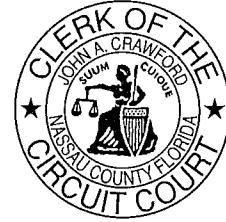




John A. Crawford
Clerk of the Circuit Court
Nassau County
September 20, 2006



The Honorable Tom Branan, Chairman
Nassau County Board of County Commissioners
Post Office Box 1010
Fernandina Beach, FL 32035

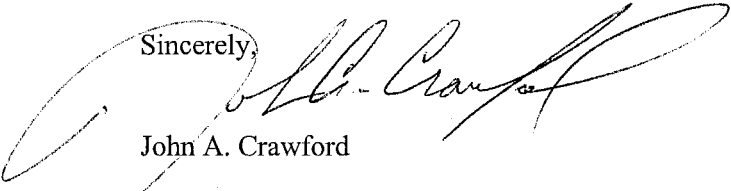
Dear Chairman Branan and Board Members:

As the county financial policies are currently under revision, my staff met with BOCC Budget personnel two weeks ago to discuss proposed changes to these policies. We cannot support all of the revisions proposed by your staff, but are confident that by working together for the common goals of serving and protecting the public, we will find meaningful common ground. It is incumbent upon me to reiterate my recommendations to the Board for your consideration in amending its financial policies. The following are my remaining current policy recommendations that I believe are critical to sound fiscal management and to working toward the future financial health and well being of the County:

- Financial policies should be adopted by ordinance rather than by resolution to avoid "drop of the hat" modifications. An ordinance earns more public confidence, carries more weight and better protects the long-term interests of the public because it requires more substantial legislative debate and effort to change.
- Proposed budgeted expenditures should be limited to roll back rate revenues plus a CPI index percentage increase. Proposed increases in annual budgets should be based on the justifiable needs of the county and not a presumed, automatic across the board increase solely based on rising property values.
- Up to 20% of Cash Forwards in the General Fund may be used for any one-time, non-recurring expenditures. However, no less than 80% must be contributed to capital projects and/or debt retirement, especially in view of the need to create a long-term capital plan which includes dedicated funding sources. Not identifying and dedicating adequate capital funding affects your ability to be in compliance with Goal 9.01.09 of your Comprehensive Plan, Five Year Capital Budget. The Nassau County Comprehensive Plan policy 9.07.02 states "Nassau County's adopted Five-Year Capital Improvements Schedule shall incorporate specific funding sources for specific projects or project categories."
- One hundred percent (100%) of One-Cent Fund revenues should be dedicated to capital projects on a pay-as-you-go basis, excepting that on a one time basis only, the One Cent Surtax revenue could be used for an overall landfill management plan; i.e., to meet operational deficits, conditioned upon BOCC action to facilitate the landfill indebtedness payoff during the 2006/2007 budget cycle.

In addition to changes already agreed upon by our staffs, I believe these recommendations are also necessary to help assure fiscal certainty and a healthy financial future. If you have any questions, do not hesitate to call me or my staff.

Sincerely,


John A. Crawford