

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

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

SEPTEMBER 30, 2011

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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, 2011, 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, 2011, 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, 2011, 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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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 20, 2012, 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 20, 2012
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Assets						
Cash	\$ 294,529	\$ 92,807	\$ 557,525	\$ 57,414	\$ 6,554	\$ 1,008,829
Investments	149	0	0	0	0	149
Due from Board of County Commissioners	17,150	0	0	0	0	17,150
Due from Other Funds	46,157	0	0	0	0	46,157
Due from Other Governments	36,676	0	15,584	10,778	0	63,038
Prepaid Expenses	2,023	0	7,366	0	0	9,389
Total Assets	396,684	92,807	580,475	68,192	6,554	1,144,712
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	192,734	1,320	51,581	0	0	245,635
Due to Board of County Commissioners	35,734	0	0	0	0	35,734
Due to Other Funds	0	43,494	0	2,663	0	46,157
Due to Other Governments	39,636	47,993	0	0	0	87,629
Other Liabilities	128,580	0	0	0	0	128,580
Total Liabilities	396,684	92,807	51,581	2,663	0	543,735
Fund Balances						
Restricted:						
Records Modernization	0	0	528,894	0	0	528,894
Child Support	0	0	0	65,529	0	65,529
Committed:						
Teen Court	0	0	0	0	6,554	6,554
Total Fund Balances	0	0	528,894	65,529	6,554	600,977
Total Liabilities and Fund Balances	\$ 396,684	\$ 92,807	\$ 580,475	\$ 68,192	\$ 6,554	\$ 1,144,712

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Revenues						
Intergovernmental Revenue	\$ 0	\$ 1,954,948	\$ 0	\$ 162,357	\$ 0	\$ 2,117,305
Charges for Services	442,563	0	152,077	0	0	594,640
Judgments and Fines	0	0	54,417	0	0	54,417
Miscellaneous	20,571	0	237,366	0	1,552	259,489
Total Revenues	<u>463,134</u>	<u>1,954,948</u>	<u>443,860</u>	<u>162,357</u>	<u>1,552</u>	<u>3,025,851</u>
Expenditures						
Current:						
General Government:						
Personal Services	1,787,824	0	0	0	0	1,787,824
Operating Expenditures	721,860	0	74,669	0	0	796,529
Economic Environment:						
Personal Services	43,254	0	0	0	0	43,254
Operating Expenditures	583	0	0	0	0	583
Court-related:						
Personal Services	0	1,489,782	0	87,478	0	1,577,260
Operating Expenditures	0	465,166	163,574	9,350	400	638,490
Capital Outlay	109,405	0	4,525	0	0	113,930
(Total Expenditures)	<u>(2,662,926)</u>	<u>(1,954,948)</u>	<u>(242,768)</u>	<u>(96,828)</u>	<u>(400)</u>	<u>(4,957,870)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(2,199,792)</u>	<u>0</u>	<u>201,092</u>	<u>65,529</u>	<u>1,152</u>	<u>(1,932,019)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	2,243,030	0	512	0	0	2,243,542
Transfers in from Other Funds	0	0	7,542	0	0	7,542
Transfers (out) to Board of County Commissioners	(35,696)	0	0	0	0	(35,696)
Transfers (out) to Other Funds	(7,542)	0	0	0	0	(7,542)
Total Other Financing Sources (Uses)	<u>2,199,792</u>	<u>0</u>	<u>8,054</u>	<u>0</u>	<u>0</u>	<u>2,207,846</u>
Net Change in Fund Balances	0	0	209,146	65,529	1,152	275,827
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>319,748</u>	<u>0</u>	<u>5,402</u>	<u>325,150</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 528,894</u>	<u>\$ 65,529</u>	<u>\$ 6,554</u>	<u>\$ 600,977</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, 2011
NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 284,380	\$ 437,183	\$ 442,563	\$ 5,380
Miscellaneous	10,000	19,229	20,571	1,342
Total Revenues	<u>294,380</u>	<u>456,412</u>	<u>463,134</u>	<u>6,722</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,716,977	1,787,824	1,787,824	0
Operating Expenditures	820,935	721,860	721,860	0
Economic Environment:				
Personal Services	43,870	43,254	43,254	0
Operating Expenditures	3,334	583	583	0
Capital Outlay	0	109,405	109,405	0
(Total Expenditures)	<u>(2,585,116)</u>	<u>(2,662,926)</u>	<u>(2,662,926)</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,290,736)</u>	<u>(2,206,514)</u>	<u>(2,199,792)</u>	<u>6,722</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,290,736	2,249,752	2,243,030	(6,722)
Transfers (out) to Board of County Commissioners	0	(35,696)	(35,696)	0
Transfers (out) to Other Funds	0	(7,542)	(7,542)	0
Total Other Financing Sources (Uses)	<u>2,290,736</u>	<u>2,206,514</u>	<u>2,199,792</u>	<u>(6,722)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
NASSAU COUNTY CLERK OF THE CIRCUIT COURT
(Continued)**

	Court Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 1,954,948	\$ 1,954,948	\$ 1,954,948	\$ 0
Total Revenues	<u>1,954,948</u>	<u>1,954,948</u>	<u>1,954,948</u>	<u>0</u>
Expenditures				
Current:				
Court-related:				
Personal Services	1,489,782	1,489,782	1,489,782	0
Operating Expenditures	465,166	465,166	465,166	0
(Total Expenditures)	<u>(1,954,948)</u>	<u>(1,954,948)</u>	<u>(1,954,948)</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
NASSAU COUNTY CLERK OF THE CIRCUIT COURT
(Continued)**

	Public Records Modernization Trust			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 93,760	\$ 93,760	\$ 152,077	\$ 58,317
Judgments and Fines	0	0	54,417	54,417
Miscellaneous	0	0	237,366	237,366
Total Revenues	<u>93,760</u>	<u>93,760</u>	<u>443,860</u>	<u>350,100</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	161,462	159,627	74,669	84,958
Court-related:				
Operating Expenditures	222,863	247,358	163,574	83,784
Capital Outlay	6,000	8,263	4,525	3,738
(Total Expenditures)	<u>(390,325)</u>	<u>(415,248)</u>	<u>(242,768)</u>	<u>172,480</u>
Excess of Revenues Over Expenditures	<u>(296,565)</u>	<u>(321,488)</u>	<u>201,092</u>	<u>522,580</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,740	1,740	512	(1,228)
Transfers in from Other Funds	0	0	7,542	7,542
Total Other Financing Sources (Uses)	<u>1,740</u>	<u>1,740</u>	<u>8,054</u>	<u>6,314</u>
Net Change in Fund Balances	(294,825)	(319,748)	209,146	528,894
Fund Balances, Beginning of Year	<u>294,825</u>	<u>319,748</u>	<u>319,748</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 528,894</u>	<u>\$ 528,894</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, 2011
NASSAU COUNTY CLERK OF THE CIRCUIT COURT
(Concluded)**

	<u>Child Support</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 78,474	\$ 103,442	\$ 162,357	\$ 58,915
Total Revenues	<u>78,474</u>	<u>103,442</u>	<u>162,357</u>	<u>58,915</u>
Expenditures				
Current:				
Court-related:				
Personal Services	60,724	87,487	87,478	9
Operating Expenditures	17,750	15,955	9,350	6,605
(Total Expenditures)	<u>(78,474)</u>	<u>(103,442)</u>	<u>(96,828)</u>	<u>6,614</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>65,529</u>	<u>65,529</u>
Net Change in Fund Balances	0	0	65,529	65,529
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,529</u>	<u>\$ 65,529</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2011
NASSAU COUNTY CLERK OF THE CIRCUIT COURT

Assets

Cash	\$ 1,064,898
Due from Other Governments	225
Due from Individuals	<u>4,314</u>

Total Assets 1,069,437

Liabilities

Due to Other Governments	430,661
Deposits	623,492
Other Liabilities	<u>15,284</u>

Total Liabilities \$ 1,069,437

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, 2011, 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 committed for expenditures of the child support program.
- **Nonmajor Governmental Fund**
 - ▶ **Teen Court Fund**—This fund accounts for proceeds of specific revenues that are 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. 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. All vacation time must be used prior to separation of employment. Any exception would require the Clerk's approval.

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

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

New Pronouncements

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) is effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources. The Clerk has disclosed information about fund balance reporting in a subsequent note titled fund balance reporting.

Note 2 - Cash and Investments

At September 30, 2011, the carrying amount of the Clerk's deposits was \$2,069,551 and the bank balance was \$2,169,795. The Clerk also held \$4,176 in change funds at September 30, 2011. 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, 2011, the Clerk's investments consisted of investments with the State Board of Administration in the amount of \$149. Investments are recorded at market value.

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

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).

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

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 4.91%, senior management 6.27%, DROP employees 4.42%, and elected officials 11.14%. As of July 1, 2011, employees are required to contribute 3% of their compensation to the plan. The Clerk's contributions to the plan for the years ended September 30, 2011, 2010, and 2009, were \$272,480, \$312,875, and \$313,964, respectively, equal to the actuarially determined contribution requirements for each fiscal year.

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

Note 4 - Other Postemployment Benefits

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

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

Percent of Direct Subsidy up to “Subsidy Base Maximum” of \$473.91

Years of Service With Nassau County	Hired Before 10/1/05	Hired on or After 10/1/05
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 70 active employees and 11 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 \$572,875 as of September 30, 2011. 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, 2011:

	Balance October 1, 2010	Additions	(Deletions)	Balance September 30, 2011
Other Postemployment				
Benefits	\$ 378,566	\$ 297,193	\$ (102,884)	\$ 572,875
Total Long-term Debt	\$ 378,566	\$ 297,193	\$ (102,884)	\$ 572,875

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.

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

Note 6 - Fund Balance Reporting

The Clerk implemented the provisions of GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned:

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

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

Note 7 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2011, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 46,157	\$ 0
Court Fund	0	43,494
Child Support Fund	0	2,663
Total	\$ 46,157	\$ 46,157

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, 2011
 NASSAU COUNTY CLERK OF THE CIRCUIT COURT**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 0	\$ 1,000	\$ 1,552	\$ 552
Total Revenues	<u>0</u>	<u>1,000</u>	<u>1,552</u>	<u>552</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	4,252	6,402	400	6,002
(Total Expenditures)	<u>(4,252)</u>	<u>(6,402)</u>	<u>(400)</u>	<u>6,002</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>(5,402)</u>	<u>1,152</u>	<u>6,554</u>
Net Change in Fund Balances	(4,252)	(5,402)	1,152	6,554
Fund Balances, Beginning of Year	<u>4,252</u>	<u>5,402</u>	<u>5,402</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,554</u>	<u>\$ 6,554</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, 2011
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>
Assets								
Cash	\$ 131,604	\$ 377,568	\$ 27,893	\$ 183,862	\$ 2,040	\$ 221,779	\$ 120,152	\$ 1,064,898
Due from Other Governments	0	0	0	0	225	0	0	225
Due from Individuals	0	3,912	0	402	0	0	0	4,314
Total Assets	<u>131,604</u>	<u>381,480</u>	<u>27,893</u>	<u>184,264</u>	<u>2,265</u>	<u>221,779</u>	<u>120,152</u>	<u>1,069,437</u>
Liabilities								
Due to Other Governments	105,009	157,827	13,972	151,320	2,265	1	267	430,661
Deposits	24,899	222,484	2,667	31,879	0	221,678	119,885	623,492
Other Liabilities	1,696	1,169	11,254	1,065	0	100	0	15,284
Total Liabilities	<u>\$ 131,604</u>	<u>\$ 381,480</u>	<u>\$ 27,893</u>	<u>\$ 184,264</u>	<u>\$ 2,265</u>	<u>\$ 221,779</u>	<u>\$ 120,152</u>	<u>\$ 1,069,437</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, 2011, and have issued our report thereon dated February 20, 2012, 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 20, 2012
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, 2011, and have issued our report thereon dated February 20, 2012, 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 20, 2012, 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
(Continued)

- 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, and with the exception of the recommendations below, we determined that the Clerk complied with such requirements.

- **Article V Civil Traffic Assessments**

During Article V testing, it was noted that certain Civil Traffic citations were not included in the proper quarter on the quarterly assessment and collection reports submitted to Clerk of Courts Operations Corporation (CCOC). The CCOC's business rules state that a civil traffic citation be considered as assessed when it is received by the Clerk. The issue appears to be due to system limitations. Traffic tickets are currently only considered assessed at the time of payment or after thirty days of citation date (the period that the individual has to pay or protest).

We recommend the Clerk's office investigate the nature of the system limitations and record Civil Traffic citations accurately going forward.

- **Failure to Achieve Performance Measure Standards**

In accordance with Section 28.35(2)(d), Florida Statutes, the Clerk of Court Operations Corporation (CCOC) has developed and certified a uniform system of performance measures and standards for court-related functions. We noted that the Clerk did not meet the standards established by the CCOC for the period of October 2010 to September 2011 for the following court/case type collections:

- ▶ Civil Traffic – CCOC Standard is 90%; the Clerk did not meet this standard for the reporting period ending September 30, 2010 (July 1, 2010 through September 30, 2011).

We recommend that the Clerk continue to implement the Corrective Action Plan that has been submitted to the CCOC.

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.

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

February 20, 2012
Gainesville, Florida



JOHN A. CRAWFORD
Clerk of the Circuit Court / Comptroller
Ex-Officio Clerk to the Board of County Commissioners
Nassau County



February 10, 2012

Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Sir/Madam,

The audit report of the Office of the Clerk of the Circuit Court, Nassau County, 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 Clerk at September 30, 2011, 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 identified two findings discovered pursuant to the Rules of the Auditor General for the year ending September 30, 2011. The responses to these finding are below.

- 1) Finding – It was noted that during the Article V testing certain Civil Traffic citations were not included in the proper quarter on the quarterly assessment and collection reports submitted to Clerk of Courts Operations Corporation (CCOC). The CCOC's business rules state that a civil traffic citation be considered as assessed when it is received by the Clerk. The issue appears to be due to system limitations. Traffic tickets are currently only considered assessed at the time of payment or after thirty days of citation dates (the period that the individual has to pay or protest).

Response – The current system does not have the ability to collect the dates in the stated format. We are under contract to switch to the Clericus system in June, 2012, which should rectify this issue. In the interim, we are taking steps to account for the Best Practices issued from CCOC.

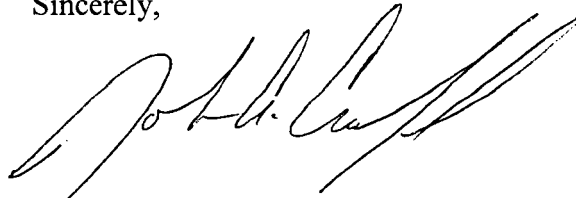
Auditor General
February 10, 2012
Page 2

- 2) Finding – It was noted that in accordance with Section 28.35(2)(d), Florida Statutes, the Clerk of Court Operations (CCOC) has developed and certified a uniform system of performance measures and standards for court-related functions. The Clerk did not meet the standards established by the CCOC for the period of October 2010 to September 2011 for the following court/case type collections:

Civil Traffic – CCOC Standard is 90%: the Clerk did not meet this standard for the reporting period ending September 30, 2010 (July 1, 2010 through September 30, 2011).

Response – Our collection rate was 88.50%. We are continuing to implement the Corrective Action Plan that we submitted to CCOC. We are also sending these cases to collections.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Crawford". The signature is fluid and cursive, with a large initial "J" and "C".

John A. Crawford

JAC/alv

cc: Nassau County Board of
County Commissioners