

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for each major fund for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Clerk are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information 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 of September 30, 2013, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's special purpose financial statements. The other financial information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the special purpose financial statements.

The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. Such 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.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2014, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Restriction of Use

This report is intended solely for the information and use of the Clerk and management, the Board of County Commissioners of Nassau County, Florida 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 11, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Assets						
Cash	\$ 263,662	\$ 87,558	\$ 466,609	\$ 165,413	\$ 8,877	\$ 992,119
Investments	51	0	0	0	0	51
Due from Other Funds	93,876	109,906	20,927	0	0	224,709
Due from Other Governments	44,551	0	0	22,130	0	66,681
Prepaid Expenses	827	622	8,121	0	0	9,570
Total Assets	402,967	198,086	495,657	187,543	8,877	1,293,130
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	87,458	2,101	37,975	0	0	127,534
Due to Board of County Commissioners	126,987	0	0	0	0	126,987
Due to Other Funds	0	53,695	0	3,662	0	57,357
Due to Other Governments	25,728	136,290	0	0	0	162,018
Deferred Revenue	0	6,000	0	0	0	6,000
Other Liabilities	162,794	0	0	0	0	162,794
Total Liabilities	402,967	198,086	37,975	3,662	0	642,690
Fund Balances						
Restricted:						
Records Modernization	0	0	457,682	0	0	457,682
Child Support	0	0	0	183,881	0	183,881
Committed:						
Teen Court	0	0	0	0	8,877	8,877
Total Fund Balances	0	0	457,682	183,881	8,877	650,440
Total Liabilities and Fund Balances	\$ 402,967	\$ 198,086	\$ 495,657	\$ 187,543	\$ 8,877	\$ 1,293,130

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Revenues						
Intergovernmental Revenue	\$ 0	\$ 1,266,611	\$ 0	\$ 142,333	\$ 0	\$ 1,408,944
Charges for Services	595,769	307,610	208,379	0	0	1,111,758
Judgments and Fines	0	198,046	77,081	0	0	275,127
Miscellaneous	22,456	226	0	0	3,862	26,544
Total Revenues	<u>618,225</u>	<u>1,772,493</u>	<u>285,460</u>	<u>142,333</u>	<u>3,862</u>	<u>2,822,373</u>
Expenditures						
Current:						
General Government:						
Personal Services	1,657,698	0	0	0	0	1,657,698
Operating Expenditures	753,159	0	98,945	0	1,270	853,374
Economic Environment:						
Personal Services	46,507	0	0	0	0	46,507
Operating Expenditures	2,975	0	0	0	0	2,975
Court-related:						
Personal Services	0	1,414,579	0	67,914	0	1,482,493
Operating Expenditures	0	357,914	171,337	13,475	0	542,726
Capital Outlay	93,892	0	27,354	0	0	121,246
(Total Expenditures)	<u>(2,554,231)</u>	<u>(1,772,493)</u>	<u>(297,636)</u>	<u>(81,389)</u>	<u>(1,270)</u>	<u>(4,707,019)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,936,006)</u>	<u>0</u>	<u>(12,176)</u>	<u>60,944</u>	<u>2,592</u>	<u>(1,884,646)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	2,062,993	0	503	0	0	2,063,496
Transfers (out) to Board of County Commissioners	(126,987)	0	0	0	0	(126,987)
Total Other Financing Sources (Uses)	<u>1,936,006</u>	<u>0</u>	<u>503</u>	<u>0</u>	<u>0</u>	<u>1,936,509</u>
Net Change in Fund Balances	0	0	(11,673)	60,944	2,592	51,863
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>469,355</u>	<u>122,937</u>	<u>6,285</u>	<u>598,577</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 457,682</u>	<u>\$ 183,881</u>	<u>\$ 8,877</u>	<u>\$ 650,440</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 420,935	\$ 595,769	\$ 595,769	\$ 0
Miscellaneous	8,000	22,456	22,456	0
Total Revenues	<u>428,935</u>	<u>618,225</u>	<u>618,225</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,745,304	1,657,698	1,657,698	0
Operating Expenditures	684,531	753,159	753,159	0
Economic Environment:				
Personal Services	46,328	46,507	46,507	0
Operating Expenditures	4,275	2,975	2,975	0
Capital Outlay	0	93,892	93,892	0
(Total Expenditures)	<u>(2,480,438)</u>	<u>(2,554,231)</u>	<u>(2,554,231)</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,051,503)</u>	<u>(1,936,006)</u>	<u>(1,936,006)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,051,503	2,062,993	2,062,993	0
Transfers (out) to Board of County Commissioners	0	(126,987)	(126,987)	0
Total Other Financing Sources (Uses)	<u>2,051,503</u>	<u>1,936,006</u>	<u>1,936,006</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.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Continued)

	Court Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 1,266,611	\$ 1,266,611	\$ 1,266,611	\$ 0
Charges for Services	307,610	307,610	307,610	0
Judgments and Fines	198,046	198,046	198,046	0
Miscellaneous	226	226	226	0
Total Revenues	<u>1,772,493</u>	<u>1,772,493</u>	<u>1,772,493</u>	<u>0</u>
Expenditures				
Current:				
Court-related:				
Personal Services	1,414,579	1,414,579	1,414,579	0
Operating Expenditures	357,914	357,914	357,914	0
(Total Expenditures)	<u>(1,772,493)</u>	<u>(1,772,493)</u>	<u>(1,772,493)</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.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Continued)

	Public Records Modernization Trust Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 152,750	\$ 152,750	\$ 208,379	\$ 55,629
Judgments and Fines	55,000	55,000	77,081	22,081
Total Revenues	<u>207,750</u>	<u>207,750</u>	<u>285,460</u>	<u>77,710</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	149,087	149,087	98,945	50,142
Court-related:				
Operating Expenditures	528,618	528,618	171,337	357,281
Capital Outlay	0	0	27,354	(27,354)
(Total Expenditures)	<u>(677,705)</u>	<u>(677,705)</u>	<u>(297,636)</u>	<u>380,069</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(469,955)</u>	<u>(469,955)</u>	<u>(12,176)</u>	<u>457,779</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	600	600	503	(97)
Total Other Financing Sources (Uses)	<u>600</u>	<u>600</u>	<u>503</u>	<u>(97)</u>
Net Change in Fund Balances	(469,355)	(469,355)	(11,673)	457,682
Fund Balances, Beginning of Year	<u>469,355</u>	<u>469,355</u>	<u>469,355</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 457,682</u>	<u>\$ 457,682</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)**

	Child Support Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 100,300	\$ 100,300	\$ 142,333	\$ 42,033
Total Revenues	<u>100,300</u>	<u>100,300</u>	<u>142,333</u>	<u>42,033</u>
Expenditures				
Current:				
Court-related:				
Personal Services	74,137	79,611	67,914	11,697
Operating Expenditures	149,100	143,626	13,475	130,151
(Total Expenditures)	<u>(223,237)</u>	<u>(223,237)</u>	<u>(81,389)</u>	<u>141,848</u>
Excess of Revenues Over Expenditures	<u>(122,937)</u>	<u>(122,937)</u>	<u>60,944</u>	<u>183,881</u>
Net Change in Fund Balances	(122,937)	(122,937)	60,944	183,881
Fund Balances, Beginning of Year	<u>122,937</u>	<u>122,937</u>	<u>122,937</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 183,881</u>	<u>\$ 183,881</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2013**

Assets

Cash	\$ 2,203,498
Due from Other Governments	411
Due from Individuals	<u>120</u>

Total Assets

2,204,029

Liabilities

Due to Other Funds	167,352
Due to Other Governments	250,825
Deposits	1,773,369
Other Liabilities	<u>12,483</u>

Total Liabilities

\$ 2,204,029

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these 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. From July 1, 2009 through June 30, 2013, the Clerk's court-related operations were funded from the State's general appropriations, pursuant to Chapter 2009-204, Laws of Florida. Beginning July 1, 2013, the court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, 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 General—Local Governmental Entity Audits*.

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, 2013, 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).

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.
 - ▶ **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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus

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

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. 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, employees can carry over up to a maximum of 37.5 hours of paid leave. Any unused 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 of Court's or designee's approval.

In addition, sick leave is accumulated at the rate of one day per month for a maximum of 400 hours as of December 31 of each year. There will be no payment in lieu of unused sick leave at the time of separation effective July 1, 2010, and thereafter. The Clerk of Courts reserves the right to use a combination of overtime pay and/or compensatory time for compensating overtime worked.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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:

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

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

Fund Balance Reporting

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

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

Note 2 - Cash and Investments

At September 30, 2013, the carrying amount of the Clerk's deposits was \$3,189,792 and the bank balance was \$3,690,302. The Clerk also held \$5,825 in change funds at September 30, 2013. 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, 2013, the Clerk's investments consisted of investments with the State Board of Administration in the amount of \$51.

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).

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(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). DROP participants with a DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%. DROP participants with a DROP begin date on or after July 1, 2011, earn monthly interest equivalent to an annual rate of 1.30%. 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 6.95%, senior management 18.31%, DROP employees 12.84%, and elected officials 33.03%. 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, 2013, 2012, and 2011, were \$176,708, \$142,131, and \$272,480, respectively, equal to the actuarially determined contribution requirements for each fiscal year.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(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 \$ 573.26

Years of Service	Hired Before	Hired on or After
With Nassau County	10/1/05	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 63 active employees and 10 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 \$782,187 as of September 30, 2013. 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, 2013:

	Balance October 1, 2012	Additions	(Deletions)	Balance September 30, 2013
Other Postemployment Benefits	\$ 746,020	\$ 147,121	\$ (110,954)	\$ 782,187
Total Long-term Debt	\$ 746,020	\$ 147,121	\$ (110,954)	\$ 782,187

See Note 4 for a description of the 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.

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

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2013, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 93,876	\$ 0
Special Revenue Funds		
Court Fund	109,906	53,695
Public Records Modernization Fund	20,927	0
Child Support Fund	0	3,662
Agency Funds		
Civil Trust Fund	0	35,516
Recording Trust Fund	0	50,484
Criminal Trust Fund	0	4,230
Special Trust Fund	0	68,669
Domestic Relations Fund	0	1,453
Bail Bond Fund	0	7,000
Total	<u>\$ 224,709</u>	<u>\$ 224,709</u>

OTHER FINANCIAL INFORMATION

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.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
TEEN COURT
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 3,862	\$ 3,862
Total Revenues	<u>0</u>	<u>0</u>	<u>3,862</u>	<u>3,862</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	6,285	6,285	1,270	5,015
(Total Expenditures)	<u>(6,285)</u>	<u>(6,285)</u>	<u>(1,270)</u>	<u>5,015</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>(6,285)</u>	<u>2,592</u>	<u>8,877</u>
Net Change in Fund Balances	(6,285)	(6,285)	2,592	8,877
Fund Balances, Beginning of Year	<u>6,285</u>	<u>6,285</u>	<u>6,285</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,877</u>	<u>\$ 8,877</u>

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2013**

	Civil Trust	Recording Trust	Criminal Trust	Special Trust	Domestic Relations	Registry of the Court	Bail Bond	Total
Assets								
Cash	\$ 201,210	\$ 529,356	\$ 92,991	\$ 188,763	\$ 1,951	\$ 1,064,196	\$ 125,031	\$ 2,203,498
Due from Other Governments	0	217	0	0	194	0	0	411
Due from Individuals	0	120	0	0	0	0	0	120
Total Assets	<u>201,210</u>	<u>529,693</u>	<u>92,991</u>	<u>188,763</u>	<u>2,145</u>	<u>1,064,196</u>	<u>125,031</u>	<u>2,204,029</u>
Liabilities								
Due to Other Funds	35,516	50,484	4,230	68,669	1,453	0	7,000	167,352
Due to Other Governments	41,102	118,368	12,435	78,210	692	0	18	250,825
Deposits	124,592	358,266	75,296	33,106	0	1,064,096	118,013	1,773,369
Other Liabilities	0	2,575	1,030	8,778	0	100	0	12,483
Total Liabilities	<u>\$ 201,210</u>	<u>\$ 529,693</u>	<u>\$ 92,991</u>	<u>\$ 188,763</u>	<u>\$ 2,145</u>	<u>\$ 1,064,196</u>	<u>\$ 125,031</u>	<u>\$ 2,204,029</u>

OTHER REPORTS

INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, and have issued our report thereon dated February 11, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

February 11, 2014
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, 2013, and have issued our report thereon dated February 11, 2014, 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; and Chapter 10.550, *Rules of the Florida Auditor General*. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 11, 2014, 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.

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)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 statements that is less than material but which warrants that attention of those charged with governance. In connection with our audit, we did not note any such findings.
- Section 10.554(1)(i)5., *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)7., *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 except as already communicated in the Corrective Action Plans submitted by the Clerk to the Clerk of Courts Operations Corporation (CCOC).

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Purvis, Gray and Company, LLP

February 11, 2014
Gainesville, Florida