



Gulf County, Florida
Clerk of the Circuit Court

Special-Purpose
Financial Statements
September 30, 2014

Vance CPA, LLC

Certified Public Accountant

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**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Gulf County, Florida, Clerk of the Circuit Court, (Clerk), as of and for the year ended September 30, 2014, 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 each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund, modernization trust fund and administrative order 86-12 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 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gulf County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 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 23, 2015

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

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 43,538	\$ 253,452	\$ 151,010	\$ 448,000
Accounts receivable	6	—	—	6
Due from other funds	26,664	4,131	—	30,795
Due from other governmental units	36,909	—	—	36,909
Due from Board of County Commissioners	<u>5,412</u>	<u>—</u>	<u>—</u>	<u>5,412</u>
Total Assets	<u>112,529</u>	<u>257,583</u>	<u>151,010</u>	<u>521,122</u>
Liabilities and fund balances:				
Liabilities				
Accounts payable and and accrued expenses	66,603	—	—	66,603
Due to other funds	825	—	—	825
Due to other governmental units	33,065	—	—	33,065
Due to Board of County Commissioners	<u>12,036</u>	<u>—</u>	<u>—</u>	<u>12,036</u>
Total Liabilities	<u>112,529</u>	<u>—</u>	<u>—</u>	<u>112,529</u>
Fund Balance:				
Spendable - Restricted	<u>—</u>	<u>257,583</u>	<u>151,010</u>	<u>408,593</u>
Total Liabilities and Fund Balances	<u>\$ 112,529</u>	<u>\$ 257,583</u>	<u>\$ 151,010</u>	<u>\$ 521,122</u>

See accompanying notes to the basic financial statements

**GULF 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, 2014

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Charges for services	\$ 250,605	\$ 33,795	\$ —	\$ 284,400
Intergovernmental revenue	325,544	—	—	325,544
Fines and forfeitures	68,541	11,578	—	80,119
Interest and other income	17,237	128	77	17,442
Total revenue	<u>661,927</u>	<u>45,501</u>	<u>77</u>	<u>707,505</u>
Expenditures:				
General government				
Personal services	450,004	—	—	450,004
Operating expenditures	127,580	2,563	—	130,143
Capital outlay	42,848	7,282	—	50,130
Debt Service	2,276	—	—	2,276
Court-related				
Personal services	439,103	—	—	439,103
Operating expenditures	31,545	19,300	—	50,845
Capital outlay	—	2,364	—	2,364
Debt service	2,329	—	—	2,329
Total expenditures	<u>1,095,685</u>	<u>31,509</u>	<u>—</u>	<u>1,127,194</u>
Excess (deficit) of revenues over (Under) Expenditures	(433,758)	13,992	77	(419,689)
Other financing sources (uses)				
Transfers from Board of County Commissioners	450,666	—	—	450,666
Transfers to Board of County Commissioners	(12,036)	—	—	(12,036)
Remittance to State of Florida	(4,872)	—	—	(4,872)
Total other financing Sources (uses)	<u>433,758</u>	<u>—</u>	<u>—</u>	<u>433,758</u>
Net change in fund balances	—	13,992	77	14,069
Fund balances - beginning	<u>—</u>	<u>243,591</u>	<u>150,933</u>	<u>394,524</u>
Fund balance - ending	<u>\$ —</u>	<u>\$ 257,583</u>	<u>\$ 151,010</u>	<u>\$ 408,593</u>

See accompanying notes to the basic financial statements

**GULF 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, 2014

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		<u>Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 258,900	\$ 260,899	\$ 250,605	\$ (10,294)
Intergovernmental revenue	296,136	325,537	325,544	7
Fines and forfeitures	63,000	70,000	68,541	(1,459)
Interest and other income	13,039	17,219	17,237	18
Total revenues	<u>631,075</u>	<u>673,655</u>	<u>661,927</u>	<u>(11,728)</u>
Expenditures:				
General Government				
Personal services	454,936	456,884	450,004	6,880
Operating expenditures	99,417	131,386	127,580	3,806
Capital outlay	17,477	44,165	42,848	1,317
Debt Service	2,298	2,309	2,276	33
Court-related				
Personal services	461,580	456,335	439,103	17,232
Operating expenditures	28,075	33,285	31,545	1,740
Debt service	2,435	2,470	2,329	141
Total expenditures	<u>1,066,218</u>	<u>1,126,834</u>	<u>1,095,685</u>	<u>31,149</u>
Excess (deficit) of revenues over (under) expenditures	<u>(435,143)</u>	<u>(453,179)</u>	<u>(433,758)</u>	<u>19,421</u>
Other financing sources (uses)				
Transfers from Other Funds	8,314	2,513	—	(2,513)
Transfers from Board of County Commissioners	426,829	450,666	450,666	—
Transfers to Board of County Commissioners	—	—	(12,036)	(12,036)
Remittance to State of Florida	—	—	(4,872)	(4,872)
Total other financing Sources (uses)	<u>435,143</u>	<u>453,179</u>	<u>433,758</u>	<u>(19,421)</u>
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

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

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		<u>Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 36,500	\$ 34,500	\$ 33,795	\$ (705)
Intergovernmental revenue	—	—	—	—
Fines and forfeitures	10,000	12,000	11,578	(422)
Interest and other income	—	—	128	128
Total revenues	<u>46,500</u>	<u>46,500</u>	<u>45,501</u>	<u>(999)</u>
Expenditures:				
General Government				
Operating expenditures	12,000	15,000	2,563	12,437
Capital outlay	223,042	222,343	7,282	215,061
Court-related				
Personal services	—	—	—	—
Operating expenditures	30,579	34,079	19,300	14,779
Capital outlay	13,384	13,384	2,364	11,020
Total expenditures	<u>279,005</u>	<u>284,806</u>	<u>31,509</u>	<u>253,297</u>
Excess (deficit) of revenues over (under) expenditures	<u>(232,505)</u>	<u>(238,306)</u>	<u>13,992</u>	<u>252,298</u>
Other financing sources (uses)				
Transfers from Other Funds	(8,314)	(2,513)	—	2,513
Transfers from Board of County Commissioners	—	—	—	—
Transfers to Board of County Commissioners	—	—	—	—
Remittance to State of Florida	—	—	—	—
Total other financing Sources (uses)	<u>(8,314)</u>	<u>(2,513)</u>	<u>—</u>	<u>2,513</u>
Net change in fund balances	<u>(240,819)</u>	<u>(240,819)</u>	<u>13,992</u>	<u>254,811</u>
Fund balances - beginning	<u>243,591</u>	<u>243,591</u>	<u>243,591</u>	<u>—</u>
Fund balances - ending	<u>\$ 2,772</u>	<u>\$ 2,772</u>	<u>\$ 257,583</u>	<u>\$ 254,811</u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES
BUDGET AND ACTUAL – ADMINISTRATIVE ORDER 86-12 FUND**

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		<u>Budget Positive (Negative)</u>
Revenues:				
Interest and other income	\$ —	\$ —	\$ 77	\$ 77
Total revenues	<u>—</u>	<u>—</u>	<u>77</u>	<u>77</u>
Expenditures:				
Court-related				
Personal services	16,218	16,218	—	(16,218)
Operating expenditures	—	—	—	—
Capital outlay	<u>134,450</u>	<u>134,450</u>	<u>—</u>	<u>134,450</u>
Total expenditures	<u>150,668</u>	<u>150,668</u>	<u>—</u>	<u>118,232</u>
Excess (deficit) of revenues over (under) expenditures	<u>(150,668)</u>	<u>(150,668)</u>	<u>77</u>	<u>118,309</u>
Net change in fund balances	<u>(150,668)</u>	<u>(150,668)</u>	<u>77</u>	<u>150,745</u>
Fund balances - beginning	<u>150,933</u>	<u>150,933</u>	<u>150,933</u>	<u>—</u>
Fund balances - ending	<u>\$ 265</u>	<u>\$ 265</u>	<u>\$ 151,010</u>	<u>\$ 150,745</u>

See accompanying notes to the basic financial statements

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

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

SEPTEMBER 30, 2014

ASSETS

Cash and Cash Equivalents	\$ 381,144
Accounts receivable (net)	34
Due from other funds	941
Due from other governments	14
Due from Board of County Commissioners	<u>1,460</u>

Total Assets \$ 383,593

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	177
Due to other funds	30,911
Due to other governments	40,051
Due to Board of County Commissioners	8,756
Due to Individuals	<u>303,698</u>

Total Liabilities \$ 383,593

See accompanying notes to the basic financial statements

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clerk of the Circuit Court of Gulf County, Florida is an elected Constitutional Officer of Gulf 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 Gulf County, Florida and the financial information is included in Gulf 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 operations as a court officer and a budget officer pursuant to Florida Statutes, Chapters 28, 218 and 129. As a court officer, the Clerk is funded through an appropriation from the State of Florida. These court appropriations are to be used exclusively for funding court-related operations of the clerk. 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 – Fund Accounting

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:

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

The Clerk reports the following major governmental funds:

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.

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.

Administrative Order 86-12 Fund – This fund is used to account for additional court costs of traffic infractions to be used for administering traffic violations.

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.

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

SEPTEMBER 30, 2014

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. 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.

E. Budgets and Budgetary Accounting

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 prepares the budget 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 June 1 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.

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

SEPTEMBER 30, 2014

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.

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. Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Clerk are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. The Clerk maintains custodial responsibility for the capital assets used by her office.

H. Liability for Compensated Absences

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk does not, nor is legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

I. Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Clerk. These expenses relating to the Clerk's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Distribution of Excess Revenues

Florida Statutes require that the Clerk distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as “other financing uses.”

K. Fund Balance Reporting and Governmental Fund-Type Definitions

The Clerk adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and/or internal constraints in how fund balance amounts may be spent.

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified based on a hierarchy of the Clerk’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. The Clerk’s fund balances for the Modernization Trust and Administrative Order 86-12 fall into this category.

The adoption of GASB Statement No. 54 did not have an impact on the Clerk’s general fund financial statements at September 30, 2014, since the Clerk does not maintain fund balances in the general fund. Fund balances maintained in the modernization trust fund and administrative 86-12 fund are restricted pursuant to certain Florida Statutes and have been presented, as restricted fund balances in the fund financial statements in accordance with GASB Statement No. 54.

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

M. Subsequent Events

The Clerk of the Court evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The Clerk of the Court did not have any subsequent events requiring disclosure or recording in these financial statements.

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 held no investments at September 30, 2014.

Interest Rate Risk

At September 30, 2014, the Clerk did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2014 the Clerk did not hold any investments that were considered to be a credit risk.

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

SEPTEMBER 30, 2014

NOTE 2 - CASH AND INVESTMENTS (continued)

Custodial Risk

At September 30, 2014 the Clerk did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2014 the Clerk did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and 55 for special risk, and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

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

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS (continued)

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

B. Funding Policy

The funding method and the determination of benefits payable are provided in various acts of the Florida Legislature. Employees are required to contribute 3% of their earnings except for those in DROP. The rates, as a percentage of gross earnings, are as follows:

	10/1/2013 through 6/30/2014	7/1/2014 through 9/30/2014
Regular employees	6.95%	7.37%
Senior management	18.31%	21.14%
Elected county officials	33.03%	43.24%
DROP program participants	12.84%	12.28%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014 the total payroll for all employees was \$680,956 and the retirement contributions for all employees' covered by the System for the year ended September 30, 2014 2013 and 2012 were \$87,888, \$49,929 and \$26,489 respectively, which is equal to the required contribution for each year. Current year contributions represented 12.9% of covered payroll.

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

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS (continued)

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with Florida Statutes Section 112.0801, the Clerk participates with Gulf County in offering retiring employees the opportunity to continue participating in the group insurance plan. Retirees who do not choose to continue participation lose eligibility to participate in the future.

Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. No stand alone report is issued for this plan.

The details of the plan, methodology, and costs are more fully described in the Gulf County Notes to the Financial Statements.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable at September 30, 2014 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds		
General fund	\$ 26,664	\$ 825
Modernization trust fund	4,131	—
Agency funds		
Article V trust	—	16,611
Fee trust	16	10,834
Jury and witness	825	1,500
Registry of Court	100	—
Child support	—	1,966
Total	<u>\$ 31,736</u>	<u>\$ 31,736</u>

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

SEPTEMBER 30, 2014

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

As disclosed in note 1, the liability associated with compensated absences is reported on the county wide financial statement level. The following is a summary of the changes in long-term obligations of the Clerk for the year ended September 30, 2014.

	<u>Balance</u> <u>9/30/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2014</u>
Accumulated compensated absences	\$ 22,620	\$ 1,096	—	\$ 23,716

The current portion of compensated absences liability estimated to be paid during the next year is \$5,929.

NOTE 6 – 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 Gulf County Board of County Commissioners, which uses commercial insurance 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 7 – 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, 2014.

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

SEPTEMBER 30, 2014

NOTE 8 – CAPITAL LEASE

The Clerk leases copiers under a lease expiring November 2016 which meets the criteria for capitalization. The lease is financed from General Fund resources.

The estimated value of the leased copiers at the inception of the lease amounted to \$18,570. The related present value of the remaining obligation under the capital lease which amounted to \$8,667 at September 30, 2014.

As noted in note 1, the liability associated with the capital lease is reported on the county wide financial statement level.

The future minimum obligations under the capital lease at September 30, 2014 is as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,804	\$ 587	\$ 4,391
2016	4,138	253	4,391
2017	725	8	733
Totals	<u>\$ 8,667</u>	<u>\$ 848</u>	<u>\$ 9,515</u>

COMBINING FINANCIAL STATEMENTS

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

SEPTEMBER 30, 2014

	<u>Fee Trust</u>	<u>Article V Trust</u>	<u>Jury & Witness</u>	<u>Registry of Court</u>	<u>Child Support</u>	<u>Bond</u>	<u>Total Agency Funds</u>
Assets:							
Cash and cash equivalents	\$ 39,093	\$ 41,150	\$ 3,686	\$ 287,297	\$ 2,128	\$ 7,790	\$ 381,144
Accounts receivable (net)	34	—	—	—	—	—	34
Due from other funds	16	—	825	100	—	—	941
Due from other governments	—	—	—	—	14	—	14
Due from Board Of County Commissioners	—	260	—	1,200	—	—	1,460
Total assets	<u>39,143</u>	<u>41,410</u>	<u>4,511</u>	<u>288,597</u>	<u>2,142</u>	<u>7,790</u>	<u>383,593</u>
Liabilities:							
Accounts payable	135	42	—	—	—	—	177
Due to other funds	10,834	16,611	1,500	—	1,966	—	30,911
Due to other governments	19,781	17,908	2,186	—	176	—	40,051
Due to Board of County Commissioners	2,690	6,066	—	—	—	—	8,756
Due to individuals	5,703	783	825	288,597	—	7,790	303,698
Total Liabilities	<u>\$ 39,143</u>	<u>\$ 41,410</u>	<u>\$ 4,511</u>	<u>\$ 288,597</u>	<u>\$ 2,142</u>	<u>\$ 7,790</u>	<u>\$ 383,593</u>

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

Tel. (888) 531-6408 • Fax (866) 406-7422

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 Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf 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 statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the *Gulf County, Florida Clerk of Court* (the "Clerk"), as of and for the year ended September 30, 2014, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated June 23, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and 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.

Compliance and Other Matters

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

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

Tel. (888) 531-6408 • Fax (866) 406-7422

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

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf County, Florida

We have examined the Office of the Clerk of the Circuit Court of Gulf 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, 2014.

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, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf 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 Gulf, County, Florida (hereinafter referred to as the "Clerk"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 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 23, 2015, 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 recommendations were made in the preceding annual financial audit report.

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, Gulf 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.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

**GULF COUNTY, FLORIDA – CLERK OF THE CIRCUIT COURT
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2014

There are no comments which require management’s written response.