

**Rupert J. Smith Law Library  
of St. Lucie County**

**ANNUAL FINANCIAL REPORT**

September 30, 2015

**Rupert J. Smith Law Library of St. Lucie County**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

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**Rupert J. Smith Law Library of St. Lucie County**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
Rupert J. Smith Law Library of St. Lucie County  
Fort Pierce, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Rupert J. Smith Law Library of St. Lucie County as of and for the year ended September 30, 2015, and the related notes to financial statements, which collectively comprise the Organization's basic 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.

### Auditor's Responsibility

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

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

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

Fort Pierce / Stuart

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To the Board of Supervisors  
Rupert J. Smith Law Library of St. Lucie County

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Rupert J. Smith Law Library of St. Lucie County, as of September 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2016 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 Rupert J. Smith Law Library of St. Lucie County's internal control over financial reporting and compliance.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 23, 2016

**Rupert J. Smith Law Library of St. Lucie County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

Management's Discussion and Analysis of Rupert J. Smith Law Library of St. Lucie County (the "Organization") financial performance provides an objective and easily readable analysis of the Organization's financial activities. The analysis provides summary financial information for the Organization and should be read in conjunction with the Organization's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Organization's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the Organization's financial position and results of operations. The *Fund financial statements* present financial information for the Organization's major fund. The *Notes to financial statements* provide additional information concerning the Organization's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the Organization, with the difference between assets and liabilities reported as net position. Net position is reported in two categories; 1) net investment in capital assets and 2) unrestricted net position are reported for all Governmental activities.

**The statement of activities** presents information on all revenues and expenses of the Organization and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the Organization. To assist in understanding the Organization's operations, expenses have been reported as governmental activities. Governmental activities financed by the Organization include court related and law library books.

*Fund financial statements* present financial information for the general fund. These statements provide financial information for the general fund of the Organization. Governmental fund financial statements provide information on the current assets and liabilities of the fund, changes in current financial resources (revenues and expenditures), and current available resources.

**Rupert J. Smith Law Library of St. Lucie County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for the General Fund. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is also provided for the Organization's General Fund. *Fund financial statements* provide more detailed information about the Organization's activities. Individual funds are established by the Organization to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the Organization. The government-wide financial statements provide an overall picture of the Organization's financial standing. These statements are comparable to private-sector companies and give a good understanding of the Organization's overall financial health and how the Organization paid for the various activities, or functions, provided by the Organization. All assets of the Organization, including equipment, are reported in the **statement of net position**. All liabilities are included. The **statement of activities** includes depreciation on all long lived assets of the Organization. The *fund financial statements* provide a picture of the general fund of the Organization. In the case of governmental activities, outlays for long lived assets are reported as expenditures. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the Organization. Additional information about the accounting practices of the Organization and capital assets are some of the items included in the *notes to the financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2015.

- The Organization's total assets exceeded total liabilities by \$308,208 (net position). Unrestricted net position for governmental activities was \$306,699.
- Governmental activities revenues totaled \$363,289 while governmental activities expenses totaled \$353,621.

**Rupert J. Smith Law Library of St. Lucie County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the Organization**

The following schedule provides a summary of the assets, liabilities and net position of the Organization and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Current assets	\$ 372,786	\$ 345,568
Capital assets	1,509	2,880
Total Assets	374,295	348,448
 Current Liabilities	 66,087	 49,908
 Net investment in capital assets	 1,509	 2,880
Net position - unrestricted	306,699	295,660
Total Net Position	\$ 308,208	\$ 298,540

The increase in current assets is related to revenues in excess of expenditures at the fund level in the current year.

Capital assets and net investments in capital assets decreased due to current year depreciation.

Current liabilities increased this fiscal year due to an increase in accounts payable caused by the timing of law book orders and subscriptions purchased at the end of the year.



**Rupert J. Smith Law Library of St. Lucie County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the Organization (Continued)**

The following schedule provides a summary of the changes in net position of the Organization and is presented by category for comparison purposes.

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
	<hr/>	<hr/>
<u>General</u>		
Charges for services	\$ 353,380	\$ 379,250
Interest	4,926	2,117
Miscellaneous	4,983	3,214
Total Revenues	<hr/> 363,289	<hr/> 384,581
Expenses		
Court related	219,571	219,076
Law library books	134,050	206,301
Total Expenses	<hr/> 353,621	<hr/> 425,377
Change in Net Position	9,668	(40,796)
Net Position - Beginning of Year	<hr/> 298,540	<hr/> 339,336
Net Position - End of Year	<hr/> <u>\$ 308,208</u>	<hr/> <u>\$ 298,540</u>

The decrease in revenues is primarily from the decrease in court cases in the current year.

The decrease in law library books is the result of decreased book orders in the current year.

**Rupert J. Smith Law Library of St. Lucie County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the Organization's capital assets as of September 30, 2015 and 2014.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Equipment	\$ 205,616	\$ 205,616
Accumulated depreciation	<u>(204,107)</u>	<u>(202,736)</u>
Total Capital Assets (Net)	<u>\$ 1,509</u>	<u>\$ 2,880</u>

During the year, depreciation was \$1,371.

**General Fund Budgetary Highlights**

Actual expenditures were less than budgeted expenditures primarily due to less law book expenditures than anticipated. An amendment was made midyear to increase the budget for court related expenditures.

**Economic Factors and Next Year's Budget**

The Board of Trustees for the Organization does not expect any economic factors to have any significant effect on the financial position or results of operations of the Organization in fiscal year 2016.

**Request for Information**

The financial report is designed to provide a general overview of Rupert J. Smith Law Library of St. Lucie County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Rupert J. Smith Law Library of St. Lucie County, 221 S. Indian River Drive, Fort Pierce, FL 34950.

**Rupert J. Smith Law Library of St. Lucie County**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 346,914
Interest receivable	868
Due from other governments	25,004
Total Current Assets	372,786
Non-Current Assets	
Capital assets, being depreciated:	
Equipment	205,616
Less: accumulated depreciation	(204,107)
Total Non-Current Assets	1,509
Total Assets	374,295
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	132
Vouchers payable	63,196
Deposits	2,759
Total Current Liabilities	66,087
 <b>NET POSITION</b>	
Net investment in capital assets	1,509
Unrestricted	306,699
Total Net Position	\$ 308,208

See accompanying notes.

**Rupert J. Smith Law Library of St. Lucie County**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental Activities			
Court related	\$ (219,571)	\$ 219,421	\$ (150)
Law library books	(134,050)	133,959	(91)
<b>Total Governmental Activities</b>	<b><u>\$ (353,621)</u></b>	<b><u>\$ 353,380</u></b>	<b><u>(241)</u></b>
<b>General revenues:</b>			
			4,926
			4,983
			<u>9,909</u>
			9,668
			<u>298,540</u>
			<u><u>\$ 308,208</u></u>

See accompanying notes.

**Rupert J. Smith Law Library of St. Lucie County**  
**BALANCE SHEET - GENERAL FUND**  
**September 30, 2015**

<b>ASSETS</b>	<u>General</u>
Cash and investments	\$346,914
Interest receivable	868
Due from other governments	<u>25,004</u>
Total Assets	<u><u>\$372,786</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts and vouchers payable	\$ 63,328
Deposits	<u>2,759</u>
Total Liabilities	66,087
Fund Balances	
Unassigned	<u>306,699</u>
Total Liabilities and Fund Balances	<u><u>\$372,786</u></u>

*See accompanying notes.*

**Rupert J. Smith Law Library of St. Lucie County  
RECONCILIATION OF GENERAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2015**

Total Governmental Fund Balances	\$ 306,699
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets being depreciated (equipment \$205,616), net of accumulated depreciation (\$(204,107)) used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>1,509</u>
Net Position of Governmental Activities	<u>\$ 308,208</u>

*See accompanying notes.*

**Rupert J. Smith Law Library of St. Lucie County**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GENERAL FUND**  
**For the Year Ended September 30, 2015**

Revenues	
Charges for services	\$ 353,380
Interest income	4,926
Miscellaneous revenues	4,983
Total Revenues	<u>363,289</u>
Expenditures	
Current	
Court related	218,200
Capital Outlay	
Book purchases	134,050
Total Expenditures	<u>352,250</u>
Net Change in Fund Balances	11,039
Fund Balances - October 1, 2014	<u>295,660</u>
Fund Balances - September 30, 2015	<u><u>\$ 306,699</u></u>

*See accompanying notes.*

**Rupert J. Smith Law Library of St. Lucie County**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF THE GENERAL FUND TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

Net Change in Fund Balances - General Fund \$ 11,039

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period. (1,371)

Change in Net Position of Governmental Activities \$ 9,668

*See accompanying notes.*



**Rupert J. Smith Law Library of St. Lucie County**  
**STATEMENT OF REVENUES, EXPENDITURES AND -**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Charges for services	\$ 391,205	\$ 391,205	\$ 353,380	\$ (37,825)
Interest income	-	-	4,926	4,926
Miscellaneous revenues	-	-	4,983	4,983
Total Revenues	<u>391,205</u>	<u>391,205</u>	<u>363,289</u>	<u>(27,916)</u>
Expenditures				
Current				
Court related	173,219	228,969	218,200	10,769
Capital outlay				
Book purchases	158,818	158,818	134,050	24,768
Equipment	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Capital Outlay	<u>160,318</u>	<u>160,318</u>	<u>134,050</u>	<u>26,268</u>
Total Expenditures	<u>333,537</u>	<u>389,287</u>	<u>352,250</u>	<u>37,037</u>
Net Change in Fund Balances	57,668	1,918	11,039	9,121
Fund Balances - October 1, 2014	<u>-</u>	<u>-</u>	<u>295,660</u>	<u>295,660</u>
Fund Balances - September 30, 2015	<u>\$ 57,668</u>	<u>\$ 1,918</u>	<u>\$ 306,699</u>	<u>\$ 304,781</u>

See accompanying notes.

**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

The financial statements of the Rupert J. Smith Law Library of St. Lucie County (the “Organization”), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Organization’s more significant accounting policies are described below.

**1. Reporting Entity**

The Rupert J. Smith Law Library of St. Lucie County is an independent special district that was created by a special act, Chapter 57-1790, Laws of Florida, as subsequently amended by special act, Chapters 71-895, 83-512 and 88-516, Laws of Florida.

The financial activity of the Rupert J. Smith Law Library of St. Lucie County is also included in the financial statements of the St. Lucie County Board of County Commissioners as an agency fund.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the Rupert J. Smith Law Library of St. Lucie County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by charges for services, miscellaneous income and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government’s citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure.

**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements**

The underlying accounting system of the Rupert J. Smith Law Library of St. Lucie County is organized and operated on the basis of separate funds, 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 equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Governmental Funds**

The Organization implemented the Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The 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.

The Organization has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Assigned Fund Balance – This classification consists of the Board of Trustees' intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Spending Hierarchy - For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

**3. Basis of Presentation**

**a. Governmental Major Funds:**

General Fund – The General Fund is the Organization’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**b. Non-current Governmental Assets/Liabilities:**

GASB Statement 34 requires that non-current governmental assets, such as equipment, be reported in the governmental activities column in the government-wide Statement of Net Position.

**4. Assets, Liabilities, and Net Position or Fund Balance**

**a. Capital Assets**

Capital assets, which include equipment, are reported in the governmental activities column.

Rupert J. Smith Law Library of St. Lucie County defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. The legal books are not capitalized as a capital asset. The valuation basis for all assets is historical cost.

**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Fund Balance (Continued)**

**a. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various type of equipment are 5-10 years. Donated capital assets are capitalized at their estimated fair market value at the time of donation.

**b. Budgets**

An operating budget is prepared for the Rupert J. Smith Law Library of St. Lucie County and submitted to the Board of Trustees. The Rupert J. Smith Law Library of St. Lucie County utilizes the same basis of accounting for budgets as it does for revenues and expenditures in the general fund. All budget appropriations lapse at year-end.

**c. Encumbrances**

Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrances at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The Rupert J. Smith Law Library of St. Lucie County utilized an encumbrance system of accounting during the audit period to assist in budgetary control. The Rupert J. Smith Law Library of St. Lucie County does not reflect encumbrances on its financial statements.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

Total “fund balances” of the Organization’s governmental funds (\$306,699) differs from “net position” of governmental activities (\$308,208) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Fund balance sheet. The effect of the difference is illustrated below.

**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)**

**Capital related items**

When capital assets (equipment that is to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the Organization as a whole.

Equipment	\$ 205,616
Accumulated depreciation	<u>(204,107)</u>
Total (net)	<u><u>\$ 1,509</u></u>

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds (\$11,039) differs from the “change in net position” for governmental activities (\$9,668) reported in the Statement of Activities. The difference arises primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the difference is illustrated below.

**Depreciation**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense until sale or disposal occurs. As a result, fund balances decrease by the amount of financial resources expended, whereas, net position decreases by the amount of depreciation charged for the year.

Depreciation	<u><u>\$ (1,371)</u></u>
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**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE C – CASH AND INVESTMENTS**

The Rupert J. Smith Law Library of St. Lucie County is required to deposit monies with financial institutions classified as qualified public depositories by Section 136.01, Florida Statutes. Chapter 280, Florida Statutes, establishes the criteria for qualified public depositories, which provides for full insurance for public deposits.

Section 218.415 (17), Florida Statutes, establishes the financial instruments that local governments, without a written investment policy, may invest their surplus funds. The authorized investments are as follows:

1. The Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act.
2. Money Market funds with the highest credit quality rating from a nationally recognized rating agency and registered with the Securities and Exchange Commission.
3. Interest bearing time deposits or savings accounts in qualified public depositories.
4. Direct obligations of the U.S. Treasury

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure the deposits of the Organization may not be returned to it. The Organization's deposit policy for custodial risk is to follow the deposit policies maintained by the St. Lucie County Board of County Commissioners as the custodian of the Organization's deposits. The St. Lucie County Board of County Commissioners maintains a cash and investment pool that is available for use by all funds. Earnings from the pooled investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pool is managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts. All the deposits were covered by the FDIC or collateralized in accordance with the "Florida Security for Public Deposits Act". Under the Act, every qualified public depository shall deposit with the State Treasurer eligible collateral having a market value equal to a percentage of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. The collateral percentage ranges from 25% to 200%, depending on the credibility of the qualified public depository.



**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

Currently the Rupert J. Smith Law Library of St. Lucie County has deposits in the pooled cash and investment account of the St. Lucie County Board of County Commissioners. The investment policy approved by the St. Lucie County Board of County Commissioners manages the pooled cash investments exposure to fair value losses arising from increasing interest rates.

Cash reported on the combined balance sheet represents the Rupert J. Smith Law Library of St. Lucie County's portion of the pooled cash account of the St. Lucie County Board of County Commissioners as well as a \$50 petty cash fund. As of September 30, 2015, the \$346,864 in pooled cash is uncategorized as it represents a proportionate share of the pool and not specific securities.

**Credit Risk**

The Rupert J. Smith Law Library of St. Lucie County manages credit quality risk through its investment in the pooled cash account of the St. Lucie County Board of County Commissioners. The investment policy of the St. Lucie County Board of County Commissioners which manages the investment of pooled cash monies limits the types of investments authorized and also limits the maturities of the investments.

**NOTE D – CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015 was as follows:

	October 1, 2015	Additions	Deletions	September 30, 2015
Equipment	\$ 205,616	\$ -	\$ -	\$ 205,616
Accumulated Depreciation	(202,736)	(1,371)	-	(204,107)
Capital Assets Being Depreciated, Net	<u>\$ 2,880</u>	<u>\$ (1,371)</u>	<u>\$ -</u>	<u>\$ 1,509</u>

Depreciation of \$1,371 was charged to court related expenses during the current year.

**NOTE E – RELATED PARTY TRANSACTIONS**

The St. Lucie County Board of County Commissioners provides space for libraries free of charge at the downtown courthouse and St. Lucie West courthouse annex.

The accounting records of the Rupert J. Smith Law Library of St. Lucie County are maintained free of charge by the St. Lucie County Clerk of the Circuit Court.

**Rupert J. Smith Law Library of St. Lucie County**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE E – RELATED PARTY TRANSACTIONS (CONTINUED)**

The Organization provided funding to a related party, Friends of Rupert J. Smith Law Library of St. Lucie County, Inc, in the amount of \$5,747, to assist with expenses related to printing 'Friendly Passages' and to sponsor an art contest held by the affiliated organization.



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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Rupert J. Smith Law Library of St. Lucie County  
St. Lucie County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rupert J. Smith Law Library of St. Lucie County, 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 23, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Rupert J. Smith Law Library of St. Lucie County's internal control over financial reporting 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 Rupert J. Smith Law Library of St. Lucie County's internal control. Accordingly, we do not express an opinion on the effectiveness of Rupert J. Smith Law Library of St. Lucie County's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting 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.

To the Board of Trustees  
Rupert J. Smith Law Library of St. Lucie County

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rupert J. Smith Law Library of St. Lucie County'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 entity'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.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants  
Fort Pierce, Florida

June 23, 2016



# Berger, Toombs, Elam, Gaines & Frank

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## MANAGEMENT LETTER

To the Board of Trustees  
Rupert J. Smith Law Library of St. Lucie County  
St. Lucie County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Rupert J. Smith Law Library of St. Lucie County as of and for the year ended September 30, 2015, and have issued our report thereon dated June 23, 2016.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 23, 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 address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

### Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not Rupert J. Smith Law Library of St. Lucie County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Rupert J. Smith Law Library of St. Lucie County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Trustees  
Rupert J. Smith Law Library of St. Lucie County

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the Rupert J. Smith Law Library of St. Lucie County's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Rupert J. Smith Law Library of St. Lucie County for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

### **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.

### **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, Federal and other granting agencies, the Board of Trustees, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 23, 2016



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Trustees  
Rupert J. Smith Law Library of St. Lucie County  
St. Lucie County, Florida

We have examined Rupert J. Smith Law Library of St. Lucie County's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2015. Management is responsible for Rupert J. Smith Law Library of St. Lucie County's compliance with those requirements. Our responsibility is to express an opinion on Rupert J. Smith Law Library of St. Lucie County'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 Rupert J. Smith Law Library of St. Lucie County'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 Rupert J. Smith Law Library of St. Lucie County's compliance with the specified requirements.

In our opinion, Rupert J. Smith Law Library of St. Lucie County complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2015.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 23, 2016

Fort Pierce ~~28~~ Stuart