

**Franklin County, Florida  
Clerk of the Circuit Court**

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**Special-Purpose  
Financial Statements  
September 30, 2015**

**Vance CPA, LLC**

*Certified Public Accountant*

219-B Avenue E • Apalachicola, FL 32320  
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**FRANKLIN COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
SEPTEMBER 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Marcia M. Johnson  
Franklin County Clerk of the Circuit Court  
Franklin County, Florida

### **Report on the Financial Statements**

We have audited the accompanying fund financial statements of Franklin County, Florida, Clerk of the Circuit Court, (Clerk), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk's fund 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 accounting principles generally accepted in the United States of America; this includes 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 fraud or error.

### **Independent Auditor's 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 of 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 auditors' 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Clerk as of September 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund, fines and forfeitures trust fund and modernization trust fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements referred to above present only the Franklin County, Florida Clerk of the Circuit Court and do not purport to, and do not, present fairly the financial position of Franklin County, Florida as of September 30, 2015, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016 and on our consideration of the Clerk's internal control over financial reporting and on 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 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 Clerk's internal control over financial reporting and compliance.

*Vance CPA LLC*

**Vance CPA LLC**  
June 27, 2016

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

**SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Modernization Trust Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 49,244	\$ 75,474	\$ 160,230	\$ 284,948
Due from other funds	15,096	21,126	9,576	45,798
Due from other governmental units	<u>8,433</u>	<u>—</u>	<u>—</u>	<u>8,433</u>
<b>Total Assets</b>	<u>72,773</u>	<u>96,600</u>	<u>169,806</u>	<u>339,179</u>
<b>Liabilities Deferred Inflows and Fund Balances:</b>				
Liabilities				
Accounts payable	4,538	15,067	11,929	31,534
Due to other funds	66,610	1,595	—	68,205
Due to other governmental units	—	79,938	—	79,938
Due to Board of County Commissioners	<u>1,625</u>	<u>—</u>	<u>—</u>	<u>1,625</u>
<b>Total Liabilities</b>	<u>72,773</u>	<u>96,600</u>	<u>11,929</u>	<u>181,302</u>
<b>Fund Balance:</b>				
Restricted	<u>—</u>	<u>—</u>	<u>157,877</u>	<u>157,877</u>
<b>Total Liabilities Deferred Inflows and Fund Balances</b>	<u>\$ 72,773</u>	<u>\$ 96,600</u>	<u>\$ 169,806</u>	<u>\$ 339,179</u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES  
GOVERNMENTAL FUNDS**

**YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Modernization Trust Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Charges for services	\$ 85,380	\$ —	\$ 51,726	\$ 137,106
Intergovernmental revenue	49,267	619,593	—	668,860
Investment income	642	155	263	1,060
<b>Total revenues</b>	<u>135,289</u>	<u>619,748</u>	<u>51,989</u>	<u>807,026</u>
<b>Expenditures:</b>				
General government				
Current				
Personal services	347,797	—	—	347,797
Operating expenditures	35,680	—	25,554	61,234
Capital outlay	3,830	—	—	3,830
Court-related				
Current				
Personal services	25,735	563,213	—	588,948
Operating expenditures	896	35,489	15,819	52,204
Capital outlay	—	13,145	37,045	50,190
<b>Total expenditures</b>	<u>413,938</u>	<u>611,847</u>	<u>78,418</u>	<u>1,104,203</u>
Excess (deficit) of revenues over (Under) Expenditures	(278,649)	7,901	(26,429)	(297,177)
<b>Other financing sources (uses)</b>				
Transfers from Board of County Commissioners	339,529	—	—	339,529
Transfers to Board of County Commissioners	(60,880)	—	—	(60,880)
Reversion to State of Florida	—	(7,901)	—	(7,901)
<b>Total other financing Sources (uses)</b>	<u>278,649</u>	<u>(7,901)</u>	<u>—</u>	<u>270,748</u>
<b>Net change in fund balances</b>	—	—	(26,429)	(26,429)
<b>Fund balances - beginning</b>	—	—	184,306	184,306
<b>Fund balance - ending</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 157,877</u>	<u>\$ 157,877</u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 92,000	\$ 92,000	\$ 85,380	\$ (6,620)
Intergovernmental revenue	48,000	48,000	49,267	1,267
Interest income	550	550	642	92
<b>Total revenues</b>	<u>140,550</u>	<u>140,550</u>	<u>135,289</u>	<u>(5,261)</u>
<b>Expenditures:</b>				
General Government				
Current				
Personal services	391,188	391,188	347,797	43,391
Operating expenditures	43,137	43,137	35,680	7,457
Capital outlay	4,862	4,862	3,830	1,032
Court-related				
Current				
Personal services	28,638	28,638	25,735	2,903
Operating expenditures	14,500	14,500	896	13,604
<b>Total expenditures</b>	<u>482,325</u>	<u>482,325</u>	<u>413,938</u>	<u>68,387</u>
Excess (deficit) of revenues over (under) expenditures	<u>(341,775)</u>	<u>(341,775)</u>	<u>(278,649)</u>	<u>63,126</u>
<b>Other financing</b>				
<b>sources (uses)</b>				
Transfers from Board of County Commissioners	341,775	341,775	339,529	(2,246)
Transfers to Board of County Commissioners	<u>—</u>	<u>—</u>	<u>(60,880)</u>	<u>(60,880)</u>
Total other financing Sources (uses)	<u>341,775</u>	<u>341,775</u>	<u>278,649</u>	<u>(63,126)</u>
<b>Net change in fund balances</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – FINE AND FORFEITURES TRUST FUND**

**YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		<u>Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 636,702	\$ 636,702	\$ 619,593	\$ (17,109)
Investment Income	141	141	155	14
<b>Total revenues</b>	<u>636,843</u>	<u>636,843</u>	<u>619,748</u>	<u>(17,095)</u>
<b>Expenditures:</b>				
Court-related				
Current				
Personal services	590,508	590,508	563,213	27,295
Operating expenditures	46,335	46,335	35,489	10,846
Capital outlay	—	—	13,145	(13,145)
<b>Total expenditures</b>	<u>636,843</u>	<u>636,843</u>	<u>611,847</u>	<u>24,996</u>
Excess (deficit) of revenues over (under) expenditures	—	—	7,901	7,901
Other financing sources (uses)				
Reversion to State of Florida	—	—	(7,901)	(7,901)
<b>Net change in fund balances</b>	—	—	—	—
<b>Fund balances - beginning</b>	—	—	—	—
<b>Fund balances - ending</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements



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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – MODERNIZATION TRUST FUND**

**YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		<u>Budget Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 47,000	\$ 47,000	\$ 51,726	\$ 4,726
Investment income	—	—	263	263
<b>Total revenues</b>	<u>47,000</u>	<u>47,000</u>	<u>51,989</u>	<u>4,989</u>
<b>Expenditures:</b>				
General government				
Current				
Operating expenditures	84,538	84,538	25,554	58,984
Court-related				
Current				
Operating expenditures	95,462	95,462	15,819	79,643
Capital outlay	<u>47,000</u>	<u>47,000</u>	<u>37,045</u>	<u>9,955</u>
<b>Total expenditures</b>	<u>227,000</u>	<u>227,000</u>	<u>78,418</u>	<u>148,582</u>
Excess (deficit) of revenues over (under) expenditures	<u>(180,000)</u>	<u>(180,000)</u>	<u>(26,429)</u>	<u>153,571</u>
<b>Net change in fund balances</b>	<u>(180,000)</u>	<u>(180,000)</u>	<u>(26,429)</u>	<u>153,571</u>
<b>Fund balances - beginning</b>	<u>184,306</u>	<u>184,306</u>	<u>184,306</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><b>\$ 4,306</b></u>	<u><b>\$ 4,306</b></u>	<u><b>\$ 157,877</b></u>	<u><b>\$ 153,571</b></u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS**

**SEPTEMBER 30, 2015**

**ASSETS**

Cash and Cash Equivalents \$ 290,878

**Total Assets** **\$ 290,878**

**LIABILITIES**

Due to individuals 214,695

Due to other funds 33,549

Due to Board of County Commissioners 11,283

Due to other governments 31,351

**Total Liabilities** **\$ 290,878**

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Clerk of the Circuit Court of Franklin County, Florida is an elected Constitutional Officer of Franklin County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Clerk is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Clerk is considered to be a part of the primary government of Franklin County, Florida and the financial information is included in Franklin County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Clerk's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Clerk funds her operations as a fee officer and a budget officer pursuant to Florida Statutes, Chapters 28, 218 and 129. As a fee officer, the Clerk collects fees and commissions from the County and Circuit Court related matters. As a budget officer, the operations as Clerk to the Board are approved and funded by the Board of County Commissioners. The budgeted receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Excesses of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

**B. Basis of Presentation**

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Clerk utilizes the following fund types:

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Types**

*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 other funds.

*Fine and Forfeitures Trust Fund* – This fund accounts for funds collected and disbursed pursuant to statutes, administrative orders and ordinances.

*Modernization Trust Fund* – The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Fiduciary Fund Type**

*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 (assets equal liabilities) and do not involve measurement of changes in financial position.

**C. Basis of Accounting**

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for 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. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Clerk considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. 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. 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.

**E. Budgetary Requirements**

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Florida Statutes Chapter 218.35 governs the preparation, adoption, and administration of the Clerk’s annual budget. The Clerk establishes an annual budget for the office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk’s budget is prepared in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county related duties, and for chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with the Clerk of Courts Operations Corporation (CCOC) by August 15 preceding the fiscal year of the budget, in the format required by the CCOC. Section 28.36, Florida Statutes, defines the maximum annual budget permitted; and
3. The budget for all other operations of the Clerk.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

Budget to actual comparisons are provided in the financial statements for the general fund, the fine and forfeitures trust fund, and modernization trust fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

**F. Cash and Cash Equivalents**

The Clerk considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**G. Investments**

Investments are administered by the Florida State Board of Administration or consist of certificates of deposit when directed by court order. In accordance with the provisions of GASB Statement Number 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments of the Clerk are reported at amortized cost, which approximates fair value.

**H. Capital Assets**

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Title to these assets vests with the Franklin County Board of County Commissioners, and therefore, the Franklin County Board of County Commissioners records the capitalization of the asset, and any related depreciation. The Clerk maintains custodial responsibility for the capital assets used by her office.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Compensated Absences**

The Clerk maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements of Franklin County. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay.

**J. Net Assets and Fund Equity**

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

**K. Restricted Assets**

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

**L. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Subsequent Events**

The County evaluated subsequent events through June 27, 2016, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements.

**N. Excess Court-related Funds**

Based on the legal opinion provided by Clerks of Court Operations Corporation general counsel fo the provisions of Section 28.37(3),F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governments..

**NOTE 2 - CASH AND INVESTMENTS**

**Cash Deposits**

All Clerk depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Clerk cash consists of checking accounts and interest-bearing time deposits in a local bank.

**Investments**

The Clerk maintains investment accounts with the Local Government Surplus Trust Funds Trust Fund (LGSF) administered by the Florida State Board of Administration (SBA). The LGSF is an external investment pool that is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for an SEC Rule 2a-7 fund. The LGSF is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of the LGSF. Additionally, the Florida Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Investments with the SBA are not evidenced by securities that exist in physical or book entry form. The LGSF is not rated by statistical rating organizations.



**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS (continued)**

The Clerk held no investments at September 30, 2015.

**Interest Rate Risk**

At September 30, 2015, the Clerk did not hold any investments that were considered to be an interest rate risk.

**Credit Risk**

At September 30, 2015 the Clerk did not hold any investments that were considered to be a credit risk.

**Custodial Risk**

At September 30, 2015 the Clerk did not hold any deposits or investments that were considered to be a custodial risk.

**Concentration of Credit Risk**

At September 30, 2015 the Clerk did not hold any deposits or investments that were considered to be a credit risk.

**NOTE 3 – EMPLOYEE BENEFITS**

**RETIREMENT PLAN**

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes, Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com))

***Plan Description***

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

***Benefits Provided***

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

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***Plan Description***

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

***Benefits Provided***

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Clerk's contributions made to the plans during the years ended September 30, 2015, 2014, and 2013 were \$83,364, \$81,386, and \$48,471 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 4 – CHANGES IN LONG-TERM OBLIGATIONS**

Long-term debt of the Clerk of the Circuit Court is reported as a component of the County’s government-wide financial statements as follows:

	<u>Balance</u> <u>09/30/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/15</u>
Accumulated compensated absences	\$ 66,998	\$ —	\$ (636)	\$ 66,362

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensatory time. See note 1 for a summary of the Clerk of the Circuit Court’s policy regarding compensated absences.

**NOTE 5 –RISK MANAGEMENT**

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Franklin County Board of County Commissioners, which uses commercial insurance and a public entity risk pool to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee’s bond
- Workers’ compensation
- General and automobile liability

**NOTE 6 – ENCUMBRANCES**

Encumbrances represent commitments related to unperformed contracts for goods and services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year for those that expire at year end. The Clerk had no outstanding encumbrances at September 30, 2015.

## **COMBINING FINANCIAL STATEMENTS**

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
 COMBINING STATEMENT OF FIDUCIARY  
 ASSETS AND LIABILITIES  
 AGENCY FUNDS**

**SEPTEMBER 30, 2015**

	<u>General Trust</u>	<u>Child Support</u>	<u>Registry of Court</u>	<u>Total Agency Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 76,511	\$ 373	\$ 213,994	\$ 290,878
<b>Total assets</b>	<u>76,511</u>	<u>373</u>	<u>213,994</u>	<u>290,878</u>
<b>Liabilities:</b>				
Due to individuals	328	373	213,994	214,695
Due to other funds	33,549	—	—	33,549
Due to Board of County Commissioners	11,283	—	—	11,283
Due to other governments	<u>31,351</u>	<u>—</u>	<u>—</u>	<u>31,351</u>
<b>Total Liabilities</b>	<u>\$ 76,511</u>	<u>\$ 373</u>	<u>\$ 213,994</u>	<u>\$ 290,878</u>



## **COMPLIANCE SECTION**

# Vance CPA, LLC

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Marcia M. Johnson  
Franklin County Clerk of the Circuit Court  
Franklin County, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the general fund of the Office of the Clerk of Circuit Court of Franklin, County, Florida (hereinafter referred to as the "Clerk"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2015.

### **Auditors' Responsibility**

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.

### **Other Reports**

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated June 27, 2016, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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 findings and recommendations made in the preceding annual financial audit report. No corrective action taken on prior year findings 14-001 and 14-002. Corrective action taken on 14-003.

### **Other Matters**

Section 10.554(1)(i)2., 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)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)4., 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 the management letter, unless disclosed in the notes to the financial statements. The Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1 (d). The Clerk has no component units.

**Purpose of this Letter**

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, the Clerk, Franklin County Board of County Commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

6814

**Vance CPA LLC**

June 27, 2016

# Vance CPA, LLC

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## **INDEPENDENT AUDITOR'S 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**

To the Honorable Marcia M. Johnson  
Franklin County Clerk of the Circuit Court  
Franklin County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Franklin County, Florida, Clerk of the Circuit Court, (Clerk), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 27, 2016, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. 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**

Management of the County Clerk of the Circuit Court is responsible for establishing and maintaining effective 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 opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on 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 a combination of deficiencies, in internal controls 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 and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

2015-001 (Prior year 2014-001, 13-01, 12-01, 11-01, 10-01 and 09-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the County Clerk of the Circuit Court's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

2015-002 (Prior year 2014-002, 13-02, 12-02, 11-02, 10-02 and 09-02) Inadequate design of internal control over the preparation of the financial statements being audited.

Management's response – Our Auditors assist us with the preparation of our financial statements. We do not feel that in the near future the benefits derived from investing in the resources necessary for us to prepare our own financial statements would outweigh the cost of those resources.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk of the Circuit Court'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*.

### **Response to Findings**

The Clerk of the Circuit Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Clerk of the Circuit Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 of the Circuit Court'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

6/28/16

**Vance CPA LLC**

June 27, 2016

# Vance CPA, LLC

*Certified Public Accountant*

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## **INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Marcia M. Johnson  
Franklin County Clerk of the Circuit Court  
Franklin County, Florida

We have examined the Office of the Clerk of the Circuit Court of Franklin County, Florida's (hereinafter referred to as the "Clerk") compliance with Florida Statute 218.415 in regards to investments, and Florida Statutes 28.35 and 28.36 in regards to certain court-related functions for the year ended September 30, 2015.

Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

6/28/16

**Vance CPA LLC**  
June 27, 2016