

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

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

**SEPTEMBER 30, 2010**

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

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

**SEPTEMBER 30, 2010**

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express an opinion 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 opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Nassau County, Florida, that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as a whole as of September 30, 2010, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 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 Clerk at September 30, 2010, 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 the basis of accounting described in Note 1.

**Certified Public Accountants**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2011, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clerk's 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. The other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

This report is intended solely for the information and use of the Clerk and 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*

February 7, 2011  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010  
NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Court Fund</b>	<b>Public Records Modernization Trust Fund</b>		<b>Child Support Fund</b>	
<b>Assets</b>						
Cash	\$ 569,191	\$ 201,827	\$ 382,793	\$ 92,464	\$ 5,402	\$ 1,251,677
Investments	172	0	0	0	0	172
Due from Board of County Commissioners	5,962	0	0	0	0	5,962
Due from Other Governments	47,640	0	16,657	34,862	0	99,159
Prepaid Expenses	6,160	0	955	0	0	7,115
<b>Total Assets</b>	<b>629,125</b>	<b>201,827</b>	<b>400,405</b>	<b>127,326</b>	<b>5,402</b>	<b>1,364,085</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	206,091	1,667	80,657	2,596	0	291,011
Due to Board of County Commissioners	286,246	783	0	122,166	0	409,195
Due to Other Governments	45,195	66,368	0	0	0	111,563
Deferred Revenue	0	87,210	0	0	0	87,210
Other Liabilities	91,593	45,799	0	2,564	0	139,956
<b>Total Liabilities</b>	<b>629,125</b>	<b>201,827</b>	<b>80,657</b>	<b>127,326</b>	<b>0</b>	<b>1,038,935</b>
<b>Fund Balances</b>						
Reserved for Records Modernization	0	0	319,748	0	0	319,748
Reserved for Teen Court	0	0	0	0	5,402	5,402
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>319,748</b>	<b>0</b>	<b>5,402</b>	<b>325,150</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 629,125</b>	<b>\$ 201,827</b>	<b>\$ 400,405</b>	<b>\$ 127,326</b>	<b>\$ 5,402</b>	<b>\$ 1,364,085</b>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Court Fund</b>	<b>Public Records Modernization Trust Fund</b>	<b>Child Support Fund</b>	<b>Teen Court</b>	
<b>Revenues</b>						
Intergovernmental Revenue	\$ 0	\$ 2,093,050	\$ 0	\$ 192,273	\$ 0	\$ 2,285,323
Charges for Services	457,091	0	154,207	0	0	611,298
Judgments and Fines	0	0	55,450	0	0	55,450
Miscellaneous	41,958	0	0	0	4,900	46,858
<b>Total Revenues</b>	<u>499,049</u>	<u>2,093,050</u>	<u>209,657</u>	<u>192,273</u>	<u>4,900</u>	<u>2,998,929</u>
<b>Expenditures</b>						
Current:						
General Government:						
Personal Services	1,764,367	0	0	0	0	1,764,367
Operating Expenditures	822,694	0	59,417	0	3,165	885,276
Economic Environment:						
Personal Services	43,598	0	0	0	0	43,598
Operating Expenditures	1,619	0	0	0	0	1,619
Court-related:						
Personal Services	0	1,856,036	0	59,946	0	1,915,982
Operating Expenditures	0	170,789	147,631	10,161	0	328,581
Capital Outlay	92,385	0	22,479	0	0	114,864
<b>(Total Expenditures)</b>	<u>(2,724,663)</u>	<u>(2,026,825)</u>	<u>(229,527)</u>	<u>(70,107)</u>	<u>(3,165)</u>	<u>(5,054,287)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(2,225,614)</u>	<u>66,225</u>	<u>(19,870)</u>	<u>122,166</u>	<u>1,735</u>	<u>(2,055,358)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in from Board of County Commissioners	2,511,857	0	1,284	0	0	2,513,141
Transfers (out) to Board of County Commissioners	(286,243)	0	0	(122,166)	0	(408,409)
Transfer of Excess Funds to State	0	(66,225)	0	0	0	(66,225)
<b>Total Other Financing Sources (Uses)</b>	<u>2,225,614</u>	<u>(66,225)</u>	<u>1,284</u>	<u>(122,166)</u>	<u>0</u>	<u>2,038,507</u>
<b>Net Change in Fund Balances</b>	0	0	(18,586)	0	1,735	(16,851)
<b>Fund Balances, Beginning of Year</b>	0	0	338,334	0	3,667	342,001
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 319,748</u>	<u>\$ 0</u>	<u>\$ 5,402</u>	<u>\$ 325,150</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	<b>General Fund</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental Revenue	\$ 47,322	\$ 0	\$ 0	\$ 0
Charges for Services	724,162	443,914	457,091	13,177
Miscellaneous	19,000	44,821	41,958	(2,863)
<b>Total Revenues</b>	<u>790,484</u>	<u>488,735</u>	<u>499,049</u>	<u>10,314</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal Services	1,942,404	1,836,868	1,764,367	72,501
Operating Expenditures	899,922	935,562	822,694	112,868
Economic Environment:				
Personal Services	43,417	43,599	43,598	1
Operating Expenditures	3,905	3,905	1,619	2,286
Capital Outlay	24,000	93,714	92,385	1,329
<b>(Total Expenditures)</b>	<u>(2,913,648)</u>	<u>(2,913,648)</u>	<u>(2,724,663)</u>	<u>188,985</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(2,123,164)</u>	<u>(2,424,913)</u>	<u>(2,225,614)</u>	<u>199,299</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in from Board of County Commissioners	2,123,164	2,522,172	2,511,857	(10,315)
Transfers (out) to Board of County Commissioners	0	(97,259)	(286,243)	(188,984)
<b>Total Other Financing Sources (Uses)</b>	<u>2,123,164</u>	<u>2,424,913</u>	<u>2,225,614</u>	<u>(199,299)</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
NASSAU COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

	<b>Court Fund</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental Revenue	\$ 2,093,050	\$ 2,093,050	\$ 2,093,050	\$ 0
<b>Total Revenues</b>	<u>2,093,050</u>	<u>2,093,050</u>	<u>2,093,050</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Court-related:				
Personal Services	1,906,053	1,906,053	1,856,036	50,017
Operating Expenditures	186,997	186,997	170,789	16,208
<b>(Total Expenditures)</b>	<u>(2,093,050)</u>	<u>(2,093,050)</u>	<u>(2,026,825)</u>	<u>66,225</u>
<b>Excess of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>66,225</u>	<u>66,225</u>
<b>Other Financing Sources (Uses)</b>				
Transfer of Excess Funds to State	0	0	(66,225)	(66,225)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(66,225)</u>	<u>(66,225)</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
NASSAU COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

	<b>Public Records Modernization Trust</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for Services	\$ 125,000	\$ 125,000	\$ 154,207	\$ 29,207
Judgments and Fines	0	0	55,450	55,450
<b>Total Revenues</b>	<u>125,000</u>	<u>125,000</u>	<u>209,657</u>	<u>84,657</u>
<b>Expenditures</b>				
Current:				
General Government:				
Operating Expenditures	53,000	187,737	59,417	128,320
Court-related:				
Operating Expenditures	175,550	248,095	147,631	100,464
Capital Outlay	2,500	27,500	22,479	5,021
<b>(Total Expenditures)</b>	<u>(231,050)</u>	<u>(463,332)</u>	<u>(229,527)</u>	<u>233,805</u>
<b>(Deficiencies) of Revenues (Under) Expenditures</b>	<u>(106,050)</u>	<u>(338,332)</u>	<u>(19,870)</u>	<u>318,462</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in from Board of County Commissioners	0	0	1,284	1,284
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>1,284</u>	<u>1,284</u>
<b>Net Change in Fund Balances</b>	(106,050)	(338,332)	(18,586)	319,746
<b>Fund Balances, Beginning of Year</b>	<u>106,050</u>	<u>338,332</u>	<u>338,334</u>	<u>(2)</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 319,748</u>	<u>\$ 319,744</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
NASSAU COUNTY CLERK OF THE CIRCUIT COURT  
(Concluded)**

	<b>Child Support</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 78,565	\$ 78,565	\$ 192,273	\$ 113,708
<b>Total Revenues</b>	<u>78,565</u>	<u>78,565</u>	<u>192,273</u>	<u>113,708</u>
<b>Expenditures</b>				
Current:				
Court-related:				
Personal Services	60,244	60,244	59,946	298
Operating Expenditures	18,321	18,321	10,161	8,160
<b>(Total Expenditures)</b>	<u>(78,565)</u>	<u>(78,565)</u>	<u>(70,107)</u>	<u>8,458</u>
<b>Excess of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>122,166</u>	<u>122,166</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) to Board of County Commissioners	0	0	(122,166)	(122,166)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(122,166)</u>	<u>(122,166)</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2010**  
**NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

**Assets**

Cash	\$ 1,757,992
Due from Other Governments	4,984
Due from Individuals	<u>861</u>

**Total Assets** 1,763,837

**Liabilities**

Due to Other Governments	373,462
Deposits	1,377,282
Other Liabilities	<u>13,093</u>

**Total Liabilities** \$ 1,763,837

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

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

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

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

**Reporting Entity**

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

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

The Clerk funds his noncourt operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129 and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. Prior to July 1, 2009, as a Fee Officer, the operations of the Clerk were funded from fees and charges authorized under Chapter 2004-265, Laws of Florida. Beginning July 1, 2009, the Clerk's court-related operations were funded from the State's general appropriations, pursuant to Chapter 2009-204, Laws of Florida. The receipts from the County General Fund are recorded as other financing sources on the Clerk's general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County General Fund at year-end. Any excess of revenues over court-related expenditures of the court fund are remitted to the State of Florida at year-end.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. The accompanying financial statements are special purpose financial statements because they were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor* Section 10.556(4), *Rules of the Auditor General - Local Governmental Entity Audits* requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Clerk as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

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

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

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

**Basis of Presentation *(Concluded)***

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.
  - ▶ **Court Fund**—The court fund was established to account for court-related revenues and expenditures and are required to be reported separately from the Clerk's general fund activities.
  - ▶ **Public Records Modernization Trust Fund**—This fund accounts for proceeds of specific revenues that are legally restricted for expenditures of the public records program, and additional clerk court related operational needs and program enhancements.
  - ▶ **Child Support Fund**—This fund accounts for proceeds of specific revenues that are legally restricted for expenditures of the child support program.
- **Nonmajor Governmental Fund**
    - ▶ **Teen Court Fund**—This fund accounts for proceeds of specific revenues that are legally restricted for expenditures of the teen court program.

■ **Fiduciary Funds**

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

**Basis of Accounting**

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

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Clerk considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

**Measurement Focus**

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

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

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

**Budgetary Requirement**

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

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

**Capital Assets**

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

**Accrued Compensated Absences**

The Clerk maintains a policy of granting employees annual leave based upon the number of years of employment. At December 31 of each year, annual leave is accumulated up to a maximum of 37.5 hours. Any vacation leave accrued over the 37.5 hours at the end of the calendar year will be forfeited. Any exception would require Clerk of Courts approval. All vacation time must be used prior to separation of employment.

In addition, sick leave is accumulated at the rate of one day per month for a maximum of 400 hours as of December 31 of each year. There will be no payment in lieu of unused sick leave at the time of separation effective July 1, 2010 and thereafter.

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

**Workers' Compensation and Group Health Insurance**

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

**Risk Management**

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



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

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

**Risk Management (Concluded)**

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

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

**Reserved Fund Balance**

The public records modernization fund reserved fund balance is legally restricted for the public records system of the Clerk's office and additional clerk court related operational needs and program enhancements. The teen court fund reserved fund balance is restricted for use in operating the functions of teen court.

**Note 2 - Cash and Investments**

At September 30, 2010, the carrying amount of the Clerk's deposits was \$3,005,753 and the bank balance was \$3,285,741. The Clerk also held \$ 3,916 in change funds at September 30, 2010. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash funds of the Clerk are deposited in accordance with Florida Statutes 280 and 218.415, and Nassau County Resolution 95-144.

**Investments**

The Clerk's investment practices are governed by Chapters 28.33 and 218.415, Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury and the Local Government Surplus Funds Trust Fund (the State Board of Administration).

At September 30, 2010, the Clerk's investments consisted of investments with the State Board of Administration in the amount of \$172. Investments are recorded at market value.

**Note 3 - Employee Benefits**

**Plan Description**

Membership in the Florida Retirement System (FRS) is required for all full-time and part-time employees in regularly established positions for state agencies, county governments, district school boards, state universities and state community colleges, or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Certain members, including elected officials and local government senior managers, may elect to not participate in the system. The FRS Pension Plan is a cost-sharing, multiple employer, public retirement system administered by the State of Florida Division of Retirement. The FRS also offers eligible employees participation in an alternative defined contribution plan (the Investment Plan).

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

**Note 3 - Employee Benefits (Concluded)**

**Plan Description (Concluded)**

Employees participating in the Pension Plan who retire at or after age 62 with six years of credited service or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life. The monthly benefit payment received is based on years of creditable service, average final compensation and the percentage value received for each year of service. The percentage values are 1.6% for regular employees, 2% for senior management, and 3% for county elected officials. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees who have not yet reached their normal retirement date, may elect to take early retirement and receive retirement benefits that are reduced 5% for each year between their age at retirement and the normal retirement age of 62. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death and disability benefits (including in-line-of-duty disability). Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S-4, *Florida Administrative Code*.

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

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

**Funding Policy**

Members of the FRS are not required to make employee contributions; employers pay all required contributions. The Florida Legislature has established a uniform contribution rate system for the FRS covering both the Pension Plan and the Investment Plan. The current contribution rates by member class are as follows: regular employees 10.77%, senior management 14.57%, DROP employees 12.25%, and elected officials 18.64%. The Clerk's contributions to the plan for the years ended September 30, 2010, 2009, and 2008, were \$312,875, \$313,964, and \$325,030, respectively, equal to the actuarially determined contribution requirements for each fiscal year.

**Note 4 - Other Postemployment Benefits**

Effective for the year ending September 30, 2010, the County implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the County.

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

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

**Note 4 - Other Postemployment Benefits (Concluded)**

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

**Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$438.55**

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

In the current report, the Clerk has 77 active employees and 9 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Clerk's portion of the OPEB obligation totaled \$378,566 as of September 30, 2010. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

**Note 5 - Change in Long-term Debt**

The following is a summary of the change in long-term debt of the Clerk for the year ended September 30, 2010:

	<b>Balance October 1, 2009</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance September 30, 2010</b>
Accrued Compensated Absences	\$ 379,116	\$ 0	\$ (379,116)	\$ 0
Other Postemployment Benefits	189,283	269,058	(79,775)	378,566
<b>Total Long-term Debt</b>	<b>\$ 568,399</b>	<b>\$ 269,058</b>	<b>\$ (458,891)</b>	<b>\$ 378,566</b>

Accrued compensated absences represent the vested portion of accrued personal leave. See Note 1 for a summary of the Clerk's compensated absences policy. Also, see Note 4 for a description of County's policies on OPEB.

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

## **OTHER FINANCIAL INFORMATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
TEEN COURT  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$ 0	\$ 4,900	\$ 4,900	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>4,900</u>	<u>4,900</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
General Government:				
Operating Expenditures	<u>3,667</u>	<u>8,567</u>	<u>3,165</u>	<u>5,402</u>
<b>(Total Expenditures)</b>	<u>(3,667)</u>	<u>(8,567)</u>	<u>(3,165)</u>	<u>5,402</u>
<b>Excess of Revenues Over Expenditures</b>	<u>0</u>	<u>(3,667)</u>	<u>1,735</u>	<u>5,402</u>
<b>Net Change in Fund Balances</b>	(3,667)	(3,667)	1,735	5,402
<b>Fund Balances, Beginning of Year</b>	<u>3,667</u>	<u>3,667</u>	<u>3,667</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,402</u>	<u>\$ 5,402</u>

## **AGENCY FUNDS**

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

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

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

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

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

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

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

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2010**  
**NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	<u>Civil Trust</u>	<u>Recording Trust</u>	<u>Criminal Trust</u>	<u>Special Trust</u>	<u>Domestic Relations</u>	<u>Registry of the Court</u>	<u>Bail Bond</u>	<u>Total</u>
<b>Assets</b>								
Cash	\$ 183,800	\$ 615,834	\$ 22,439	\$ 159,295	\$ 2,719	\$ 431,254	\$ 342,651	\$ 1,757,992
Due from Other Governments	0	4,848	0	0	136	0	0	4,984
Due from Individuals	20	0	0	841	0	0	0	861
<b>Total Assets</b>	<u>183,820</u>	<u>620,682</u>	<u>22,439</u>	<u>160,136</u>	<u>2,855</u>	<u>431,254</u>	<u>342,651</u>	<u>1,763,837</u>
<b>Liabilities</b>								
Due to Other Governments	158,940	57,629	16,196	136,478	2,855	0	1,364	373,462
Deposits	24,468	561,883	756	23,028	0	431,254	335,893	1,377,282
Other Liabilities	412	1,170	5,487	630	0	0	5,394	13,093
<b>Total Liabilities</b>	<u>\$ 183,820</u>	<u>\$ 620,682</u>	<u>\$ 22,439</u>	<u>\$ 160,136</u>	<u>\$ 2,855</u>	<u>\$ 431,254</u>	<u>\$ 342,651</u>	<u>\$ 1,763,837</u>

## **OTHER REPORTS**



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

We have audited the special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 7, 2011 which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons. 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 Clerk'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 Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

**Certified Public Accountants**

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

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

**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)**

**Compliance and Other Matters (Concluded)**

This report is intended solely for the information and use of the Clerk and 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*

February 7, 2011  
Gainesville, Florida

## MANAGEMENT LETTER

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

We have audited the special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk) as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 7, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated February 7, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter is required to include the following information, which is not included in the aforementioned auditors' reports or schedules:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address 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.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not note any such findings.

### Certified Public Accountants

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

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Clerk.
- Section 10.554(1)(i)8., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

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

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

*Purvis, Gray and Company, LLP*

February 7, 2011  
Gainesville, Florida