concluded)**

● **Major Governmental Funds (Concluded)**

- ▶ The **Impact Fee Ordinance Trust Fund**—is used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
  
- ▶ **County Road 121 Fund**—is used to account for expenditures associated with the resurfacing and widening of County Road 121. Financing is provided by a Florida Department of Transportation grant, County Transportation Trust funds, and One-Cent County Surtax funds.
  
- **Nonmajor Governmental Funds**
  - ▶ **Special Revenue Funds**—are used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.
  
  - ▶ **Debt Service Funds**—are used to account for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.
  
  - ▶ **Capital Projects Funds**—are used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

■ **Major Proprietary Funds**

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

The Solid Waste Disposal Fund accounts for the collection of solid waste services provided to the County on all improved County property. The Water and Sewer Fund accounts for water and wastewater services provided to approximately 3,000 customers on 4,800 acres located entirely in the County, situated north of the Duval County line and south of the City of Fernandina Beach.

**Measurement Focus**

- **Governmental Funds**—general, special revenue, debt service and capital projects funds are accounted for on a "current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported fund balances (assets less liabilities) are considered a measure of available, spendable or appropriable resources. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.

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

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

**Measurement Focus *(Concluded)***

- **Proprietary Funds**—The enterprise funds are accounted for on an “economic resources” measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported net assets (total reported assets less total reported liabilities) provide an indication of the economic net worth of the funds. The operating statements for the proprietary funds report increases (revenues) and decreases (expenses) in total net assets.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are charges for services and special assessments. Operating expenses include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Basis of Accounting**

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

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

Primary revenues, including special assessments, intergovernmental revenues, charges for services, rents and interest, are treated as susceptible to accrual under the modified accrual basis. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual. Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The proprietary funds are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

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

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

**Encumbrance Procedures**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the Board, as an extension of the statutorily required budgetary process under Florida Statutes. The Board maintained a computerized encumbrance system, which is a part of the computerized accounting system. All appropriations lapse at year-end, except those that the Board intends to honor. These amounts are reported as a reservation of fund balance.

**Cash and Cash Equivalents**

For purposes of these financial statements, cash and cash equivalents are considered cash in bank, demand deposits and short-term investments with maturities of less than three months.

For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

**Deposits and Investments**

The Board is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on, which are unconditionally guaranteed or insured by the United States; (3) certificates of deposit issued by state or national banks domiciled in Florida that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; (4) interest-bearing demand deposits; (5) fully collateralized direct repurchase agreements, secured by obligations described in subdivisions (1) and (2) above, and pledged with third parties selected or approved by the Board; (6) commercial paper; (7) corporate bonds; (8) derivative securities limited to those types authorized in (1) through (7) above; and (9) the Local Government Surplus Funds Trust Fund (the Florida State Board of Administration).

All investments are stated at fair value. Investment fair values are based on quoted market prices. Investments in mutual funds and Local Government Surplus Funds Trust Fund, which are external 2a-7-like investment pools, are stated at share price which is substantially the same as fair value (see note 20 related to the restructuring of the Local Government Surplus Funds Trust Fund subsequent to year-end).

**Accounts Receivable**

Accounts receivable for ambulance and commercial haulers' fees are reported net of the allowance for uncollectibles on the balance sheet - governmental funds and statement of net assets - proprietary funds, respectively. The allowances for uncollectible accounts for the above receivables are based upon aging schedules of the Board's ambulance and the commercial haulers' receivables and the related collection experiences of such receivables by the Board.

**Loans Receivable**

The Board, in pursuing community improvement, economic development and job creation within the County, applied for and received a SHIP Affordable Housing Grant through the Florida Department of Community Affairs. Pursuant to the grant agreement, the Board is to loan money to qualified recipients at substantially reduced interest rates to meet housing needs. The outstanding balances of all such loans and related allowance for uncollectible

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

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

**Loans Receivable (Concluded)**

loans, made as of September 30, 2007, were \$802,600 and \$492,000, respectively. The amount reported on the balance sheet - governmental funds of \$310,600 is the net of the above amounts and is offset by a deferral of the same amount, as these amounts are not considered 'available' under the modified accrual basis.

**Interfund Balances**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as 'due to/from other funds' in the fund financial statements.

**Inventories and Prepaid Items**

Inventories, consisting principally of expendable items held for consumption, are determined by physical count and are stated at cost based on the average-cost method. The costs of inventories in governmental fund types are recorded as expenditures when purchased (purchases method); therefore, the inventory asset amount is not available for appropriation. The change in inventories from one period to another is reported as an increase (decrease) in reserve for inventory on the statement of revenues, expenditures, and changes in fund balances - governmental funds.

Prepaid items are certain payments to vendors that reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**

Certain resources in the solid waste disposal and water and sewer enterprise funds are set-aside for payment of the landfill closure, postclosure and monitoring costs, capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the statement of net assets - proprietary funds because their use is limited. All cash and investments classified as restricted is the result of various bond indenture or other legal requirements. When both restricted and unrestricted resources are available for use, the Board's practice is to use restricted resources first, then unrestricted resources as they are needed.

**Capital Assets and Long-term Liabilities**

■ **Governmental Funds**

Purchases of capital assets are recorded as expenditures in the governmental funds when the assets are acquired. At year-end, the assets are capitalized at cost by the Board in the statement of net assets as part of the basic financial statements of the County.

The capital assets used in the operations of the Board, Clerk of the Circuit Court, Tax Collector, Property Appraiser, and Supervisor of Elections, are accounted for by the Board because the Board holds legal title and is accountable for them under Florida law. In accordance with Florida Statutes, the Board also holds title and maintains all land and buildings used by the Sheriff.

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

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

**Capital Assets and Long-term Liabilities (Concluded)**

■ **Governmental Funds (Concluded)**

The Sheriff, pursuant to Chapter 274, Florida Statutes, is accountable for, and thus maintains capital asset records pertaining to equipment used in operations; therefore, those assets are not presented in these special purpose fund financial statements.

The Board capitalizes all fixed assets, which have a cost of \$750 or more and a useful life in excess of one year with the following exceptions:

<u>Fixed Asset Category</u>	<u>Capitalization Threshold</u>
Buildings	\$25,000
Building Improvements	Greater of \$25,000 or 10% of Original Value
Improvements to Land Other than Buildings	\$10,000
Land	All
Easements or Right-of-Way	\$10,000
Infrastructure:	
Roads	\$250,000
Subdivisions	\$250,000
Bridges	\$50,000
Sidewalks	\$10,000
Street Lighting System	\$25,000
Drainage Systems	\$50,000
Additions or Improvements to Infrastructure	Greater of \$100,000 or 10% of Original Cost

Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Infrastructure	15-40 Years
Machinery and Equipment	5-20 Years
Computer Equipment	2-5 Years

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Proprietary Enterprise Funds**

Property and equipment purchased by the enterprise funds are capitalized by those funds. Depreciation on such assets is charged as an expense against each fund's operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

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

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

**Proprietary Enterprise Funds (Concluded)**

Buildings	15-40 Years
Equipment	3-20 Years

The open West Nassau landfill is depreciated based on the usage of the landfill. The closed landfills are fully depreciated.

**Unamortized Bond Issuance Costs**

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

**Capitalization of Interest Costs**

When applicable the Board follows the guidelines of FASB Statement Nos. 34 and 62 to determine if interest costs related to construction of fixed assets should be capitalized. For fiscal year ended September 30, 2007, no interest was capitalized.

**Deferred Revenue**

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

**Compensated Absences**

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

**Fund Equity Reservations and Designations**

In the accompanying financial statements, use of the terms “reserved” and “restricted” is limited to indicating that a portion of reported fund equity is legally restricted to a specific future use more narrow than the fund designation or is not available for appropriation of expenditure.

“Designated” portions of fund equity represent management’s tentative spending plan. Such designations should clearly be distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

**Property Taxes**

Real property and tangible personal property are assessed by the Property Appraiser according to the property’s just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2007, the Board levied 6.1821 mills, which included .2103 mills for the County health unit. An additional 1.8224 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.



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

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

**Property Taxes (Concluded)**

Property taxes are due and payable on November 1st of each year or as soon thereafter as the assessment rolls are charged to the Tax Collector by the Property Appraiser. Taxes on real property may be prepaid in four quarterly installments beginning not later than June 30th of the year in which assessed. Discounts are allowed for payment of property taxes before March 1. Taxes become delinquent on April 1st following the year in which the taxes were assessed.

The Tax Collector collects taxes for the various taxing entities, including the Board. Delinquent taxes on real property are collected by selling tax certificates to individuals. If a tax certificate is not sold, the tax certificate is struck to the County. Attempts to collect delinquent taxes on tangible personal property are done by the issuance of warrants for the seizure and sale of such tangible personal property. Key dates in the property tax cycle (latest date where appropriate) are as follows:

January 1	Property Just Value Established for Assessment of Taxes.
July 1	Assessment Roll Certified, Unless Extension Granted by the Florida Department of Revenue.
93 Days Later	Millage Resolution Approved and Taxes Levied Thereafter as Tax Collector Received Tax Roll.
30 Days Thereafter	Property Taxes Become Due and Payable (Maximum Discount).
April 1	Taxes Become Delinquent.
Prior to June 1	Tax Certificates Sold.

**Note 2 - Cash and Investments**

**Deposits with Financial Institutions**

The carrying amount of the Board's deposits with financial institutions was \$21,179,844 and the bank balances were \$20,428,183 at September 30, 2007. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the Florida State Treasurer eligible collateral equal to or in excess of the required collateral for the depository. The Florida State Treasurer, by rule, shall establish minimum required collateral pledging levels and shall notify each qualified public depository of its required pledging level. Each qualified public depository shall calculate the amount of its required collateral based upon certain formulas. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

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

**Note 2 - Cash and Investments (Concluded)**

**Investments**

The Board's investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 95-144. Authorized investments include the Local Government Surplus Funds Trust Funds or similar intergovernmental investment pools, money market funds registered with the Securities and Exchange Commission, interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes, direct obligations of the United States Treasury, federal agencies and instrumentalities, securities of, or interests in, any open-end or closed-end management-type investment company or investment trust, or other investments authorized by law or ordinance of the County.

For the fiscal year ended September 30, 2007, the Board invested in the State Board of Administration Local Government Surplus Funds Investment Pool (SBA).

The SBA is not a registrant with the Securities and Exchange Commission; however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7-like fund and the fair value of the position in the pool is equal to the value of the pool shares (see note 20 related to the SBA restructuring of the pool subsequent to year-end).

The SBA is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the pool. The powers and duties of the SBA are also defined in Florida Statute 218.40. Additionally, the office of the Auditor General performs an operational audit of the activities and investments of the SBA.

The Board's investment in the SBA is not rated by a nationally recognized statistical rating agency as of the date of these financial statements.

All interest earned pursuant to the banking agreement or from investments is allocated to the various funds based upon each fund's equity balance in the cash or the investment accounts.

In accordance with the provisions of Rule 62-701, Florida Administrative Code (FAC.), the Board has established escrow accounts to provide proof of financial responsibility for the postclosure costs associated with the Old West Nassau, the Bryceville and the Lofton Creek Landfills. In addition, an escrow account was established for the closure and postclosure costs associated with the New West Nassau Landfill. Furthermore, the Board has established an escrow account for financial responsibility for corrective actions for the West Nassau Landfill vertical expansion. The amounts in these escrow accounts are determined by engineering studies as required by the above rule, and are reported as restricted pooled investments.

The following are details of the cash and investments held by the Board at year-end:

<b>Description</b>	<b>Fair Value</b>
Cash and Cash Equivalents	\$ 21,179,844
SBA Local Government Surplus Funds Trust	55,295,929
<b>Total Cash and Investments</b>	<b><u>\$ 76,475,773</u></b>

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

**Note 2 - Cash and Investments (Concluded)**

**Investments (Concluded)**

Reported in accompanying financial statements as follows:

<b>Account</b>	<b>Reported Amount</b>
Cash and Cash Equivalents - Governmental Activities	\$ 16,146,620
Cash and Cash Equivalents - Business-type Activities	2,783,413
Equity in Pooled Investments - Governmental Activities	45,430,911
Equity in Pooled Investments - Business-type Activities	3,028,982
Restricted Cash and Cash Equivalents - Business-type Activities	2,249,811
Restricted Equity in Pooled Investments - Business-type Activities	<u>6,836,036</u>
<b>Total Cash and Investments</b>	<b><u>\$ 76,475,773</u></b>

**Note 3 - Accounts Receivable**

Accounts receivable (net of allowances for uncollectibles) at September 30, 2007, included the following:

	<b>Receivable</b>	<b>Allowance</b>	<b>Net</b>
<b>Governmental Funds</b>			
General Fund	\$ 2,671,318	\$ (2,136,108)	\$ 535,210
County Transportation	62,913	0	62,913
Impact Fee Ordinance	5,369	0	5,369
County Road 121	937	0	937
Nonmajor Governmental Funds	<u>41,827</u>	<u>0</u>	<u>41,827</u>
<b>Total Governmental Funds</b>	<b><u>\$ 2,782,364</u></b>	<b><u>\$ (2,136,108)</u></b>	<b><u>\$ 646,256</u></b>
<b>Business-type Funds</b>			
Solid Waste Disposal	\$ 60,955	\$ 0	\$ 60,955
Water	<u>405,541</u>	<u>(8,600)</u>	<u>396,941</u>
<b>Total Business-type Funds</b>	<b><u>\$ 466,496</u></b>	<b><u>\$ (8,600)</u></b>	<b><u>\$ 457,896</u></b>

**Note 4 - Assessments Receivable**

Assessments receivable (net of allowances for uncollectibles) at September 30, 2007, included the following:

	<b>Receivable</b>	<b>Allowance</b>	<b>Net</b>
<b>Business-type Funds</b>			
Solid Waste Disposal	\$ 902,336	\$ (778,875)	\$ 123,461
<b>Total Business-type Funds</b>	<b><u>\$ 902,336</u></b>	<b><u>\$ (778,875)</u></b>	<b><u>\$ 123,461</u></b>

**Note 5 - Restricted Assets**

Restricted assets in the proprietary funds at September 30, 2007, represent monies required to be restricted for debt service and construction under terms of outstanding bond agreements and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets for the proprietary funds at September 30, 2007, were restricted for the following purposes:

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

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

Customer Deposits	\$ 156,950
Landfill Closure Costs	5,838,764
Landfill Postclosure Costs	257,681
Capital Reserve	719
Vertical Expansion	738,872
Renewal and Replacement (Water/Sewer)	461,123
Impact Fees	<u>1,631,738</u>
<b>Total</b>	<b><u>\$ 9,085,847</u></b>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Restricted Cash and Cash Equivalents - Business-type Activities	\$ 2,249,811
Restricted Equity in Pooled Investments - Business-type Activities	<u>6,836,036</u>
<b>Total Restricted Assets</b>	<b><u>\$ 9,085,847</u></b>

**Note 6 - Capital Assets**

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

Capital asset activity for the year ended September 30, 2007, was as follows:

	<u>Balance 10/1/06</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance 9/30/07</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 73,547,995	\$ 136,067	\$ (250)	\$ 73,683,812
Construction Work in Progress	<u>15,636,337</u>	<u>10,626,615</u>	<u>(7,614,963)</u>	<u>18,647,989</u>
Total Capital Assets Not Being Depreciated	<u>89,184,332</u>	<u>10,762,682</u>	<u>(7,615,213)</u>	<u>92,331,801</u>
Capital Assets Being Depreciated:				
Building and Improvements	53,116,001	0	(16,871)	53,099,130
Machinery and Equipment	20,365,022	2,260,724	(1,133,205)	21,492,541
Leasehold Improvements	58,411	0	0	58,411
Infrastructure	<u>558,792,306</u>	<u>8,149,266</u>	<u>0</u>	<u>566,941,572</u>
Total Capital Assets Being Depreciated	<u>632,331,740</u>	<u>10,409,990</u>	<u>(1,150,076)</u>	<u>641,591,654</u>
Less Accumulated Depreciation:				
Buildings and Improvements	9,691,157	1,420,172	(16,870)	11,094,459
Machinery and Equipment	13,569,500	2,209,479	(1,068,727)	14,710,252
Leasehold Improvements	54,674	3,409	0	58,083
Infrastructure	<u>165,896,951</u>	<u>14,521,223</u>	<u>0</u>	<u>180,418,174</u>
Total Accumulated Depreciation	<u>189,212,282</u>	<u>18,154,283</u>	<u>(1,085,597)</u>	<u>206,280,968</u>
Total Capital Assets Being Depreciated, Net	<u>443,119,458</u>	<u>(7,744,293)</u>	<u>(64,479)</u>	<u>435,310,686</u>
<b>Total Governmental Activities</b>				
<b>Capital Assets, Net</b>	<b><u>\$ 532,303,790</u></b>	<b><u>\$ 3,018,389</u></b>	<b><u>\$ (7,679,692)</u></b>	<b><u>\$ 527,642,487</u></b>

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

**Note 6 - Capital Assets (Concluded)**

	<u>Balance</u> <u>10/1/06</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/07</u>
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 942,502	\$ 0	\$ (134,068)	\$ 808,434
Capital Assets, Being Depreciated:				
Building and Improvements	780,220	72,620	(16,157)	836,683
Equipment	20,050,665	321,180	(195,184)	20,176,661
Landfill	41,327,631	328,110	0	41,655,741
Total Capital Assets Being Depreciated	<u>62,158,516</u>	<u>721,910</u>	<u>(211,341)</u>	<u>62,669,085</u>
Less Accumulated Depreciation:				
Building and Improvements	102,546	21,770	(16,157)	108,159
Equipment	5,048,685	653,365	(190,190)	5,511,860
Landfill	34,105,568	1,176,086	0	35,281,654
Total Accumulated Depreciation	<u>39,256,799</u>	<u>1,851,221</u>	<u>(206,347)</u>	<u>40,901,673</u>
Total Capital Assets, Being Depreciated, Net	<u>22,901,717</u>	<u>(1,129,311)</u>	<u>(4,994)</u>	<u>21,767,412</u>
<b>Total Business-type Activities Capital Assets, Net</b>	<u>\$ 23,844,219</u>	<u>\$ (1,129,311)</u>	<u>\$ (139,062)</u>	<u>\$ 22,575,846</u>

Increases to governmental activities land, infrastructure and accumulated depreciation-infrastructure include \$61,334,176 of land, \$541,437,118 of infrastructure and \$179,085,223 of accumulated depreciation related to the reporting of infrastructure acquired prior to October 1, 2002, as required by GASB Statement No. 34.

**Note 7 - Interfund Activity**

Interfund balances at September 30, 2007, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 172,058
	Nonmajor	274,375
	Solid Waste Disposal	28,607
	Water and Sewer	21,550
Nonmajor	Nonmajor	<u>20,004</u>
<b>Total</b>		<u>\$ 516,594</u>

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with reimbursable grant programs.

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

**Note 7 - Interfund Activity (Concluded)**

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>General</u>	<u>Impact Fees</u>	<u>County Road 121</u>	<u>Nonmajor Govern-mental</u>	<u>Solid Waste</u>	
General	\$ 0	\$ 0	\$ 0	\$ 2,837,761	\$ 4,239,771	\$ 7,077,532
County Transportation	0	0	0	4,524,782	0	4,524,782
Nassau County Impact Fee	0	0	0	0	0	0
Impact Fees	0	0	0	167,708	0	167,708
Nonmajor Governmental	9,046	107,290	217,223	1,569,493	8,281,969	10,185,021
Solid Waste Disposal	<u>144,674</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>144,676</u>
<b>Total</b>	<u>\$ 153,720</u>	<u>\$ 107,290</u>	<u>\$ 217,223</u>	<u>\$ 9,099,746</u>	<u>\$ 12,521,740</u>	<u>\$ 22,099,719</u>

The transfers above do not include a transfer of capital assets totaling \$134,066 from the Solid Waste Disposal Fund to the governmental funds.

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$18,968,313 and transfers in from the Constitutional Officers of \$3,673,260.

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

**Note 8 - Operating Leases**

■ **Governmental Funds**

The Board is party to five operating leases during the period ended September 30, 2007, as follows:

- *Public Library Building*—the Board signed a five-year second amendment to the lease with Cal Plaza Holding Association, LTD, commencing June 1, 2005. Operating lease payments for the year ended September 30, 2007, were \$44,765.
- *Family Matters Office*—the Board entered into a ten-year lease with Lofton Professional Plaza, LLC, commencing February 18, 2004, for 2,450 sq. ft. of office space for the Family Matters staff. The lease payment is based on a rate of \$10.80 per sq. ft. and also includes a common area maintenance fee. Operating lease payments for the year ended September 30, 2007, were \$34,694. Effective October 1, 2007, the Board terminated the lease.
- *Tower Site (14<sup>th</sup> Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 24, 2006. Operating lease payments for the year ended September 30, 2007, were \$15,436.

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

**Note 8 - Operating Leases (Concluded)**

■ **Governmental Funds (Concluded)**

- Two *Tower Sites (Hilliard and Dahoma)*—the Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with Tower Asset Sub, LLC, commencing April 24, 2006. Operating lease payments for the year ended September 30, 2007, were \$26,950.

Future minimum lease payments under these leases follow:

<u>Year Ending</u> <u>September 30</u>	<u>Public</u> <u>Library Bldg.</u>	<u>Tower Lease</u> <u>Sites (3)</u>	<u>Total</u>
2008	\$ 47,585	\$ 49,938	\$ 97,523
2009	48,597	52,218	100,815
2010	32,865	54,604	87,469
2011	<u>0</u>	<u>30,652</u>	<u>30,652</u>
<b>Totals</b>	<u>\$ 129,047</u>	<u>\$ 187,412</u>	<u>\$ 316,459</u>

■ **Proprietary Funds**

The Board also is party to three operating leases for the year ended September 30, 2007, as follows:

- *Landfill Compactor*—the Board entered into a three-year lease with Ringpower Corporation, commencing July 26, 2006. Operating lease payments for the year ended September 30, 2007, were \$117,804.
- *Wheel Loader*—the Board entered into a three-year lease with Industrial Tractor Company, commencing July 31, 2006. Operating lease payments for the year ended September 30, 2007, were \$40,011.
- *Articulated Dump Truck*—the Board entered into a three-year lease with Industrial Tractor Company, commencing July 31, 2006. Operating lease payments for the year ended September 30, 2007, were \$59,091.

Future minimum lease payments under these leases follow:

<u>Year Ending</u> <u>September 30</u>	<u>Landfill</u> <u>Compactor</u>	<u>Wheel</u> <u>Loader</u>	<u>Articulated</u> <u>Dump</u> <u>Truck</u>	<u>Total</u>
2008	\$ 117,804	\$ 40,010	\$ 59,091	\$ 216,905
2009	<u>98,171</u>	<u>33,343</u>	<u>49,243</u>	<u>180,757</u>
<b>Total</b>	<u>\$ 215,975</u>	<u>\$ 73,353</u>	<u>\$ 108,334</u>	<u>\$ 397,662</u>

**Note 9 - Long-term Obligations**

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

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

**Note 9 - Long-term Obligations (Concluded)**

The following is a summary of changes in long-term obligations for the year ended September 30, 2007:

	<u>Balance</u> <u>10/1/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/07</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Bonds Payable	\$ 52,072,580	\$ 29,630,000	\$ (31,040,000)	\$ 50,662,580	\$ 2,505,000
Premium on Bonds Payable	0	1,781,958	0	1,781,958	74,248
Accrued Interest Payable	3,086,408	295,530	0	3,381,938	525,006
Special Assessment Debt	5,797,286	0	(2,103,649)	3,693,637	652,445
Line of Credit/Loan Payable	<u>7,051,493</u>	<u>0</u>	<u>(3,063,117)</u>	<u>3,988,376</u>	<u>781,950</u>
Total Bonds and Notes Payable	68,007,767	31,707,488	(36,206,766)	63,508,489	4,538,649
Capital Lease Payable	584,792	0	(191,474)	393,318	201,777
Claims Payable	22,000	107,500	0	129,500	25,500
Compensated Absences	<u>4,496,819</u>	<u>2,153,589</u>	<u>(2,304,369)</u>	<u>4,346,039</u>	<u>1,800,000</u>
<b>Total Governmental Activities Long-term Liabilities</b>	<u>\$ 73,111,378</u>	<u>\$ 33,968,577</u>	<u>\$ (38,702,609)</u>	<u>\$ 68,377,346</u>	<u>\$ 6,565,926</u>
<b>Business-type Activities</b>					
Bonds Payable	\$ 29,885,000	\$ 0	\$ (12,220,000)	\$ 17,665,000	\$ 400,000
Unamortized Discount	(441,695)	0	211,226	(230,469)	8,864
Compensated Absences	131,957	107,132	(80,189)	158,900	75,000
Landfill Closure/ Postclosures	<u>15,198,395</u>	<u>4,826,207</u>	<u>(4,296,059)</u>	<u>15,728,543</u>	<u>0</u>
<b>Total Business-type Activities Long-term Liabilities</b>	<u>\$ 44,773,657</u>	<u>\$ 4,933,339</u>	<u>\$ (16,385,022)</u>	<u>\$ 33,321,974</u>	<u>\$ 483,864</u>

**Governmental Activities**

A brief synopsis of long-term debt existing at September 30, 2007, follows:

The Board, in December 2001, issued the 2001 Optional Gas Tax Revenue Refunding Bonds in the amount of \$5,630,000. The purposes of the Series 2001 bonds are to provide funds for financing the costs of (1) refunding the County's outstanding Optional Gas Tax Revenue Refunding Bond, Series 1992 (the refunded bonds) and (2) paying certain costs related to the issuance and sale of the Series 2001 bonds, including the premium for a municipal bond insurance policy.

The 2001 Optional Gas Tax Revenue Refunding Bonds, (serial bonds) are secured by a prior lien upon and pledge of revenues received by the Board from the six-cent optional gas taxes upon motor and other fuels in the County pursuant to a related bond resolution. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at rates between 2.0% and 4.0% per annum, are dated December 1, 2001, and are in denominations of \$5,000 each. A portion of such bonds mature annually with the final maturity date being March 1, 2009.



**NOTES TO FINANCIAL STATEMENTS**  
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**NASSAU COUNTY, FLORIDA**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 850,000	\$ 51,975	\$ 901,975
2009	885,000	17,700	902,700
<b>Total</b>	<u>\$ 1,735,000</u>	<u>\$ 69,675</u>	<u>\$ 1,804,675</u>

The Board, in August 1998, issued the Gas Tax Revenue Refunding and Improvement Bonds in the amount of \$15,410,000. The proceeds of this 1998 refunding bond issue were used to currently refund the 1974 Nassau County Road Bonds, fund the purchase of a reserve account insurance policy, and pay certain costs associated with the issuance and delivery of the 1998 refunding bonds. In addition, certain proceeds were deposited into a construction account to fund certain transportation improvements within the County.

The 1998 Gas Tax Revenue Refunding and Improvement Bonds (serial bonds), are secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at rates between 3.6% and 5.0% per annum, are dated August 1, 1998, and are in denominations of \$5,000 each. A portion of such bonds mature annually with the final maturity date being October 1, 2018.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 720,000	\$ 487,508	\$ 1,207,508
2009	755,000	456,009	1,211,009
2010	785,000	422,034	1,207,034
2011	825,000	385,924	1,210,924
2012	860,000	347,148	1,207,148
2013-2017	4,990,000	1,058,619	6,048,619
2018-2022	1,150,000	57,500	1,207,500
<b>Total</b>	<u>\$ 10,085,000</u>	<u>\$ 3,214,742</u>	<u>\$ 13,299,742</u>

The Board, in May 2001, issued the Public Improvement Revenue Bond, Series 2001, of Nassau County, Florida in the amount of \$35,610,000. The proceeds of the bond issue are being used to retire certain outstanding debts of the County, finance the acquisition and construction of certain capital improvements and pay certain costs and expenses related to issuance of the Series 2001 bonds.

The Series 2001 bonds are special obligations of the County, payable solely from amounts budgeted and appropriated by the County from non ad valorem tax funds in accordance with the terms of the Resolution. Such appropriations shall be in amounts sufficient to pay principal and interest on the Series 2001 bonds when due and make all required deposits to the rebate fund.

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

The Series 2001 bonds bearing interest rates between 3.50% and 5.75% per annum are dated May 1, 2001, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting May 2002 through May 2011 and May 2014 through 2019. There are term maturities in May of 2013, 2021, 2025 and 2031. Interest payments are made on November 1 and May 1 of each year and principal payments are made annually on May 1 of each year.

The Board, in June 2007, advanced refunded \$28,840,000 in aggregate principal amount of the Series 2001 maturing in years 2013 through 2031. Those amounts maturing in years 2008 through 2011 were noncallable and were therefore not subject to the refunding (see Advance Refunding below for additional information). Future principal and interest payments for this bond issue are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 715,000	\$ 132,064	\$ 847,064
2009	745,000	102,391	847,391
2010	775,000	70,356	845,356
2011	810,000	36,450	846,450
<b>Total</b>	<u>\$ 3,045,000</u>	<u>\$ 341,261</u>	<u>\$ 3,386,261</u>

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 bonds.

The Series 2000 bonds are special, limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution, on a parity with the County's \$5,630,000 principal amount of Optional Gas Tax Revenue Refunding Bond, Series 2001. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.0% and 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025.

This bond was issued on parity with the 1992 Local Option Gas Tax Bond issue, therefore, since the last payment for the 1992 bond is March 1, 2009, the 2000 bond principal and interest payments do not start until March 1, 2010.

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

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 0	\$ 0	\$ 0
2009	0	0	0
2010	592,014	352,986	945,000
2011	557,758	387,242	945,000
2012	524,465	420,535	945,000
2013-2017	2,169,947	2,555,053	4,725,000
2018-2022	1,581,637	3,143,363	4,725,000
2023-2025	741,759	2,093,241	2,835,000
<b>Total</b>	<u>\$ 6,167,580</u>	<u>\$ 8,952,420</u>	<u>\$ 15,120,000</u>

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

The Series 2007 bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax funds in accordance with the terms of the Resolution. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest rates between 3.75% and 5.0% per annum, are dated June 12, 2007, and are in denominations of \$5,000 each. A portion of such bonds mature annually beginning May 2008, with term maturities in May of 2023, 2025, 2027, and 2031.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 220,000	\$ 1,253,526	\$ 1,473,526
2009	65,000	1,405,838	1,470,838
2010	70,000	1,403,400	1,473,400
2011	70,000	1,400,775	1,470,775
2012	920,000	1,398,150	2,318,150
2013-2017	5,290,000	6,397,550	11,687,550
2018-2022	6,480,000	5,132,750	11,612,750
2023-2027	8,280,000	3,340,750	11,620,750
2028-2031	8,235,000	1,054,750	9,289,750
<b>Total</b>	<u>\$ 29,630,000</u>	<u>\$ 22,787,489</u>	<u>\$ 52,417,489</u>

**NOTES TO FINANCIAL STATEMENTS**  
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**NASSAU COUNTY, FLORIDA**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

Advance Refunding—The Board, in June 2007, issued the Public Improvement Revenue and Refunding Bonds, Series 2007 in the amount of \$29,630,000 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt services payments of \$28,840,000 of the Public Improvement Revenue Bond, Series 2001. As a result the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 24 years by \$36,036 and resulted in an economic gain of \$1,233,881.

Special Assessment Debt—payable at September 30, 2007, totaled \$3,693,637. These funds consist of two bonds.

- Special Assessment Debt, Series 2001A—in order to finance the cost of the acquisition and construction of various road and ancillary improvements within the boundaries of Pirates Wood Municipal Service Benefit Unit within the County, the County authorized a \$636,000 Nassau County, Florida, Special Assessment Bond, Series 2001A. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area.

The bonds bear interest at a rate of 5.63% per annum and are dated September 11, 2001. Such bonds are payable annually on September 1 of each year through and including September 1, 2014.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 47,840	\$ 22,354	\$ 70,194
2009	50,533	19,661	70,194
2010	53,378	16,816	70,194
2011	56,383	13,811	70,194
2012	59,558	10,636	70,194
2013-2014	83,774	11,024	94,798
<b>Total</b>	<u>\$ 351,466</u>	<u>\$ 94,302</u>	<u>\$ 445,768</u>

- Special Assessment Debt, Series 2004—in order to facilitate the construction of a 3.5 mile roadway through the Amelia Concourse Assessment Area, the Board authorized a \$6,487,372, Nassau County, Florida, Special Assessment Bond Series 2004. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area.

The bonds bear interest at a rate of 4.30% per annum and are dated May 25, 2004. Such bonds are payable annually on October 1st of each year through and including October 1, 2014.

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 604,605	\$ 207,219	\$ 811,824
2009	630,603	181,221	811,824
2010	657,719	154,105	811,824
2011	686,001	125,823	811,824
2012	715,499	96,325	811,824
2013-2014	47,744	99,028	146,772
<b>Total</b>	<b>\$ 3,342,171</b>	<b>\$ 863,721</b>	<b>\$ 4,205,892</b>

At September 30, 2007, accrued interest payable consists of the following:

	<b><u>Total</u></b>
Revenue Bonds	\$ 3,372,844
Special Assessment Debt	2,075
Loans	4,563
Capital Leases	2,456
<b>Total Accrued Interest Payable</b>	<b><u>\$ 3,381,938</u></b>

The \$3,372,844 accrued interest payable reported for the Board's revenue bonds includes \$2,856,932 related to the Optional Gas Tax Revenue Bond, Series 2000.

Promissory Note—SunTrust Bank—in order to finance the purchase of a communication system, the Board entered into a \$5,000,000 promissory note agreement with SunTrust Bank on November 30, 2005. Payments are due yearly for seven years, with an interest rate of 3.58%. The final payment is due October 1, 2012. The amount outstanding on September 30, 2007, is \$3,697,086.

Promissory Note—First National Bank of Nassau County—in order to finance the purchase of fire trucks, the Board entered into a \$560,000 promissory note agreement with First National Bank of Nassau County on February 18, 2004. Payments are due yearly for six years, with an interest rate of 2.650%. The final payment is due February 18, 2010. The amount outstanding on September 30, 2007, is \$291,290.

Capital Lease—The Board on July 19, 2004, entered into a lease with Emergency One, Inc. The lease in the amount of \$194,000 is being used to finance E-One D251 Tanker. The lease is to be paid within seven years at an interest rate of 4.11%. The balance at September 30, 2007, is \$117,499.

Capital Lease—The Board on February 26, 2001, entered into a lease with Emergency One, Inc. The lease in the amount of \$533,448 is being used to finance three Emergency One American Eagle Super Commercial Pumpers. The lease is to be paid within seven years at an interest rate of 6.47%. The balance at September 30, 2007, is \$77,197.

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Concluded)**

Capital Lease—The Board on October 9, 2002, entered into a lease with Emergency One, Inc. The lease in the amount of \$650,000 is being used to finance a 1995 Platform Side Stacker Fire Apparatus mounted on a Cyclone 114 Door Tilt-Cab Chassis. The lease is to be paid in seven annual payments at an interest rate of 4.89%. The balance at September 30, 2007, is \$198,622.

The assets acquired through capital leases are as follows:

<b>Asset</b>	<b>Governmental Activities</b>
Machinery and Equipment	\$ 1,423,428
Less: Accumulated Depreciation	<u>(849,374)</u>
<b>Total</b>	<u>\$ 574,054</u>

The following is a schedule of the future minimum lease payments under the capital lease agreements together with the present value of the net minimum lease payments as of September 30, 2007:

<b>Year Ending September 30</b>	<b>Tanker</b>	<b>Commercial Pumpers</b>	<b>Side Stacker Fire Apparatus</b>	<b>Totals</b>
2008	\$ 32,454	\$ 82,192	\$ 106,669	\$ 221,315
2009	32,454	0	106,640	139,094
2010	32,454	0	0	32,454
2011	<u>32,453</u>	<u>0</u>	<u>0</u>	<u>32,453</u>
<b>Total Minimum Lease Payments</b>	129,815	82,192	213,309	425,316
<b>Less: Amount Representing Interest</b>	<u>(12,316)</u>	<u>(4,995)</u>	<u>(14,687)</u>	<u>(31,998)</u>
<b>Total</b>	<u>\$ 117,499</u>	<u>\$ 77,197</u>	<u>\$ 198,622</u>	<u>\$ 393,318</u>

Compensated Absences—are not recorded on the accompanying financial statements; however, it will be recorded on the County-wide financial statements. Following is a summary of annual, sick, bonus and compensatory leave benefits liabilities at September 30, 2007:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Vacation Leave	\$ 2,339,468	\$ 1,279,679	\$ (1,546,570)	\$ 2,072,577
Sick Leave	2,111,154	780,187	(673,982)	2,217,359
Bonus Leave	38,138	85,312	(74,493)	48,957
Compensatory Leave	<u>8,059</u>	<u>8,411</u>	<u>(9,324)</u>	<u>7,146</u>
<b>Total</b>	<u>\$ 4,496,819</u>	<u>\$ 2,153,589</u>	<u>\$ (2,304,369)</u>	<u>\$ 4,346,039</u>

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

**Note 9 - Long-term Obligations (Concluded)**

**Business-type Activities**

On August 17, 1999, the Board issued \$19,680,000 in Variable Rate Demand Solid Waste System Revenue Refunding Bonds with an average interest rate of 4.95% to currently refund \$19,619,000 of outstanding 1993 Series bonds with an average interest rate of 6.78%. As a result, the 1993 Series bonds are considered to be defeased and the liability for those bonds has been removed from the enterprise fund statement of net assets.

On May 1, 2007, the Board retired early this debt issue. The outstanding principal of bonds at the time of the retirement was paid in full in the amount of \$11,830,000 from the General Fund, the Solid Waste Disposal Fund, and the One-Cent Small County Surtax Fund. In accordance with bond covenants, the Board paid a settlement amount of \$570,000 to terminate the interest rate swap agreement with Wachovia Bank, N.A.

On September 22, 2003, the Board issued \$19,160,000 Variable Rate Water and Sewer System Revenue Bonds with an interest rate that ranges from 2.000% to 4.250%. The net proceeds of \$18,756,550 were used to refund \$17,675,005 in principal amount of the Board's outstanding Revenue Note, Series 2000, to reimburse the Board for certain capital costs relating to the acquisition of the System to fund the Renewal and Replacement Fund established pursuant to the Bond Ordinance, and to pay the issuance costs of the Series 2003 bond.

The revenue bonds are secured by a pledge of and are payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. The Series 2003 bonds shall not be or constitute general obligations or indebtedness of the County.

**Rate Covenant**

The Board has covenanted to establish and collect fees from users of the Water and Sewer System (gross revenues of the System, as defined in the bond ordinance) sufficient to pay the costs of operation and maintenance of the System (as defined in the bond ordinance) plus 110% of the bond service requirements for that year. In addition, the rate covenant requires the Board to establish and collect fees from users of the System and impact fees sufficient to pay the costs of operation and maintenance of the System plus 125% of the bond service requirements for that year. The Board met the 125% and 110% requirements and, therefore, is in compliance with the rate covenant at year-end.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 400,000	\$ 800,725	\$ 1,200,725
2009	410,000	790,725	1,200,725
2010	420,000	779,450	1,199,450
2011	435,000	766,325	1,201,325
2012	450,000	751,644	1,201,644
2013-2017	2,505,000	3,490,306	5,995,306
2018-2022	3,090,000	2,911,906	6,001,906
2023-2027	3,890,000	2,108,656	5,998,656
2028-2032	4,925,000	1,071,119	5,996,119
2033	1,140,000	58,425	1,198,425
<b>Total</b>	<u>\$ 17,665,000</u>	<u>\$ 13,529,281</u>	<u>\$ 31,194,281</u>

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

**Note 10 - Bond Arbitrage Rebate**

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

- \$6,167,580 Nassau County, Florida, Optional Gas Tax Revenue Bonds, Series 2000.
- \$35,610,000 Nassau County, Florida, Public Improvement Revenue Bonds, Series 2001.
- \$636,000 Nassau County, Florida, Special Assessment Bond, Series 2001A.
- \$19,160,000 Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2003.
- \$6,487,372 Nassau County, Florida, Special Assessment Bond, Series 2004.
- \$5,000,000 Nassau County, Florida, Capital Improvement Bond, Series 2005.

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

**Note 11 - Landfill Closure and Postclosure Care Costs**

State and federal laws require the Board to fund landfill closure care costs when a landfill site stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for twenty years if the landfill stopped receiving waste before October 9, 1993, and thirty years if the landfill stopped receiving waste after October 9, 1993. The Board has three landfills that stopped receiving waste before October 9, 1993, replacing them with a new landfill.

Although closure care costs will be paid only near or after the date that the new landfill stops accepting waste, the Board reports a portion of the closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Postclosure care costs for the new landfill will be funded annually for thirty years after closure. Regarding the three closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the liability, along with the change in required escrow balance until the required twenty-year postclosure care period is satisfied.

To match expenses with the flow of revenues, the Board accrues a portion of the estimated future closure care costs of the currently operating landfill each year. As of September 30, 2007, the Board has accrued a liability of \$5,277,756 for future closure care costs based on 77.41% landfill capacity used per engineering estimates. The Board will recognize the remaining estimated closure care cost of \$1,539,929 as the remaining estimated capacity (estimated to be 12.1 years) is filled.



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

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

Regarding the three closed landfills and the open landfill, the Board has accrued \$10,450,787 for postclosure care cost at September 30, 2007. This liability is based on engineering estimates of annual postclosure care costs. The Board will recognize the remaining estimated postclosure care cost of \$2,309,476 as the remaining estimated capacity (estimated to be 12.1 years) is filled.

These closure and postclosure care costs are based on estimates of what it would cost to perform all closure and postclosure care using 2007 dollars. Actual costs may be higher due to inflation, technology, or changes in regulations.

The Board is required by state law to escrow assets needed for the actual payout of closure costs on the current operating landfill, and one year of postclosure care costs on the three closed landfills. The Board is in compliance with these requirements. At September 30, 2007, the escrow balances are as follows:

	<u><b>Total</b></u>
<b>Landfills</b>	
Old West Nassau Postclosure	\$ 110,683
Bryceville Postclosure	48,168
Lofton Creek Postclosure	98,829
New West Nassau Closure	<u>5,838,764</u>
<b>Total Escrow Balances</b>	<u><u>\$ 6,096,444</u></u>

**Note 12 - Retirement Plans**

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

The system provides for vesting of benefits after six years of creditable service. Normal retirement is after thirty years of service for full benefits. Normal retirement is also available for members who have ten years of service and attained the age of sixty-two. Early retirement may be taken after completing ten years of service with a 5% benefit reduction for each year prior to normal retirement. Generally, membership is compulsory for all full-time and part-time employees, except for elected Officials who may elect not to participate in the System. Retirement coverage is employee noncontributory.

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

**Note 12 - Retirement Plans (Concluded)**

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

	<b>As of <u>September 30, 2007</u></b>
Regular Employees	9.85%
Senior Management Service	13.12%
Elected County Officials	16.53%
Deferred Retirement Option Program	10.91%

The Board's contributions to the System for the years ended September 30, 2007, 2006, and 2005 were \$2,258,467, \$1,896,610, and \$1,684,750, respectively, equal to the required contributions for each year.

**Note 13 - Deferred Compensation Plan**

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

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

**Note 14 - Other Postemployment Benefits**

Pursuant to the Nassau County Personnel, Policies and Procedures Manual, the Board allows retired employees and their spouses to remain members of the Board's health insurance program. The Board pays 100% of the single premium for former employees until age 65 that retire under the terms and conditions of the System. Retirees are responsible for 100% of their spouses' premium. Currently, the Board pays single coverage on sixty-six retirees. Expenditures for postemployment health care benefits are recognized as the Board pays the retirees' single premiums that amounted to \$261,898 during the year. The policy of paying retirees single premiums was effective October 1, 1996. For employees hired on or after October 1, 2005, the County pays the following insurance premium rates for single coverage for those that retire under the terms and conditions of the System:

<b>Years of Service With Nassau County</b>	<b>Benefits Received if Retiring From Nassau County</b>
15	50% of Single Coverage Only Until the Age of 65
20	65% of Single Coverage Only Until the Age of 65
25	80% of Single Coverage Only Until the Age of 65
30+	100% of Single Coverage Only Until the Age of 65

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

**Note 15 - Unrestricted Net Assets**

In accordance with GASB Statement No. 18, the County has accrued estimated closure and postclosure costs of its landfills as capacity is used. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net assets at September 30, 2007, as follows:

Prior Year Total Net Assets	\$ (3,912,192)
Change in Net Assets for the Year Ended September 30, 2007	<u>6,763,759</u>
Total Net Assets for the Year Ended September 30, 2007	2,851,567
Invested in Capital Assets, Net of Related Debt	(7,335,815)
Restricted Net Assets	<u>0</u>
<b>Total Unrestricted Net Assets</b>	<b><u><u>\$ (4,484,248)</u></u></b>

**Note 16 - Deficit Fund Balance**

Expenditures for the resurfacing and widening of County Road 121 were primarily funded by a Florida Department of Transportation grant. However, a portion of grant revenues were not available as of September 30, 2007. As a result, the County Road 121 fund has accumulated a deficit fund balance at September 30, 2007, as follows:

Fund Balance at Beginning of Year	\$ 1,224,579
Net Change in Fund Balance for the Year Ended September 30, 2007	<u>(3,169,553)</u>
<b>Total Deficit Fund Balance</b>	<b><u><u>\$ (1,944,974)</u></u></b>

**Note 17 - Risk Management**

The Board is exposed to various risks of loss related to theft of, damage to and destruction of assets; accidental death and dismemberment and injury on the job to employees. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years.

The Board is also exposed to various risks of loss related to general medical and civil liability, and errors and omissions. For these insurance coverages, the Board joined the Florida Association of Counties Trust (the Trust), a public entity risk pool currently operating as a common risk management and insurance program for twenty-three member counties. The financial liability of the Board is limited to premiums and surplus contributions paid to the Trust. The premiums are paid from various funds based on coverage required.

There has been no reduction in insurance coverages from the previous year.

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

**Note 18 - Commitments and Contingencies**

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

The Board had two outstanding projects as of September 30, 2007. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
County Road 121	Current Available Sources	\$ 3,576,581	\$ 396,359
Amelia Concourse	Special Assessments	6,555,406	728,378
<b>Total</b>		<u>\$ 10,131,987</u>	<u>\$ 1,124,737</u>

**Note 19 - Conduit Debt Obligations**

The Board has issued several series of industrial revenue bonds to furnish financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities considered to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities will transfer to the private sector entity served by the bond issuance. Neither the Board, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2007, there were three series of such bonds outstanding, with an aggregate principal amount payable of \$51,345,000. The issue amount and the September 30, 2007, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/07 Balance</u>	<u>Description</u>
\$ 23,300,000	1999	\$ 23,300,000	Rayonier-Pollution Control Refunding
23,110,000	2002	23,110,000	Rayonier-Pollution Control Refunding
5,000,000	1993	4,400,000	Amelia Island Properties – 70 Bed Care Intermediate Care and Day Program Service Facilities
<u>790,000</u>	1993	<u>535,000</u>	Amelia Island Properties – 70 Bed Care Intermediate Care and Day Program Service Facilities
<u>\$ 52,200,000</u>		<u>\$ 51,345,000</u>	

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

**Note 20 - Subsequent Events**

**Local Government Surplus Funds Trust Funds Investment Pool**—As discussed in note 2, at September 30, 2007, the Nassau County Board of County Commissioners had \$55,295,929 invested in the State Board of Administration’s Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held by the Pool due to an unprecedented amount of withdrawals from the fund coupled with the absence of market liquidity for certain securities within the Pool.

The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to subprime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. *Pool A* consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. *Pool B* consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently Pool A participants may withdraw 15% of their balance or \$2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities or existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard & Poor’s Rating Services assigned its “AAAM” principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principal value of Pool B assets is not readily determinable.

As of March 18, 2008, the Board has \$42,995,451 and \$4,895,504 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**Constitutional Property Tax Reform Amendment**—On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 and \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to 3% or the percentage change in the Consumer Price Index, whichever is less.

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

**Note 20 - Subsequent Events (Concluded)**

With respect to nonhomestead property, Amendment 1 limits (caps) the annual increase in assessed value for nonhomestead property (businesses, industrial property, rental property, second homes, etc.) to 10%, except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1, as approved on January 29, 2008, became effective retroactively to January 1, 2008.

Based on information received from the Nassau County Property Appraiser's Office, the estimated annual loss of property tax revenues for our County from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$2,700,000. At present, there is no accurate way to determine the impact of the portability and assessment cap on nonhomestead property provisions in terms of potential loss of property tax revenues.

**Downgrading of Municipal Bond Insurer**—On February 14, 2008, Moody's Investor Service (Moody's) downgraded Financial Guaranty Insurance Company, the provider of the municipal bond insurance policy on the Board's 2001 Optional Gas Tax Revenue Refunding Bonds, from Aaa to A3. Pursuant to the bond covenants, if the rating of the bond insurer falls below Moody's Aaa, the County shall either (1) deposit cash to meet the reserve requirement to be paid over the ensuing five years in equal installments at least semiannually or (2) replace its existing policy with a surety bond, insurance policy, or letter of credit meeting the bond requirements within six months of such occurrence. Currently, the County is consulting with bond counsel to determine the best available option.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 34,278,459	\$ 33,573,195	\$ 34,490,641	\$ 917,446
Licenses and Permits	5,000	5,000	7,675	2,675
Intergovernmental Revenues	5,007,096	5,204,926	5,220,714	15,788
Charges for Services	3,153,357	3,203,357	2,676,584	(526,773)
Fines and Forfeitures	91,387	91,387	104,589	13,202
Interest Earnings	0	0	55,795	55,795
Miscellaneous	75,694	234,250	1,041,522	807,272
<b>Total Revenues</b>	<u>42,610,993</u>	<u>42,312,115</u>	<u>43,597,520</u>	<u>1,285,405</u>
<b>Expenditures</b>				
Current:				
General Government Services	8,831,146	8,230,909	7,535,002	695,907
Public Safety	10,306,474	10,738,045	9,066,917	1,671,128
Physical Environment	427,305	427,305	386,399	40,906
Economic Environment	275	38,331	38,231	100
Human Services	1,116,268	1,208,372	1,114,502	93,870
Culture and Recreation	2,052,023	2,378,958	1,988,031	390,927
Court-related Expenditures	915,326	1,116,508	932,731	183,777
Capital Outlay	3,094,105	4,673,692	1,416,970	3,256,722
Debt Service:				
Principal Retirement	717,911	2,183,203	2,183,203	0
Interest and Fiscal Charges	82,089	79,389	68,472	10,917
<b>(Total Expenditures)</b>	<u>27,542,922</u>	<u>31,074,712</u>	<u>24,730,458</u>	<u>6,344,254</u>
<b>Excess of Revenues Over Expenditures</b>	<u>15,068,071</u>	<u>11,237,403</u>	<u>18,867,062</u>	<u>7,629,659</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	635,000	635,000	3,405,103	2,770,103
Transfers to Constitutional Officers	(14,625,456)	(15,787,235)	(15,755,649)	31,586
Operating Transfers in	1,657,475	2,096,309	153,720	(1,942,589)
Operating Transfers out	(3,293,731)	(7,565,523)	(7,077,532)	487,991
<b>Total Other Financing Sources (Uses)</b>	<u>(15,626,712)</u>	<u>(20,621,449)</u>	<u>(19,274,358)</u>	<u>1,347,091</u>
<b>Net Change in Fund Balances</b>	(558,641)	(9,384,046)	(407,296)	8,976,750
<b>Fund Balances at Beginning of Year</b>	<u>558,641</u>	<u>9,384,046</u>	<u>13,545,440</u>	<u>4,161,394</u>
<b>Fund Balances at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,138,144</u>	<u>\$ 13,138,144</u>



**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - COUNTY TRANSPORTATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 8,672,502	\$ 8,533,079	\$ 8,276,637	\$ (256,442)
Licenses and Permits	122,500	122,500	90,844	(31,656)
Intergovernmental Revenues	2,297,586	2,297,586	1,112,519	(1,185,067)
Charges for Services	141,750	141,750	141,303	(447)
Interest Earnings	0	0	4,508	4,508
Miscellaneous	0	26,518	67,697	41,179
<b>Total Revenues</b>	<u>11,234,338</u>	<u>11,121,433</u>	<u>9,693,508</u>	<u>(1,427,925)</u>
<b>Expenditures</b>				
Current:				
Transportation	7,826,846	7,991,255	6,349,683	1,641,572
Capital Outlay	2,582,824	2,513,068	1,129,163	1,383,905
Debt Service:				
Principal Retirement	125,082	125,082	125,057	25
Interest and Fiscal Charges	3,605	3,605	3,574	31
<b>(Total Expenditures)</b>	<u>10,538,357</u>	<u>10,633,010</u>	<u>7,607,477</u>	<u>3,025,533</u>
<b>Excess of Revenues Over Expenditures</b>	<u>695,981</u>	<u>488,423</u>	<u>2,086,031</u>	<u>1,597,608</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	0	0	48,835	48,835
Operating Transfers out	0	(4,524,784)	(4,524,782)	2
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(4,524,784)</u>	<u>(4,475,947)</u>	<u>48,837</u>
<b>Net Change in Fund Balances</b>	695,981	(4,036,361)	(2,389,916)	1,646,445
<b>Fund Balances at Beginning of Year</b>	(695,981)	4,036,361	5,491,495	1,455,134
<b>Decrease in Reserve for Inventory</b>	<u>0</u>	<u>0</u>	<u>(22,245)</u>	<u>(22,245)</u>
<b>Fund Balances at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,079,334</u>	<u>\$ 3,079,334</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - IMPACT FEE ORDINANCE TRUST FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest Earnings	\$ 169,250	\$ 169,250	\$ 694,598	\$ 525,348
Miscellaneous	2,394,000	3,100,992	3,053,784	(47,208)
<b>Total Revenues</b>	<u>2,563,250</u>	<u>3,270,242</u>	<u>3,748,382</u>	<u>478,140</u>
<b>Expenditures</b>				
Current:				
General Government Services	9,900	27,530	23,866	3,664
Public Safety	14,700	31,013	25,024	5,989
Transportation	75,750	148,290	127,782	20,508
Culture and Recreation	19,350	30,626	27,717	2,909
Capital Outlay	12,895,107	14,115,936	14,654	14,101,282
<b>(Total Expenditures)</b>	<u>13,014,807</u>	<u>14,353,395</u>	<u>219,043</u>	<u>14,134,352</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(10,451,557)</u>	<u>(11,083,153)</u>	<u>3,529,339</u>	<u>14,612,492</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers in	0	107,290	107,290	0
Operating Transfers out	(119,700)	(170,081)	(167,708)	2,373
<b>Total Other Financing Sources (Uses)</b>	<u>(119,700)</u>	<u>(62,791)</u>	<u>(60,418)</u>	<u>2,373</u>
<b>Net Change in Fund Balances</b>	(10,571,257)	(11,145,944)	3,468,921	14,614,865
<b>Fund Balances at Beginning of Year</b>	<u>10,571,257</u>	<u>11,145,944</u>	<u>11,145,944</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,614,865</u>	<u>\$ 14,614,865</u>

**NASSAU COUNTY, FLORIDA  
NOTE TO SCHEDULES OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**Budgets and Budgetary Accounting**

Budgets were adopted by the Board for all Board funds. The Tax Collector and the Property Appraiser adopt budgets independently of the Board. The Sheriff, Supervisor of Elections and the Clerk of the Circuit Court (to the extent of his function as ex officio Clerk of the Board and amounts above his fee structure as Clerk of the Circuit Court) prepare budgets for their general operations, which are submitted to and approved by the Board.

Chapter 129, Florida Statutes, provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, also governs the manner in which the budget may be legally amended once it has been approved. Budget amendments greater than \$50,000 require Board approval.

Budgets are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is in the enterprise funds where depreciation is not budgeted for capital assets; while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the enterprise funds.

The annual budgets serve as legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Board.

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2007, various supplemental appropriations were approved by the Board in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2007:

<b>Governmental Funds</b>	
General Fund	\$ 7,854,215
Special Revenue Funds	12,081,783
Debt Service Funds	32,792,597
Capital Projects Funds	<u>18,252,619</u>
<b>Total</b>	<u>\$ 70,981,214</u>

All budget appropriations lapse at year-end except as described in note 1, “Encumbrance Procedures.”

**COMBINING NONMAJOR  
GOVERNMENTAL FUNDS**

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

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

- **Municipal Services**—to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes, the half-cent sales tax and State Revenue Sharing.
- **One-Cent Small County Surtax**—to account for operational expenses of any infrastructure and for any other purpose, excluding debt. Financing is provided by a one-cent sales tax on all transactions occurring in Nassau County that are subject to imposed state tax on sales, use, services, rentals and admissions.
- **Law Enforcement Training**—to account for criminal justice education degree programs and training courses. Financing is provided by the imposition of a court cost surcharge.
- **Special Law Enforcement**—to account for undercover drug and alcohol investigations funded with investigative fines.
- **Sheriff Donations**—to account for law enforcement projects funded with donations.
- **Law Enforcement Trust**—to account for law enforcement related projects funded by the proceeds from confiscated property forfeitures.
- **School Crossing**—to account for the school crossing guard program, which is funded primarily from school crossing fines.
- **Nassau County Anti-Drug Enforcement**—to account for activities associated with the County’s drug enforcement and drug education programs. Financing is provided principally by Federal drug grants.
- **Local Law Enforcement Block Grant**—to account for activities associated with new programs at the Sheriff’s office. Financing is provided by a federal grant.
- **Court Improvement**—to account for expenditures related to planning and providing a permanent court facility per Florida Statutes. Financing is provided by court service charges.
- **Court Facility Fees**—to account for the operation and maintenance of Nassau County court facilities. Financing is provided by a court service charge.
- **Law Library Trust**—to account for the costs associated with furnishing and maintaining Nassau County’s law library. Funding is provided from a surcharge on civil court filings.
- **Criminal Justice Trust**—to account for the reimbursement of expenditures incurred by the County in providing for the services of the State Attorney and Public Defender. Funding is provided by a surcharge on felony, misdemeanor and criminal traffic cases.
- **Special Drug and Alcohol Rehabilitation**—to account for expenditures associated with Nassau County’s drug and alcohol rehabilitative programs. Funding is provided by a fine imposed for alcohol/drug-related offenses.
- **Legal Aid Trust**—to account for expenditures incurred in providing legal aid to Nassau County residents. Funding is provided for by a service charge on the filing of circuit and county civil court proceedings.

## NONMAJOR GOVERNMENTAL FUNDS

*(Continued)*

### Special Revenue Funds

*(Concluded)*

- **Drivers Ed Safety Trust**—to account for driver education programs in public and nonpublic schools. Funding is provided by a surcharge on civil traffic penalties.
- **911 Operations and Maintenance**—to account for the expenditures associated with providing a uniform addressing system for 911 equipment. Funding is principally provided from telephone user charges.
- **EMS County Awards HRS**—to account for expenditures associated with EMS prehospital care. Funding is provided by Florida State grants.
- **DES Donations**—to account for EMS projects funded with donations.
- **Amelia Island Tourist Development**—to account for revenues and expenditures relating to development of tourism in the County through the assessment of a tourist tax.
- **Local Affordable Housing Trust (SHIP)** —to account for funds received from the State to be used to assist eligible low income individuals to buy or construct new housing or rehabilitate older homes.
- **Nassau County Economic Development**—to account for expenditures related to funds contributed and donated for projects relating to the development of the County.
- **Building Department**—to account for funds received for various fees charged to be used to fund the building, zoning and planning department.
- **Community Based Care Program**—to account for child welfare services that are provided through a combination of staff and contracts with a network of providers.
- **Amelia Concourse MSBU**—to account for funds received from the Amelia Concourse assessment allocated to the administrative charges associated with the levy of the special assessments.
- **Firefighter Education Trust**—to account for surcharges on civil penalties for noncriminal, nonmoving traffic violations of Section 316.1945(1)(b)(2) or (5), Florida Statutes.

### Debt Service Funds

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

- **Other**—to account for debt service requirements to retire the promissory note used to finance the purchase of a communication system. The note is payable solely from non-ad valorem budgeted revenues. The note matures on October 1, 2012.
- **Optional Gas Tax 2000**—to account for debt service requirements to retire the local option gas tax revenue bonds, series 2000, dated September 12, 2000. The bonds are payable solely from and secured by a lien upon and a pledge of the County's local option gas tax. The bonds mature on March 1, 2025.
- **Bond Refunding 2001**—to account for debt service requirements to retire local option gas tax refunding revenue bonds, Series 2001, dated December 1, 2001. The bonds are payable solely from and secured by a lien upon a pledge of the County's local option gas tax. The bonds mature March 1, 2009.

## NONMAJOR GOVERNMENTAL FUNDS

*(Concluded)*

### Debt Service Funds

*(Concluded)*

- **South Amelia Island Shore Stabilization**—to account for debt service requirement to retire the South Amelia Island Shore Stabilization special assessment line of credit dated April 23, 2002. The line of credit is payable solely from and secured by a lien upon and a pledge of the shore stabilization special assessment.
- **Amelia Concourse**—to account for the debt service requirements to retire the Amelia Concourse Special Assessment Bond, Series 2004. The bonds are payable solely from a Special Assessment upon property within said area.
- **1998 Gas Tax Bonds**—to account for debt service requirements to retire gas tax revenue bonds, Series 1998, dated August 1, 1998. The bonds are payable solely from and secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. The bonds mature on October 1, 2018.
- **County Complex**—to account for debt service requirements to retire the public improvement revenue bonds, series 2001, of Nassau County, Florida, dated May 1, 2001. The bonds are payable solely from non-ad valorem budgeted revenues. The bonds mature on May 2031.
- **Special Assessment - Series 2001A**—to account for debt service requirements to retire the Pirates Wood Municipal Service Benefit Unit Special Assessment Bonds, Series 2001A, dated September 11, 2001. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area.

### Capital Projects Funds

The capital projects funds are used to accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

- **Grants**—to account for capital expenditures financed primarily by federal and/or state grants.
- **Road Projects**—to account for resources to be used for various road improvements throughout the County.
- **Transportation**—to account for resources to be used for various road construction throughout the County.
- **South Amelia Island Shore Stabilization**—to account for resources to be used for the South Amelia Island Beach Restoration Project. Financing was provided by the 2002 South Amelia Island shore stabilization special assessment line of credit.
- **County Complex**—to be used to account for the County's various capital projects. Financing is provided by the 2001 Public Improvement Revenue Bonds.
- **Amelia Concourse**—to be used to account for the construction of a 3.5 mile roadway through the Amelia Concourse Assessment Area. Financing is provided by 2004 Special Assessment Bonds
- **Other**—to account for resources to be used for the mobile radio communications project.
- **Sadler Road**—to account for resources to be used for the Goffinsville Park and Mizell projects.
- **CDBG**—to account for community development block grant income received after December 13, 1988.

**NASSAU COUNTY BOARD OF COUNTY COMMISISONERS  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2007**

	<u>Special Revenue Funds</u>			
	<u>Municipal Services</u>	<u>One-Cent County Surtax</u>	<u>Law Enforcement Training</u>	<u>Special Law Enforcement</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,466,332	\$ 886,233	\$ 50,130	\$ 45,773
Equity in Pooled Investments	2,383,776	3,524,495	13,907	93,597
Accounts Receivable (Net of Allowance for Uncollectibles)	6,388	2,685	136	122
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Constitutional Officers	93,339	0	0	0
Due from Other Governments	142,228	973,193	2,268	2,947
Prepaid Expenditures	1,542	0	281	0
<b>Total Assets</b>	<u>4,093,605</u>	<u>5,386,606</u>	<u>66,722</u>	<u>142,439</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	75,764	23,003	0	0
Retainage Payable	0	0	0	0
Due to Other Funds	209,636	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenues	58,405	485,903	0	0
<b>Total Liabilities</b>	<u>343,805</u>	<u>508,906</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Reserved for:				
Prepaid Items	1,542	0	281	0
Grants and State Laws	0	0	0	0
Encumbrances	20,496	0	0	0
Unreserved - Designated for:				
Capital Purchases	16,707	0	0	0
Professional Services	0	0	0	0
Road Projects	0	0	0	0
Retirement of Bonds	0	0	0	0
Capital Projects	7,339	699,980	0	0
Unreserved - Undesignated				
Special Revenue Funds	3,703,716	4,177,720	66,441	142,439
Debt Service Funds	0	0	0	0
Capital Project Funds	0	0	0	0
<b>Total Fund Balances</b>	<u>3,749,800</u>	<u>4,877,700</u>	<u>66,722</u>	<u>142,439</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,093,605</u>	<u>\$ 5,386,606</u>	<u>\$ 66,722</u>	<u>\$ 142,439</u>



Special Revenue Funds

Sheriff Donations	Law Enforcement Trust	Nassau County Anti-Drug Enforcement	Local Law Enforcement Block Grant	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust
\$ 6,624	\$ 129,482	\$ 271,321	\$ 0	\$ 3,461	\$ 110,804	\$ 0	\$ 162,388
0	136,234	12,438	0	30,456	324,236	176,540	0
18	355	751	0	10	291	40	438
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	2,573	0	0	8,154	2,492	0
0	0	0	0	0	0	0	0
<u>6,642</u>	<u>266,071</u>	<u>287,083</u>	<u>0</u>	<u>33,927</u>	<u>443,485</u>	<u>179,072</u>	<u>162,826</u>
0	0	0	0	0	770	647	6,772
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	49,170	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>49,170</u>	<u>0</u>	<u>0</u>	<u>770</u>	<u>647</u>	<u>6,772</u>
0	0	0	0	0	0	0	0
6,642	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	23,667	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	915	0	0	0
0	242,404	237,913	0	33,012	442,715	178,425	156,054
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>6,642</u>	<u>266,071</u>	<u>237,913</u>	<u>0</u>	<u>33,927</u>	<u>442,715</u>	<u>178,425</u>	<u>156,054</u>
<u>\$ 6,642</u>	<u>\$ 266,071</u>	<u>\$ 287,083</u>	<u>\$ 0</u>	<u>\$ 33,927</u>	<u>\$ 443,485</u>	<u>\$ 179,072</u>	<u>\$ 162,826</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**  
*(Continued)*

	<u>Special Revenue Funds</u>			
	<b>Special Drug/Alcohol Rehab</b>	<b>Legal Aid Trust</b>	<b>Drivers Ed Safety Trust</b>	<b>911 Operations and Maintenance</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,661	\$ 17,498	\$ 39,957	\$ 7,729
Equity in Pooled Investments	9,559	0	0	20,016
Accounts Receivable (Net of Allowance for Uncollectibles)	3	10	105	4,710
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Constitutional Officers	0	0	0	57,026
Due from Other Governments	963	2,492	2,433	46,437
Prepaid Expenditures	0	0	0	0
<b>Total Assets</b>	<u>12,186</u>	<u>20,000</u>	<u>42,495</u>	<u>135,918</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	0	20,000	0	172
Retainage Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenues	0	0	0	13,588
<b>Total Liabilities</b>	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>13,760</u>
<b>Fund Balances</b>				
Reserved for:				
Prepaid Items	0	0	0	0
Grants and State Laws	0	0	5,496	0
Encumbrances	0	0	0	0
Unreserved - Designated for:				
Capital Purchases	0	0	0	0
Professional Services	0	0	0	0
Road Projects	0	0	0	0
Retirement of Bonds	0	0	0	0
Capital Projects	0	0	0	0
Unreserved - Undesignated				
Special Revenue Funds	12,186	0	36,999	122,158
Debt Service Funds	0	0	0	0
Capital Project Funds	0	0	0	0
<b>Total Fund Balances</b>	<u>12,186</u>	<u>0</u>	<u>42,495</u>	<u>122,158</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 12,186</u>	<u>\$ 20,000</u>	<u>\$ 42,495</u>	<u>\$ 135,918</u>

Special Revenue Funds

EMS County Awards HRS	DES Donations	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization	Nassau County Economic Development	Building Department	Community Based Care Program
\$ 23,678	\$ 8,650	\$ 464,826	\$ 186,893	\$ 0	\$ 0	\$ 576,038	\$ 404,825
122	0	988,949	1,001,986	0	0	5,211,941	0
65	24	1,357	3,511	0	0	1,593	5,608
0	0	0	310,600	0	0	0	0
0	0	0	0	0	0	0	0
0	0	308	0	0	0	105	0
0	0	137,413	0	0	0	0	670
0	0	2,070	0	0	0	0	0
<u>23,865</u>	<u>8,674</u>	<u>1,594,923</u>	<u>1,502,990</u>	<u>0</u>	<u>0</u>	<u>5,789,677</u>	<u>411,103</u>
0	0	133,984	31,502	0	0	51,919	25,249
0	0	0	0	0	0	0	0
0	0	0	0	0	0	64,739	0
0	0	0	0	0	0	7,222	355,187
13,419	0	0	310,601	0	0	0	30,434
<u>13,419</u>	<u>0</u>	<u>133,984</u>	<u>342,103</u>	<u>0</u>	<u>0</u>	<u>123,880</u>	<u>410,870</u>
0	0	2,070	0	0	0	0	0
0	8,674	0	39,286	0	0	0	0
1,773	0	2,607	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	200,000	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
8,673	0	1,456,262	1,121,601	0	0	5,465,797	233
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>10,446</u>	<u>8,674</u>	<u>1,460,939</u>	<u>1,160,887</u>	<u>0</u>	<u>0</u>	<u>5,665,797</u>	<u>233</u>
<u>\$ 23,865</u>	<u>\$ 8,674</u>	<u>\$ 1,594,923</u>	<u>\$ 1,502,990</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,789,677</u>	<u>\$ 411,103</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**  
*(Continued)*

	<u>Special Revenue Funds</u>		
	<b>Amelia Concourse MSBU</b>	<b>Firefighter Education Trust</b>	<b>Total Special Revenue Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 552,825	\$ 3	\$ 5,417,131
Equity in Pooled Investments	0	0	13,928,252
Accounts Receivable (Net of Allowance for Uncollectibles)	1,532	0	29,752
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	310,600
Due from Other Funds	3,424	0	3,424
Due from Constitutional Officers	0	0	150,778
Due from Other Governments	0	0	1,324,263
Prepaid Expenditures	0	0	3,893
<b>Total Assets</b>	<u>557,781</u>	<u>3</u>	<u>21,168,093</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	0	0	369,782
Retainage Payable	0	0	0
Due to Other Funds	0	0	274,375
Due to Other Governments	0	0	362,409
Deferred Revenues	0	0	961,520
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>1,968,086</u>
<b>Fund Balances</b>			
Reserved for:			
Prepaid Items	0	0	3,893
Grants and State Laws	0	0	60,098
Encumbrances	0	0	24,876
Unreserved - Designated for:			
Capital Purchases	0	0	40,374
Professional Services	0	0	200,000
Road Projects	0	0	0
Retirement of Bonds	0	0	0
Capital Projects	0	0	708,234
Unreserved - Undesignated			
Special Revenue Funds	557,781	3	18,162,532
Debt Service Funds	0	0	0
Capital Project Funds	0	0	0
<b>Total Fund Balances</b>	<u>557,781</u>	<u>3</u>	<u>19,200,007</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 557,781</u>	<u>\$ 3</u>	<u>\$ 21,168,093</u>

Debt Service Funds

Other	Optional Gas Tax 2000	Bond Refunding 2001	South Amelia Island Shore Stabilization	Amelia Concourse	1998 Gas Tax Bonds	County Complex	Special Assessment Series 2001A	Total Debt Service Funds
\$ 0	\$ 0	\$ 115,735	\$ 0	\$ 3,588	\$ 25,421	\$ 0	\$ 187,398	\$ 332,142
1,103	0	406,795	0	920,170	0	0	112,812	1,440,880
255	0	217	0	399	2,234	0	524	3,629
0	0	0	0	0	0	0	0	0
0	0	0	0	16,580	0	0	0	16,580
0	0	0	0	561	0	0	0	561
0	0	150,537	0	0	201,449	0	0	351,986
0	431	0	0	0	1,000	0	0	1,431
<u>1,358</u>	<u>431</u>	<u>673,284</u>	<u>0</u>	<u>941,298</u>	<u>230,104</u>	<u>0</u>	<u>300,734</u>	<u>2,147,209</u>
0	0	0	0	0	0	0	391	391
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	75,268	0	0	100,725	0	0	175,993
<u>0</u>	<u>0</u>	<u>75,268</u>	<u>0</u>	<u>0</u>	<u>100,725</u>	<u>0</u>	<u>391</u>	<u>176,384</u>
0	431	0	0	0	1,000	0	0	1,431
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	501,546	0	924,157	0	0	70,194	1,495,897
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,358	0	96,470	0	17,141	128,379	0	230,149	473,497
0	0	0	0	0	0	0	0	0
<u>1,358</u>	<u>431</u>	<u>598,016</u>	<u>0</u>	<u>941,298</u>	<u>129,379</u>	<u>0</u>	<u>300,343</u>	<u>1,970,825</u>
<u>\$ 1,358</u>	<u>\$ 431</u>	<u>\$ 673,284</u>	<u>\$ 0</u>	<u>\$ 941,298</u>	<u>\$ 230,104</u>	<u>\$ 0</u>	<u>\$ 300,734</u>	<u>\$ 2,147,209</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**  
*(Concluded)*

	<b>Capital Projects Funds</b>			
	<b>Grants</b>	<b>Road Projects</b>	<b>Transportation</b>	<b>South Amelia Island Shore Stabilization</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 234,800	\$ 9,511	\$ 541,581	\$ 34,477
Equity in Pooled Investments	0	1,113,001	4,837,535	589,114
Accounts Receivable (Net of Allowance for Uncollectibles)	636	15	1,807	103
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Constitutional Officers	0	0	0	10
Due from Other Governments	0	0	167,126	0
Prepaid Expenditures	0	0	0	0
<b>Total Assets</b>	<b>235,436</b>	<b>1,122,527</b>	<b>5,548,049</b>	<b>623,704</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	3,825	7,940	0	273,725
Retainage Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenues	0	151	83,608	0
<b>Total Liabilities</b>	<b>3,825</b>	<b>8,091</b>	<b>83,608</b>	<b>273,725</b>
<b>Fund Balances</b>				
Reserved for:				
Prepaid Items	0	0	0	0
Grants and State Laws	0	0	0	0
Encumbrances	0	48,572	0	0
Unreserved - Designated for:				
Capital Purchases	0	0	0	0
Professional Services	0	0	0	0
Road Projects	0	350,233	4,843,078	0
Retirement of Bonds	0	0	0	0
Capital Projects	13,984	0	0	0
Unreserved - Undesignated				
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Project Funds	217,627	715,631	621,363	349,979
<b>Total Fund Balances</b>	<b>231,611</b>	<b>1,114,436</b>	<b>5,464,441</b>	<b>349,979</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 235,436</b>	<b>\$ 1,122,527</b>	<b>\$ 5,548,049</b>	<b>\$ 623,704</b>

Capital Projects Funds

County Complex	Amelia Concourse	Other	Sadler Road	CDBG	Total Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,289,911	\$ 848,220	\$ 92,708	\$ 0	\$ 6,062	\$ 3,057,270	\$ 8,806,543
72,319	0	0	0	239,658	6,851,627	22,220,759
3,551	2,334	0	0	0	8,446	41,827
0	0	0	0	0	0	310,600
0	0	0	0	0	0	20,004
0	8,384	0	0	0	8,394	159,733
0	0	172,176	0	166,258	505,560	2,181,809
0	0	0	0	0	0	5,324
<u>1,365,781</u>	<u>858,938</u>	<u>264,884</u>	<u>0</u>	<u>411,978</u>	<u>10,431,297</u>	<u>33,746,599</u>
0	0	0	0	36,300	321,790	691,963
0	728,378	0	0	0	728,378	728,378
0	20,004	0	0	0	20,004	294,379
0	0	0	0	13	13	362,422
0	0	0	0	32,552	116,311	1,253,824
<u>0</u>	<u>748,382</u>	<u>0</u>	<u>0</u>	<u>68,865</u>	<u>1,186,496</u>	<u>3,330,966</u>
0	0	0	0	0	0	5,324
0	0	0	0	0	0	60,098
0	0	0	0	12,000	60,572	85,448
0	0	0	0	0	0	40,374
0	0	0	0	0	0	200,000
0	110,556	0	0	0	5,303,867	5,303,867
0	0	0	0	0	0	1,495,897
1,351,418	0	0	0	0	1,365,402	2,073,636
0	0	0	0	0	0	18,162,532
0	0	0	0	0	0	473,497
14,363	0	264,884	0	331,113	2,514,960	2,514,960
<u>1,365,781</u>	<u>110,556</u>	<u>264,884</u>	<u>0</u>	<u>343,113</u>	<u>9,244,801</u>	<u>30,415,633</u>
<u>\$ 1,365,781</u>	<u>\$ 858,938</u>	<u>\$ 264,884</u>	<u>\$ 0</u>	<u>\$ 411,978</u>	<u>\$ 10,431,297</u>	<u>\$ 33,746,599</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<u>Special Revenue Funds</u>				
	<u>Municipal Services</u>	<u>One-Cent County Surtax</u>	<u>Law Enforcement Training</u>	<u>Special Law Enforcement</u>
<b>Revenues</b>				
Taxes	\$ 9,977,677	\$ 6,819,736	\$ 0	\$ 0
Licenses and Permits	71,569	0	0	0
Intergovernmental Revenues	550,278	0	0	0
Charges for Services	187,096	0	14,087	0
Fines and Forfeitures	12,243	0	19,796	52,520
Interest Earnings	6,370	328,627	2,477	6,374
Miscellaneous	24,645	0	0	0
<b>Total Revenues</b>	<u>10,829,878</u>	<u>7,148,363</u>	<u>36,360</u>	<u>58,894</u>
<b>Expenditures</b>				
Current:				
General Government Services	705,875	0	0	0
Public Safety	5,553,650	1,500	15,454	0
Physical Environment	0	0	0	0
Economic Environment	0	5,000	0	0
Human Services	482,623	517,000	0	0
Culture and Recreation	0	1,500	0	0
Court-related Expenditures	0	0	0	0
Capital Outlay	113,376	21,000	0	0
Debt Service:				
Principal Retirement	283,463	0	0	0
Interest and Fiscal Charges	40,164	0	0	0
<b>(Total Expenditures)</b>	<u>7,179,151</u>	<u>546,000</u>	<u>15,454</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,650,727</u>	<u>6,602,363</u>	<u>20,906</u>	<u>58,894</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	93,339	60,000	0	0
Transfers to Constitutional Officers	(2,750,000)	0	0	(20,000)
Operating Transfers in	0	0	0	0
Operating Transfers out	0	(8,357,020)	0	0
Issuance of Refunding Bonds	0	0	0	0
Premium on Debt Issuance	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(2,656,661)</u>	<u>(8,297,020)</u>	<u>0</u>	<u>(20,000)</u>
<b>Net Change in Fund Balances</b>	994,066	(1,694,657)	20,906	38,894
<b>Fund Balances at Beginning of Year</b>	2,755,734	6,572,357	45,816	103,545
<b>Decrease in Reserve for Inventory</b>	0	0	0	0
<b>Fund Balances at End of Year</b>	<u>\$ 3,749,800</u>	<u>\$ 4,877,700</u>	<u>\$ 66,722</u>	<u>\$ 142,439</u>



Special Revenue Funds

Sheriff Donations	Law Enforcement Trust	School Crossing	Nassau County Anti-Drug Enforcement	Local Law Enforcement Block Grant	Court Improvement	Court Facility Fees	Law Library Trust
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	0	77,931	0	0	0	0
0	0	0	0	0	0	140,443	17,662
0	53,107	0	35,974	0	0	0	0
252	12,386	0	11,844	0	1,830	19,323	9,807
900	222	0	0	0	0	0	0
1,152	65,715	0	125,749	0	1,830	159,766	27,469
0	0	0	0	0	0	0	0
0	39,529	0	50,052	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	17,852	9,961
0	0	0	0	0	0	9,650	7,701
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	39,529	0	50,052	0	0	27,502	17,662
1,152	26,186	0	75,697	0	1,830	132,264	9,807
0	0	0	0	0	0	0	0
0	0	(61,254)	0	0	0	0	0
0	0	61,254	0	0	0	0	0
0	(9,046)	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	(9,046)	0	0	0	0	0	0
1,152	17,140	0	75,697	0	1,830	132,264	9,807
5,490	248,931	0	162,216	0	32,097	310,451	168,618
0	0	0	0	0	0	0	0
\$ 6,642	\$ 266,071	\$ 0	\$ 237,913	\$ 0	\$ 33,927	\$ 442,715	\$ 178,425

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007  
(Continued)**

<u>Special Revenue Funds</u>				
	<u>Criminal Justice Trust</u>	<u>Special Drug/Alcohol Rehab</u>	<u>Legal Aid Trust</u>	<u>Drivers Ed Safety Trust</u>
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	34,299	0
Fines and Forfeitures	0	11,899	0	41,260
Interest Earnings	6,554	574	304	1,235
Miscellaneous	0	0	0	0
<b>Total Revenues</b>	<u>6,554</u>	<u>12,473</u>	<u>34,603</u>	<u>42,495</u>
<b>Expenditures</b>				
Current:				
General Government Services	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	11,900	80,000	27,326
Culture and Recreation	0	0	0	0
Court-related Expenditures	35,098	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>(Total Expenditures)</b>	<u>35,098</u>	<u>11,900</u>	<u>80,000</u>	<u>27,326</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(28,544)</u>	<u>573</u>	<u>(45,397)</u>	<u>15,169</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	0	0	0	0
Transfers to Constitutional Officers	0	0	0	0
Operating Transfers in	34,299	0	41,329	0
Operating Transfers out	0	0	0	0
Issuance of Refunding Bonds	0	0	0	0
Premium on Debt Issuance	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>34,299</u>	<u>0</u>	<u>41,329</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	5,755	573	(4,068)	15,169
<b>Fund Balances at Beginning of Year</b>	150,299	11,613	4,068	27,326
<b>Decrease in Reserve for Inventory</b>	0	0	0	0
<b>Fund Balances at End of Year</b>	<u>\$ 156,054</u>	<u>\$ 12,186</u>	<u>\$ 0</u>	<u>\$ 42,495</u>

## Special Revenue Funds

911 Operations and Maintenance	EMS County Awards HRS	DES Donations	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization	Nassau County Economic Development	Building Department
\$ 0	\$ 0	\$ 0	\$ 1,704,954	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	2,003,135
194,046	3,080	0	0	467,860	0	0	0
216,516	0	0	0	6,137	0	0	258,845
0	0	0	0	0	0	0	0
2,079	5,616	354	60,097	83,628	0	0	290,519
0	0	0	0	15,197	0	0	99
412,641	8,696	354	1,765,051	572,822	0	0	2,552,598
0	0	0	0	0	0	0	1,572,121
556	0	0	0	0	0	0	507,664
0	0	0	98,526	0	0	0	0
0	0	0	1,149,629	1,400,756	0	75,000	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
57,418	3,080	0	92,566	0	0	0	77,622
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
57,974	3,080	0	1,340,721	1,400,756	0	75,000	2,157,407
354,667	5,616	354	424,330	(827,934)	0	(75,000)	395,191
57,029	0	0	0	0	0	0	0
(381,410)	0	0	0	0	0	0	0
0	0	0	0	0	0	75,000	152,688
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(324,381)	0	0	0	0	0	75,000	152,688
30,286	5,616	354	424,330	(827,934)	0	0	547,879
91,872	4,830	8,320	1,036,609	1,988,821	0	0	5,117,918
0	0	0	0	0	0	0	0
\$ 122,158	\$ 10,446	\$ 8,674	\$ 1,460,939	\$ 1,160,887	\$ 0	\$ 0	\$ 5,665,797

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007  
(Continued)**

	<u>Special Revenue Funds</u>			
	<u>Community Based Care Program</u>	<u>Amelia Concourse MSBU</u>	<u>Firefighter Education Trust</u>	<u>Total Special Revenue Funds</u>
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 18,502,367
Licenses and Permits	0	0	0	2,074,704
Intergovernmental Revenues	2,245,362	0	0	3,538,557
Charges for Services	0	0	0	875,085
Fines and Forfeitures	0	0	0	226,799
Interest Earnings	0	13,470	0	863,720
Miscellaneous	5,758	181,853	0	228,674
<b>Total Revenues</b>	<u>2,251,120</u>	<u>195,323</u>	<u>0</u>	<u>26,309,906</u>
<b>Expenditures</b>				
Current:				
General Government Services	0	0	0	2,277,996
Public Safety	0	0	0	6,168,405
Physical Environment	0	7,185	0	105,711
Economic Environment	0	0	0	2,630,385
Human Services	2,230,933	0	0	3,349,782
Culture and Recreation	0	0	0	1,500
Court-related Expenditures	0	0	0	62,911
Capital Outlay	1,863	0	0	384,276
Debt Service:				
Principal Retirement	0	0	0	283,463
Interest and Fiscal Charges	0	0	0	40,164
<b>(Total Expenditures)</b>	<u>2,232,796</u>	<u>7,185</u>	<u>0</u>	<u>15,304,593</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>18,324</u>	<u>188,138</u>	<u>0</u>	<u>11,005,313</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	0	1,397	0	211,765
Transfers to Constitutional Officers	0	0	0	(3,212,664)
Operating Transfers in	0	368,246	0	732,816
Operating Transfers out	0	0	0	(8,366,066)
Issuance of Refunding Bonds	0	0	0	0
Premium on Debt Issuance	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>369,643</u>	<u>0</u>	<u>(10,634,149)</u>
<b>Net Change in Fund Balances</b>	18,324	557,781	0	371,164
<b>Fund Balances at Beginning of Year</b>	(18,091)	0	3	18,828,843
<b>Decrease in Reserve for Inventory</b>	0	0	0	0
<b>Fund Balances at End of Year</b>	<u>\$ 233</u>	<u>\$ 557,781</u>	<u>\$ 3</u>	<u>\$ 19,200,007</u>

## Debt Service Funds

Other	Optional Gas Tax 2000	Bond Refunding 2001	South Amelia Island Shore Stabilization	Amelia Concourse	1998 Gas Tax Bonds	County Complex	Special Assessment Series 2001A
\$ 0	\$ 431	\$ 903,220	\$ 0	\$ 0	\$ 366,320	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	0	0	0	842,378	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
12,444	0	21,542	4,336	91,435	18,886	5	12,242
0	0	0	0	2,023,661	0	0	82,434
12,444	431	924,762	4,336	2,115,096	1,227,584	5	94,676
0	0	0	0	36,888	0	304,218	7,102
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
662,927	0	820,000	0	2,056,554	690,000	690,000	47,095
155,963	431	84,720	0	225,782	518,697	1,764,166	22,439
818,890	431	904,720	0	2,319,224	1,208,697	2,758,384	76,636
(806,446)	0	20,042	4,336	(204,128)	18,887	(2,758,379)	18,040
0	0	0	0	7,547	0	0	0
0	0	0	0	0	0	0	0
807,804	0	0	0	9,594	0	2,322,832	167,657
0	0	0	(165,944)	0	0	0	0
0	0	0	0	0	0	29,630,000	0
0	0	0	0	0	0	573,139	0
0	0	0	0	0	0	(29,771,319)	0
807,804	0	0	(165,944)	17,141	0	2,754,652	167,657
1,358	0	20,042	(161,608)	(186,987)	18,887	(3,727)	185,697
0	431	577,974	161,608	1,128,285	110,492	3,727	114,646
0	0	0	0	0	0	0	0
\$ 1,358	\$ 431	\$ 598,016	\$ 0	\$ 941,298	\$ 129,379	\$ 0	\$ 300,343

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

*(Continued)*

	<u>Capital Projects Funds</u>			
	<u>Total Debt Service Funds</u>	<u>Grants</u>	<u>Road Projects</u>	<u>Transportation</u>
<b>Revenues</b>				
Taxes	\$ 1,269,971	\$ 0	\$ 0	\$ 351,996
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	842,378	245,742	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Interest Earnings	160,890	12,790	66,665	81,935
Miscellaneous	2,106,095	1,311	298	215,027
<b>Total Revenues</b>	<u>4,379,334</u>	<u>259,843</u>	<u>66,963</u>	<u>648,958</u>
<b>Expenditures</b>				
Current:				
General Government Services	348,208	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	0	0
Culture and Recreation	0	0	0	0
Court-related Expenditures	0	0	0	0
Capital Outlay	0	0	103,667	0
Debt Service:				
Principal Retirement	4,966,576	0	0	0
Interest and Fiscal Charges	2,772,198	0	0	0
<b>(Total Expenditures)</b>	<u>8,086,982</u>	<u>0</u>	<u>103,667</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,707,648)</u>	<u>259,843</u>	<u>(36,704)</u>	<u>648,958</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	7,547	0	0	0
Transfers to Constitutional Officers	0	0	0	0
Operating Transfers in	3,307,887	16,722	0	4,613,864
Operating Transfers out	(165,944)	(430,120)	(107,290)	(217,223)
Issuance of Refunding Bonds	29,630,000	0	0	0
Premium on Debt Issuance	573,139	0	0	0
Payment to Refunded Bond Escrow Agent	(29,771,319)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>3,581,310</u>	<u>(413,398)</u>	<u>(107,290)</u>	<u>4,396,641</u>
<b>Net Change in Fund Balances</b>	(126,338)	(153,555)	(143,994)	5,045,599
<b>Fund Balances at Beginning of Year</b>	2,097,163	385,166	1,258,430	418,842
<b>Decrease in Reserve for Inventory</b>	0	0	0	0
<b>Fund Balances at End of Year</b>	<u>\$ 1,970,825</u>	<u>\$ 231,611</u>	<u>\$ 1,114,436</u>	<u>\$ 5,464,441</u>

Capital Projects Funds

South Amelia Island Shore Stabilization	County Complex	Amelia Concourse	Other	Sadler Road	CDBG	Total Capital Project Funds	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 351,996	\$ 20,124,334
0	0	0	0	0	0	0	2,074,704
0	0	0	0	0	153,059	398,801	4,779,736
0	0	0	0	0	0	0	875,085
0	0	0	0	0	0	0	226,799
30,283	22,017	218,826	28,877	2,080	22,826	486,299	1,510,909
220		25,100	173,872	0	0	415,828	2,750,597
30,503	22,017	243,926	202,749	2,080	175,885	1,652,924	32,342,164
0	0	0	0	0	0	0	2,626,204
0	0	0	0	0	0	0	6,168,405
148,188	0	0	0	0	0	148,188	253,899
0	0	0	0	0	310,715	310,715	2,941,100
0	0	0	0	0	0	0	3,349,782
0	0	0	0	0	0	0	1,500
0	0	0	0	0	0	0	62,911
225,583	5,306	3,684,370	1,548,303	0	3,551	5,570,780	5,955,056
0	0	0	0	0	0	0	5,250,039
0	0	0	0	0	0	0	2,812,362
373,771	5,306	3,684,370	1,548,303	0	314,266	6,029,683	29,421,258
(343,268)	16,711	(3,440,444)	(1,345,554)	2,080	(138,381)	(4,376,759)	2,920,906
10	0	0	0	0	0	10	219,322
0	0	0	0	0	0	0	(3,212,664)
165,943	0	0	262,463	0	51	5,059,043	9,099,746
0	0	(377,840)	(431,456)	(89,082)	0	(1,653,011)	(10,185,021)
0	0	0	0	0	0	0	29,630,000
0	1,208,819	0	0	0	0	1,208,819	1,781,958
0	0	0	0	0	0	0	(29,771,319)
165,953	1,208,819	(377,840)	(168,993)	(89,082)	51	4,614,861	(2,437,978)
(177,315)	1,225,530	(3,818,284)	(1,514,547)	(87,002)	(138,330)	238,102	482,928
527,294	140,251	3,928,840	1,779,431	87,002	481,443	9,006,699	29,932,705
0	0	0	0	0	0	0	0
\$ 349,979	\$ 1,365,781	\$ 110,556	\$ 264,884	\$ 0	\$ 343,113	\$ 9,244,801	\$ 30,415,633

## **OTHER INFORMATION**



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

The Honorable Board of County Commissioners  
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County Board of County Commissioners (the Board) as of and for the year ended September 30, 2007, and have issued our report thereon dated March 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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

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

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

■ **Audit Adjustments**

Condition—In May 2006, the Auditing Standards Board of the American Institute of Certified Public Accountants issued Statement on Auditing Standards (SAS) Statement No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. SAS Statement No. 112, among other things, requires written communication of significant deficiencies in internal control identified during an audit and generally considers significant audit adjustments which were identified during the audit as indicators of control deficiencies as they were not detected and prevented by the Board's internal controls over financial reporting. During the audit, we proposed six adjustments to the financial statements that we consider to be significant.

Effect—Auditors are prohibited from acting as a segment of the Board's internal control over financial reporting. If the errors corrected by audit adjustment had not been detected in our audit, which is designed only to provide reasonable assurance the financial statements are fairly presented, the Board's financial statements may have been misstated.

Recommendation—Although no system of internal control can guarantee accurate financial reporting at all times, we recommend the Board review the causes of audit adjustments proposed and determine what changes should be made to its system of internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement or the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

**Compliance and Other Matters**

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

We also noted certain additional matters that we reported to the Board in a separate letter dated March 18, 2008.

The Honorable Board of County Commissioners  
Nassau County, Florida

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

The Board's response to the findings identified in our audit is included following this letter. We did not audit the Board's response and, accordingly, we express no opinion on it.

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

*Purvis, Gray and Company, LLP*

March 18, 2008  
Gainesville, Florida

MANAGEMENT LETTER

The Honorable Board of County Commissioners  
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County Board of County Commissioners (the Board) as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated March 18, 2008.

We conducted our audit in accordance with auditing standards generally accepted United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated March 18, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information:

- The *Rules of the Auditor General* [Section 10.554(1)(i)1.] requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- The *Rules of the Auditor General* [Section 10.554(1)(i)2.], requires our audit to include a review of provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.
- The *Rules of the Auditor General* [Section 10.554(1)(i)3.] require that we address in the management letter any recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, please see the following recommendation:
  - **Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting for Other Post-Employment Benefits**

Condition—The County will be required to implement the provisions of GASB Statement No. 45 no later than the year ended September 30, 2009, although earlier implementation is permitted. GASB Statement No. 45 requires recognition in the financial statements of the cost of certain postemployment benefits (OBEB) such as postemployment health insurance.

**Certified Public Accountants**

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**MANAGEMENT LETTER**  
*(Continued)*

- **Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting for Other Post-Employment Benefits (Concluded)**

Effect—The accounting for OPEB is consistent with the approach applied in the accounting for pension benefits. The County will recognize an annual expense related to current service for future (postemployment) benefits which will be based upon actuarial analysis. While no actuarial analysis has been prepared to-date, there are indications the County may have a significant unfunded actuarial liability based upon the County's postemployment health insurance benefit.

Recommendation—We recommend the County retain an actuary to perform calculations related to its OPEB liability.

- The *Rules of the Auditor General* [Section 10.554(1)(i)4.] requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. Our audit disclosed no matters required to be disclosed by the *Rules of the Auditor General* [Section 10.554(1)(i)4.] not already disclosed elsewhere.
- The *Rules of the Auditor General* [Section 10.554(1)(i)5.] requires, based upon professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or are likely to have occurred, and would have an immaterial affect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial affect upon the financial statements; and (3) control deficiencies that are not significant deficiencies, including but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed by the *Rules of the Auditor General* [Section 10.554(1)(i)5.] not already disclosed elsewhere.
- The *Rules of the Auditor General* [Section 10.554(1)(i)6.] requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Board was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Board includes the following component unit:
  - The Nassau County Housing Finance Authority, a dependant special district, was established pursuant to Part IV, Chapter 159, Florida Statutes, following the adoption of Ordinance 79-4 by the Board.

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

The Honorable Board of County Commissioners  
Nassau County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

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

*Purvis, Gray and Company, LLP*

March 18, 2008  
Gainesville, Florida



**NASSAU COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
P.O. Box 1010  
Fernandina Beach, Florida 32035-1010

Jim B. Higginbotham  
Michael H. Boyle  
Tom Branan  
Barry Holloway  
Marianne Marshall

Dist. No. 1 Fernandina Beach  
Dist. No. 2 Amelia Island  
Dist. No. 3 Yulee  
Dist. No. 4 Bryceville  
Dist. No. 5 Callahan

March 24, 2008

Nassau County Board of County Commissioners  
96160 Nassau Place  
Yulee, FL 32097

JOHN A. CRAWFORD  
Ex-Officio Clerk

DAVID A. HALLMAN  
County Attorney

EDWARD L. SEALOVER  
County Coordinator

Dear Commissioners:

The audit report of the Nassau County Board of County Commissioners along with the Combined Financial Report for the year ended September 30, 2007, was submitted to the Board of County Commissioners at your public meeting held March 24, 2007. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The audit report presents fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Board of County Commissioners at September 30, 2007, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America based on the Independent Auditors' Report.

The independent auditors noted one deficiency regarding Internal Control Over Financial Reporting for the year ending September 30, 2007. The response to the finding is provided below.

1) In May 2006, the Auditing Standards Board of the American Institute of Certified Public Accountants issued Statements on Auditing standards (SAS) Statement No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. SAS Statement No. 112, among other things, requires written communication of significant deficiencies in internal control identified during an audit and generally considers significant audit adjustments which were identified during the audit as indicators of control deficiencies as they were not detected and prevented by the Board's internal controls over financial reporting. During the audit, we proposed six adjustments to the financial statements that we consider to be significant.

Response – The Clerk's Office will review and adjust its internal controls to ensure that material audit adjustments for each instance noted do not occur.

(904) 491-7380 or (800) 789-6673

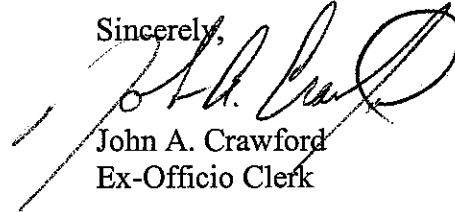
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The independent auditors identified one recommendation to improve financial reporting pursuant to the Rules of the Auditor General for the year ending September 30, 2007. The response to the recommendation is provided below.

1) Recommendation – The County will be required to implement the provisions of GASB Statement No. 45 no later than the year ended September 30, 2009, although earlier implementation is permitted. GASB Statement No. 45 requires recognition in the financial statements of the cost of certain post-employment benefits (OPEB) such as post-employment insurance.

Response – The County plans to early implement GASB Statement No. 45 in the 2007-2008 fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Crawford", is written over the typed name and title.

John A. Crawford  
Ex-Officio Clerk