

Special-Purpose Financial Statements

Clerk of the Circuit Court and Comptroller
Leon County, Florida

*Year Ended September 30, 2025
with Report of Independent Auditors*

Thomas Howell Ferguson P.A.
and
Law, Redd, Crona & Munroe, P.A.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Special - Purpose Financial Statements
Year Ended September 30, 2025

Table of Contents

Report of Independent Auditors.....	1
Audited Special-Purpose Financial Statements	
Balance Sheet – Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5
Statement of Net Position – Proprietary Fund	6
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	7
Statement of Cash Flows – Proprietary Fund	8
Statement of Fiduciary Net Position – Custodial Fund.. ..	9
Statement of Changes in Fiduciary Net Position – Custodial Fund.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Article V Court Operating Fund.	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Records Modernization Fund.....	13
Notes to Special-Purpose Financial Statements	14
Other Reports	
Report of Independent Auditors 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 <i>Government Auditing Standards</i>	32
Report of Independent Accountants on Compliance with <i>Florida Statutes</i> Section 218.415, Sections 28.35 & 28.36, and Section 61.181	34
Management Letter	35



Report of Independent Auditors

The Honorable Gwen Knight
Clerk of the Circuit Court and Comptroller, Leon County, Florida

Report on the Audit of the Special-Purpose Financial Statements

Opinions

We have audited the accompanying special-purpose financial statements of the major governmental funds, the proprietary fund, and the fiduciary fund of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (the Clerk) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Clerk's special-purpose financial statements as listed in the table of contents.

In our opinion, the accompanying special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major governmental funds, the proprietary fund, and the fiduciary fund of the Clerk of the Circuit Court and Comptroller of Leon County, Florida as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Article V Court Operating Fund, and the Records Modernization Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Special-Purpose Financial Statements section of our report. We are required to be independent of the Clerk and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial position of the governmental funds, the proprietary fund and the custodial fund of the Clerk, and only that portion that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2025, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

As discussed in Note 12 to the special-purpose financial statements, October 1, 2024, fund balance for the Records Modernization Fund has been restated to correct a previously reported misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the special-purpose financial statements, in the fiscal year ended September 30, 2025, the Clerk adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. As a result, the October 1, 2024 fund balance for the Internal Service fund has been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for twelve months beyond the special-purpose financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Special-Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special-purpose financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clerk's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report April 8, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's 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.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 8, 2026



Law, Redd, Crona & Munroe, P.A.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Balance Sheet - Governmental Funds

September 30, 2025

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Assets				
Cash	\$ 16,813	\$ 1,562,545	\$ -	\$ 1,579,358
Investments	818,090	-	1,877,546	2,695,636
Receivables (net of allowances for uncollectibles):				
Accounts receivable	1,781	-	-	1,781
Due from other funds	56,405	47,260	-	103,665
Due from other county units	7,239	420	-	7,659
Due from other governments	1,874	87,093	-	88,967
Prepays	101,059	6,575	52,884	160,518
Inventory	32,314	-	-	32,314
Total assets	<u>\$ 1,035,575</u>	<u>\$ 1,703,893</u>	<u>\$ 1,930,430</u>	<u>\$ 4,669,898</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable and other liabilities	\$ 175,822	\$ 53,326	\$ 13,729	\$ 242,877
Accrued liabilities	83,255	139,697	9,876	232,828
Due to other funds	-	-	103,665	103,665
Due to other county units	496,132	-	-	496,132
Due to other governments	245,391	1,500,048	-	1,745,439
Deposits	34,975	10,822	-	45,797
Total liabilities	<u>1,035,575</u>	<u>1,703,893</u>	<u>127,270</u>	<u>2,866,738</u>
Fund balances:				
Nonspendable	133,373	6,575	52,884	192,832
Restricted	-	-	1,750,276	1,750,276
Unassigned	(133,373)	(6,575)	-	(139,948)
Total fund balances	<u>-</u>	<u>-</u>	<u>1,803,160</u>	<u>1,803,160</u>
Total liabilities and fund balances	<u>\$ 1,035,575</u>	<u>\$ 1,703,893</u>	<u>\$ 1,930,430</u>	<u>\$ 4,669,898</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

Year ended September 30, 2025

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Revenues				
Intergovernmental	\$ 3,620	\$ 2,509,036	\$ -	\$ 2,512,656
Charges for services	1,345,499	5,606,807	565,986	7,518,292
Interest	23,349	47,401	31,169	101,919
Net increase (decrease) in fair value of investments	-	-	1,165	1,165
Miscellaneous	4,531	-	-	4,531
Total revenues	<u>1,376,999</u>	<u>8,163,244</u>	<u>598,320</u>	<u>10,138,563</u>
Expenditures				
Current:				
General government				
Judicial	325,100	6,885,259	-	7,210,359
Financial and administrative	3,382,510	-	-	3,382,510
Other general government	585,105	-	147,007	732,112
Debt service:				
Principal retirement	67,428	-	54,857	122,285
Interest and fiscal charges	7,280	-	2,695	9,975
Capital outlay	-	87,990	-	87,990
Total expenditures	<u>4,367,423</u>	<u>6,973,249</u>	<u>204,559</u>	<u>11,545,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,990,424)</u>	<u>1,189,995</u>	<u>393,761</u>	<u>(1,406,668)</u>
Other financing sources (uses) including transfers:				
Operating transfers in	3,536,038	-	208,051	3,744,089
Operating transfers out	(545,614)	(1,189,995)	(7,635)	(1,743,244)
Total other financing sources (uses)	<u>2,990,424</u>	<u>(1,189,995)</u>	<u>200,416</u>	<u>2,000,845</u>
Net changes in fund balances	-	-	594,177	594,177
Fund balances at beginning of year	-	-	1,265,388	1,265,388
Prior period adjustments	-	-	(56,405)	(56,405)
Fund balances at beginning of year, as restated	-	-	1,208,983	1,208,983
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,803,160</u>	<u>\$ 1,803,160</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Net Position - Proprietary Fund

September 30, 2025

	Internal Service Fund
Assets	
Current assets:	
Cash	\$ 233,607
Investments	136,826
Due from other funds	2,686
Total assets	<u>\$ 373,119</u>
 Liabilities and net position	
Current liabilities:	
Compensated absences	\$ 215,150
Total current liabilities	<u>215,150</u>
 Noncurrent liabilities:	
Compensated absences	<u>128,491</u>
Total noncurrent liabilities	<u>128,491</u>
Total liabilities	<u>343,641</u>
 Net position	
Unrestricted	<u>29,478</u>
Total net position	<u>29,478</u>
Total liabilities and net position	<u>\$ 373,119</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Revenues, Expenses, and Changes in
Fund Net Position - Proprietary Fund

Year ended September 30, 2025

	Internal Service Fund
Operating revenues	
Charges for services	\$ -
Operating expenses	
Personnel services	174,620
Total operating expenses	<u>174,620</u>
Operating (loss) income	<u>(174,620)</u>
Nonoperating revenues (expenses):	
Interest	13,023
Operating transfers in	174,620
Operating transfers out	<u>(13,023)</u>
Total nonoperating revenues (expenses)	<u>174,620</u>
Change in net position	-
Net position at beginning of year	-
Prior period adjustments	29,478
Net position at beginning of year, as restated	<u>29,478</u>
Net position at end of year	<u><u>\$ 29,478</u></u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Cash Flows - Proprietary Fund

Year ended September 30, 2025

	Internal Service Fund
Cash flows from operating activities:	
Payments to employees	\$ (208,952)
Net cash provided by (used in) operating activities	<u>(208,952)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	174,620
Transfers to other funds	(13,023)
Due from other funds	973
Net cash provided by (used in) noncapital financing activities	<u>162,570</u>
Cash flows from investing activities:	
Sales of investments	36,465
Interest and dividends received	13,023
Net cash provided by (used in) investing activities	<u>49,488</u>
Net cash increase (decrease) in cash	3,106
Cash at beginning of year	230,501
Cash at end of year	<u><u>\$ 233,607</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (174,620)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:	
Changes in assets and liabilities:	
Compensated absences	(34,332)
Net cash provided by (used in) operating activities	<u><u>\$ (208,952)</u></u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Fiduciary Net Position - Custodial Fund

September 30, 2025

Assets

Cash	\$ 4,798,766
Investments	2,557,468
Receivables:	
Due from other county units	27,101
Taxes for other governments	162,734
Total assets	<u>\$ 7,546,069</u>

Liabilities and net position

Accounts payable and other liabilities	\$ 204,344
Due to other funds	2,686
Due to other county units	133,102
Other liabilities	979,064
Total liabilities	<u>1,319,196</u>

Net position

Restricted for:	
Individuals, organizations, and other governments	6,226,873
Total net position	<u>6,226,873</u>
Total liabilities and net position	<u>\$ 7,546,069</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Changes in Fiduciary Net Position - Custodial Fund

Year ended September 30, 2025

Additions

Fees and other amounts collected on behalf of other governments	\$ 855,833
Receipt of registry for court from citizens	12,646,989
Bonds, deposits and other court related collections	5,705,874
Interest	135,768
Total additions	<u>19,344,464</u>

Deductions

Fees and other amounts distributed to other governments	849,652
Disbursement of registry for court from citizens	12,850,984
Bonds, deposits and other court related distributions	5,150,044
Transfers out	135,768
Total deductions	<u>18,986,448</u>

Net increase (decrease) in fiduciary net position	<u>358,016</u>
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Net position at beginning of year	<u>5,868,857</u>
Net position at end of year	<u><u>\$ 6,226,873</u></u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

Year ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 3,620	\$ 620
Charges for services	1,334,429	1,389,355	1,345,499	(43,856)
Interest	-	-	23,349	23,349
Miscellaneous	3,290	3,290	4,531	1,241
Total revenues	<u>1,340,719</u>	<u>1,395,645</u>	<u>1,376,999</u>	<u>(18,646)</u>
Expenditures				
Current:				
General government:				
Judicial	492,319	492,319	325,100	167,219
Financial and administrative	3,794,449	3,794,449	3,382,510	411,939
Other general government	582,827	637,753	585,105	52,648
Debt service:				
Principal retirement	-	-	67,428	(67,428)
Interest and fiscal charges	-	-	7,280	(7,280)
Capital outlay	16,500	16,500	-	16,500
Total expenditures	<u>4,886,095</u>	<u>4,941,021</u>	<u>4,367,423</u>	<u>573,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,545,376)</u>	<u>(3,545,376)</u>	<u>(2,990,424)</u>	<u>554,952</u>
Other financing sources (uses) including transfers:				
Operating transfers in	3,545,376	3,545,376	3,536,038	(9,338)
Operating transfers out	-	-	(545,614)	(545,614)
Total other financing sources (uses)	<u>3,545,376</u>	<u>3,545,376</u>	<u>2,990,424</u>	<u>(554,952)</u>
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Article V Court Operating Fund

Year ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 2,390,999	\$ 2,390,999	\$ 2,509,036	\$ 118,037
Charges for services	4,801,233	4,801,233	5,606,807	805,574
Interest	-	-	47,401	47,401
Miscellaneous	2,153	2,153	-	(2,153)
Total revenues	<u>7,194,385</u>	<u>7,194,385</u>	<u>8,163,244</u>	<u>968,859</u>
Expenditures				
Current:				
General government:				
Judicial	7,194,385	7,194,385	6,885,259	309,126
Capital outlay	-	-	87,990	(87,990)
Total expenditures	<u>7,194,385</u>	<u>7,194,385</u>	<u>6,973,249</u>	<u>221,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,189,995</u>	<u>1,189,995</u>
Other financing sources (uses) including transfers:				
Operating transfers out	-	-	(1,189,995)	(1,189,995)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,189,995)</u>	<u>(1,189,995)</u>
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Records Modernization Fund

Year ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 771,802	\$ 771,802	\$ 565,986	\$ (205,816)
Interest	1,000	1,000	31,169	30,169
Net increase (decrease) in fair value of investments	-	-	1,165	1,165
Total revenues	<u>772,802</u>	<u>772,802</u>	<u>598,320</u>	<u>(174,482)</u>
Expenditures				
Current:				
General government:				
Judicial	562,802	562,802	-	562,802
Other general government	200,000	200,000	147,007	52,993
Debt service:				
Principal retirement	-	-	54,857	(54,857)
Interest and fiscal charges	-	-	2,695	(2,695)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>772,802</u>	<u>772,802</u>	<u>204,559</u>	<u>568,243</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>393,761</u>	<u>393,761</u>
Other financing sources (uses) including transfers:				
Operating transfers in	-	-	208,051	208,051
Operating transfers out	-	-	(7,635)	(7,635)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>200,416</u>	<u>200,416</u>
Net change in fund balances	-	-	594,177	594,177
Fund balance at beginning of year	1,265,388	1,265,388	1,265,388	-
Prior period adjustments	(56,405)	(56,405)	(56,405)	-
Fund balance at beginning of year, as restated	<u>1,208,983</u>	<u>1,208,983</u>	<u>1,208,983</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,208,983</u>	<u>\$ 1,208,983</u>	<u>\$ 1,803,160</u>	<u>\$ 594,177</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies

Reporting Entity

The Clerk of the Circuit Court and Comptroller (the Clerk) is an elected Constitutional Officer of Leon County, Florida, 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 by Chapter 218, *Florida Statutes*. Leon County (County) is a charter county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Clerk is considered to be a part of the primary government of Leon County and is included in the Leon County government-wide financial statements. The financial statements contained herein represent the financial transactions of the Clerk only.

The Leon County Board of County Commissioners (the Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except for the Tax Collector and only the obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk. The Tax Collector and the Clerk are considered fee officers. A portion of the Clerk's budget is funded by the Board for part of Finance, Internal Audit and Human Resources and all obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk. The payments by the Board to fund the operations of the Constitutional Officers are recorded as operating transfers out on the financial statements of the Board and as operating transfers in on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as operating transfers out on the financial statements of the Constitutional Officers and as operating transfers in on the financial statements of the Board.

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

Basis of Presentation

The special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Description of Funds

The financial activities of the Clerk are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type:

- General Fund – The General Fund is the general operating fund of the Clerk. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- Article V Court Operating Fund – This fund is used to account for specific governmental revenue sources that are legally restricted through Article V of the Florida Constitution to expenditures for court operations.
- Records Modernization Fund – This fund is used to account for specific governmental revenue sources that are legally restricted to expenditures for records modernization.

Other Fund Types:

- Internal Service Fund – This fund is used to report funded and accrued compensated absences.
- Custodial Fund – These funds are used to account for the assets held by the Clerk as an agent for individuals, private organizations, and/or other governmental units.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made.

The accompanying special-purpose financial statements have been prepared using the modified accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recognized when measurable and available to pay liabilities of the current period and expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources. The special-purpose statements of the Proprietary Fund (Internal Service Fund) and Fiduciary Fund (Custodial Fund) are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The Clerk considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. The following revenues are considered to be susceptible to accrual: charges for services and interest earned.

Budgets and Budgetary Accounting

Budgets for the court-related functions (the Courts) for each Clerk will be submitted by June 1 to be approved by the legislature. All court revenues are collected monthly and are available for use by the Clerks in the month following collection. Beginning November 1st and by the 10th day of each month, the Clerks will submit that portion of all fines, fees, service charges, and costs collected in the previous month that exceeds one-twelfth of the Clerks' total budget. The remainder of the available revenues will be appropriated for the following month's court expenditures up to the budget cap authorized by the legislature. Any revenue deficits will be certified by the Florida Clerks of Court Operations Corporation. Any unexpended appropriation for the Court's budget will be paid to the State by January 25 of the following year.

Expenditures, other than those for certain custodial funds, are controlled by appropriations in accordance with the budget requirements set forth in the *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 statements reflect all approved amendments.

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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 Florida Clerks of Court Operations Corporation (CCOC). CCOC will submit a Legislative Budget Request for all clerks that will result in an appropriation by the legislature; and
3. The budget for all other operations.

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.

Inventories

Inventories consist of expendable office supplies. The office supplies are valued at the average unit cost and are accounted for under the consumption method whereby the cost is recorded as an expenditure at the time of issuance to the user department.

Prepaid Expenses

The Clerk uses the consumption method of accounting, whereby the costs of expendable software licenses are expensed over the life of the agreements.

Investments

Florida Statutes authorize the County to invest in various instruments. Investments are reported in accordance with the requirements of GASB pronouncements. The Clerk is currently invested in two investment pools:

1. The Special Purpose Investment Account (SPIA) within the Florida Treasury Investment Pool (the Pool), administered by the Florida Department of Financial Services, as authorized by Section 17.61(1), Florida Statutes; and

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Investments (continued)

2. The Local Government Surplus Funds Trust Fund (Florida PRIME), administered by the Florida State Board of Administration (SBA) as authorized by Section 218.415(17), Florida Statutes. Florida PRIME is not a registrant with the SEC, however, the SBA has adopted operating procedures consistent with the requirements for the SEC Rule 2a-7 fund.

The Clerk liquidates and reallocates investments throughout the year depending on liquidity needs for operations. Refer to Note 2 for additional information regarding investments.

Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Such assets are reported as capital assets in the Statement of Net Position in the county-wide financial statements of Leon County, Florida.

Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee, the Clerk recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximates the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The Clerk calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. Such assets and liabilities are reported on the Statements of Net Position in the county-wide statements of Leon County, Florida. Refer to Note 9 for additional information regarding leases.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Subscription Based Information Technology Arrangements

Subscription Based Information Technology Arrangements (SBITAs) are defined by the general government as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The Clerk recognizes a subscription liability and an intangible right-of-use subscription asset at the beginning of a subscription term unless the SBITA is considered short-term or transfers ownership of the underlying asset. Right-of-use subscription assets are measured based on the net present value of the future SBITA payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a subscription liability occurs when there is a change in the SBITA term and/or other changes that are likely to have a significant impact on the subscription liability. The Clerk calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the subscription liability. For SBITA contracts that are short-term, the Clerk recognizes short-term subscription payments as outflows of resources (expenses) based on the payment provisions of the subscription contract. Additional disclosures regarding SBITAs are disclosed at Note 10.

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 is not legally required to accumulate expendable available financial resources to liquidate this obligation. However, to minimize the impact of such obligations on future budgets, the Clerk has decided to fully fund the cost of the liability. Accordingly, an internal service fund has been established to record the liability for the compensated absences earned but not yet paid for in the General Fund, the Article V Court Operating Fund, and the Records Modernization Fund. The current and long-term portion of the liability for compensated absences is reported as an obligation of the General Fund in the county-wide Statement of Net Position for Leon County, Florida. All amounts are calculated and reported consistent with GASB Statement No. 101, *Compensated Absences*.

Net Position and Fund Balances

Net Position is the difference between fund assets and liabilities on the proprietary and fiduciary fund statements. Fund Balance is the difference between assets and liabilities on the governmental fund statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances (continued)

For financial reporting purposes, County policy defines the five fund balance classifications for governmental funds and the order that the resources are used.

Nonspendable Fund Balance - Balances are comprised of funds 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 - Balances are comprised of funds that have legally enforceable constraints placed on their use or those funds that have externally-imposed restrictions by resource providers or creditors, grantors, contributors, voters, or interlocal agreement, or enabling legislation.

Committed Fund Balance - Balances are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action such as ordinances, resolutions, or legislation of Leon County and that remain binding unless removed by a majority vote of the Board of County Commissioners.

Assigned Fund Balance - Balances are comprised of unrestricted funds informally constrained by a majority vote of the Board of County Commissioners, or by a designated county officer, in a manner that reflects the County's use of those resources such as appropriations of fund balance at year end or at the beginning of the new fiscal year.

Unassigned Fund Balance - Balances are comprised of the residual of the unrestricted funds in the General Fund and are not nonspendable, restricted, committed, or assigned. Within all other governmental funds, unassigned fund balance is comprised of the negative residual in excess of what can be properly classified as nonspendable, restricted, or committed.

The County's policy is that available resources will be spent in the following order: restricted, committed, assigned, and unassigned.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the special-purpose financial statements is in conformity with accounting practices prescribed by the State of Florida, Auditor General, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

Other Postemployment Benefits

The Clerk through Leon County offers retiree medical and life insurance benefits for qualifying Clerk employees that have retired from a Florida Retirement System (FRS) retirement plan. The premium associated with these benefits is paid by the qualifying employee.

Distribution of Excess Revenues

Section 218.36, *Florida Statutes* requires 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.”

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

2. Cash and Investments

Cash

Cash consists of demand deposits held at qualified public depositories. At September 30, 2025, the carrying amount of the Clerk’s deposits (including custodial funds) was \$6,611,731 and bank balances were \$8,186,079. The Clerk’s cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

2. Cash and Investments (continued)

Investments

Credit Risk

The Investment policy provides a structure for a portfolio that is designed to minimize credit risk. This includes restricting investments to government investment pools with the highest available credit ratings. The Clerk's investment practices are governed by Section 218.415(17), *Florida Statutes*. Investments authorized by Section 218.415(17), *Florida Statutes* include:

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration or any authorized intergovernmental investment pool.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories.
4. Direct obligations of the U.S. Treasury.

In addition, the Chief Financial Officer for the State of Florida (formerly the State Treasurer) has been investing state revenues, excess revenues of state universities and community colleges and certain other public agencies in a commingled investment portfolio for several years. Section 17.61(1), *Florida Statutes* permits organizations created by the Florida Constitution to participate in the existing State Treasury Investment Pool "Special Purpose Investment Account" (SPIA). Historically, the SPIA participants have received higher earnings reflecting the higher risk associated with the longer maturities and lower credit quality.

The financial details and disclosures for SPIA are made in Note 3 of the State of Florida Annual Comprehensive Financial Report (ACFR). SPIA funds are combined with State of Florida funds and are invested in a combination of short-term liquid instruments and intermediate term fixed income securities. SPIA is measured at net asset value per share. Investments measured at net asset value are not subject to fair value hierarchy level classification under GASB 72.

At September 30, 2025, the Clerk had \$87,911 invested in SPIA and reported at fair market value. The fair value factor for SPIA at September 30, 2025, was 1.0065. The current rating for SPIA is AA-f by Standard and Poors. Investments in this pool are limited to a maximum of 50% of the cash and investments portfolio in accordance with the Clerk's investment policy. A copy of SPIA's most recent financial statements can be found at <https://www.myfloridacfo.com/Division/Treasury/>.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

2. Cash and Investments (continued)

The Clerk also invests in Florida PRIME administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Auditor General performs the operational audit of the activities and investments of the SBA. On September 30, 2025, Florida PRIME was invested in fixed rate and floating rate bank instruments, repurchase agreements, fixed rate and floating rate corporate commercial paper, floating rate corporate notes, money market mutual funds, and fixed rate and floating rate asset backed commercial paper. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poor's. The weighted average days to maturity of the Florida PRIME at September 30, 2025 is 47 days. The fair value of the Clerk's position in the pool approximates the value of the pool shares. At September 30, 2025, the Clerk had \$5,302,019 invested in Florida PRIME. Investments in this pool are limited to a maximum of 50% of the cash and investments portfolio in accordance with the Clerk's investment policy. Florida PRIME's most recent financial statements can be found at <https://prime.sbafla.com/audits/>. Florida PRIME currently meets all the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Clerk participant account balance is considered the fair value of the investment. Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of investments. One method of managing interest rate risk is the duration method, which measures a debt investment's exposure to fair value changes arising from changing interest rates. The longer the effective duration of the investment, the greater the potential variability of the investment's fair value as a result of future changes in interest rates.

The effective duration of the SPIA at September 30, 2025 is 3.47 years. The effective duration for the Florida PRIME balance is calculated using the weighted average maturity method, and is 0.20 years at September 30, 2025.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure or the failure of the counterparty, the government's deposits may not be returned to it, or may not be able to recover the value of its investments that are in the possession of an outside party.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

2. Cash and Investments (continued)

Custodial Credit Risk (continued)

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Clerk's deposits are therefore considered fully insured or collateralized.

Bank balances with qualified public depositories at September 30, 2025, were \$8,186,079. Due to the nature of the Clerk's cash and investments, there is no exposure to custodial credit risk and concentration of credit risk.

Foreign Currency Risk

The Clerk contributes to the Florida Retirement System (FRS), the investments of which are administered by the State Board of Administration. The FRS's investment policy and exposure to foreign currency risk is disclosed in Note 2 of the State of Florida Annual Comprehensive Financial Report. A copy of this report is available at <https://www.myfloridacfo.com/Division/AA/Reports/>.

3. Compensated Absences

As discussed in Note 1, the liability associated with compensated absences is reported on the fund level in the internal service fund. A summary of the Clerk's liability for compensated absences included at the county-wide financial statement level is as follows with \$215,150 as the current portion:

	Balance October 1, 2024 (as restated)	Additions	(Retirements)	Balance September 30, 2025
Liability for compensated absences	<u>\$ 377,973</u>	<u>\$ 646,700</u>	<u>\$ (681,032)</u>	<u>\$ 343,641</u>

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

4. Risk Management

The Clerk participates in the Leon County Internal Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third party administrator. The Clerk makes payments to the Internal Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2025, was \$8,794. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

5. Employees' Retirement Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As described in Note 1, the financial statements of the Clerk are fund statements considered to be special-purpose financial statements consistent with accounting practices by the State of Florida, Auditor General. Accordingly, the net pension liability is included in the Leon County, Florida Annual Comprehensive Financial Report (Leon County ACFR) rather than in these special-purpose financial statements.

All full-time employees of the Clerk, except those excluded pursuant to Section 121.4501, *Florida Statutes*, are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans and programs, including a defined benefit pension plan (Pension Plan), which is primarily a cost-sharing, multiple-employer defined benefit public-employee pension plan. Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Leon County ACFR. Contributions and benefits are established in Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the State Legislature that are expressed as percentages of annual covered payroll and are adequate to accumulate sufficient assets to pay benefits when due. Employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

5. Employees' Retirement Plan (continued)

The Clerk also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs. Additional information regarding benefits is provided in the Leon County ACFR.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2025, the contribution rate was 2.0% of payroll pursuant to Section 112.363, *Florida Statutes*.

The total retirement contributions for the fiscal years ended September 30, 2025, 2024, and 2023 were \$1,020,319, \$1,122,148, and \$955,022, respectively, which is equal to the required contribution for each year.

The Pension Plan and the HIS Program are administered by the State of Florida, Department of Management Services, Division of Retirement. The Division of Retirement issues a publicly available FRS Annual Report that includes financial statements and required supplementary information for the Pension Plan and HIS Program. The latest report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or on the website located at www.dms.myflorida.workforce_operations/retirement/publications.

6. Other Postemployment Benefits (OPEB)

Plan Description

The Clerk participates in an agent multiple-employer plan administered by Leon County, Florida under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The Program may be amended by the Board of County Commissioners. A stand-alone financial report is not issued for the Program. As described in Note 1, the Clerk is an elected Constitutional Officer of the County. The financial statements of the Clerk are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the annual OPEB obligation of Constitutional Officers is recognized in the government-wide financial statements of the County rather than in these special-purpose financial statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

7. Interfund transfers

Interfund balances represent payments due from other funds responsible for particular expenditures to the funds that initially paid for them. Interfund balances are due and payable within one year. Interfund receivable and payable balances at September 30, 2025 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 56,405	\$ -
Article V Court Operating Fund	47,260	-
Records Modernization Fund	-	103,665
Custodial Fund	-	2,686
Internal Service Fund	2,686	-
Total	<u>\$ 106,351</u>	<u>\$ 106,351</u>

Each fund has a discrete purpose. However, often there is a need for one fund to support a portion of another fund's activities. To accomplish this, monies are moved between funds through a process called interfund transfers. Interfund transfers, excluding transfers to other governments, for the year ended September 30, 2025 consisted of the following:

Transferred to the Records Modernization Fund from:

General Fund	\$ 368
Article V Court Operating Fund	58,892
Custodial Fund	135,768
Internal Service Fund	13,023
	<u>\$ 208,051</u>

Transferred to the Internal Service Fund from:

General Fund	\$ 54,518
Article V Court Operating Fund	112,467
Records Modernization Fund	7,635
	<u>\$ 174,620</u>

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

8. Commitments and Contingencies

A. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Clerk had no outstanding encumbrances at September 30, 2025.

B. Potential liabilities resulting from litigation:

The Clerk is a defendant in various lawsuits arising from the normal course of operations. Based on information available as of April 8, 2026, it is reasonably possible that the Clerk will incur a loss related to these matters. However, the amount of any potential loss cannot be reasonably estimated at this time due to the early stage of the proceedings and the uncertainty surrounding the outcomes.

9. Leases

Effective October 1, 2021, the Clerk adopted GASB's Statement No. 87 – *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Lessee

The Clerk has entered into one active lease as lessee for the use of office space. The terms of the lease extend through June 30, 2033 beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$664,106. As of September 30, 2025, the value of the lease liability is \$450,858. The Clerk is required to make monthly payments of \$5,128 through the term of the lease. The lease has an interest rate of 1.4800%. The value of the right to use asset as of September 30, 2025 is \$438,027 with accumulated amortization of \$226,079 and is included with buildings on the lease class activities table found below.

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

9. Leases (continued)

Lessee (continued)

<u>Asset Class</u>	<u>As of September 30, 2025</u>	
	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Buildings	\$ 664,106	\$ 226,079
	<u>\$ 664,106</u>	<u>\$ 226,079</u>

Total future minimum lease payments under lease agreements are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 55,313	\$ 6,222	\$ 61,535
2027	56,137	5,398	61,535
2028	56,973	4,562	61,535
2029	57,822	3,713	61,535
2030	58,684	2,851	61,535
2031-2033	165,929	3,293	169,222
Total	<u>\$ 450,858</u>	<u>\$ 26,039</u>	<u>\$ 476,897</u>

A summary of the Clerk's liability for leases is included at the county-wide financial statement level as follows with \$55,313 as the current portion:

	<u>Balance October 1, 2024</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance September 30, 2025</u>
Lease liability – buildings	\$ 505,359	\$ -	\$ (54,501)	\$ 450,858
Lease liability - equipment	12,927	-	(12,927)	-
Lease Liability – Total	<u>\$ 518,286</u>	<u>\$</u>	<u>\$ (67,428)</u>	<u>\$ 450,858</u>

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

10. Subscription Liabilities

The primary objective of GASB Statement No. 96, Subscription Based Technology Arrangements (SBITAs) is to enhance the relevance and consistency of information about governments' IT subscription activities. This statement establishes a single model for IT Subscription accounting based on the principle that SBITAs are financings of the right to use an underlying asset. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

Governmental Activities

The Clerk has entered into three IT Arrangements for the right to use another party's (a SBITA vendor's) information technology (IT) software. The terms of the arrangements extend through September 2027 beginning on the contract commencement date. An initial subscription liability was recorded in the amount of \$395,803. As of September 30, 2025, the value of the subscription liability is \$29,723. The Clerk made one time payments for two of the arrangements for \$273,846 and \$37,377 and makes annual payments ranging from \$28,074 to \$30,951 on the third arrangement. The SBITA have interest rates between 4.20% and 4.87%. The value of the right to use assets as of September 30, 2025 is \$242,576 with accumulated amortization of \$152,205 and is included with the SBITA activities table found below.

Asset Class	As of September 30, 2025	
	Subscription Asset Value	Accumulated Amortization
SBITAs	\$ 394,781	\$ 152,205
Total SBITAs	<u>\$ 394,781</u>	<u>\$ 152,205</u>

Total future minimum payments under information technology subscription agreements are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2026	\$ 29,723	\$ 1,228	\$ 30,951
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
Total	<u>\$ 29,723</u>	<u>\$ 1,228</u>	<u>\$ 30,951</u>

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2025

10. Subscription Liabilities (continued)

A summary of the Clerk's liability for SBITAs is included at the county-wide financial statement level as follows with \$29,723 as the current portion:

	Balance October 1, 2024	Additions	(Reductions)	Balance September 30, 2025
SBITAs	\$ 84,580	\$ -	\$ (54,857)	\$ 29,723

11. Related Party Transaction

The Clerk has a written agreement to rent office space from the Leon County Tax Collector for its customer service location. Under this agreement the Clerk paid \$72,766 to the Leon County Tax Collector during the year ended September 30, 2025.

12. Correction of an Error

During the year ended September 30, 2025, management identified one expenditure where the basis of accounting required an expense and related payable to be recorded in a prior year but was not. To correct this error, the expense and related payable have been recorded to the year ended September 30, 2024. As such, this correction results in a decrease to the beginning fund balance of the Records Modernization Fund by \$56,405.

13. Change in Accounting Principle

During the year ended September 30, 2025, management adopted GASB Statement No. 101, *Compensated Absences*. This adoption resulted in changes to the process for estimating the compensated absences liability reported in the Internal Service Fund. This change in accounting principle resulted in a restatement of the balances for compensated absences liability by \$(29,478) and net position by \$29,478 previously reported in the special-purpose financial statements for the year ended September 30, 2024.

During the year ended September 30, 2025, management adopted GASB Statement No. 102, *Certain Risk Disclosures*. This change in accounting principle had no impact on the special-purpose financial statements for the year ended September 30, 2024.

14. Subsequent Event

The Clerk has evaluated subsequent events through April 8, 2026, the date the financial statements were available to be issued. No subsequent events were identified that required disclosure.

Report of Independent Auditors 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*

September 30, 2025

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Gwen Knight
Clerk of the Circuit Court and Comptroller, Leon 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 (*Government Auditing Standards*), the special-purpose financial statements of the major governmental funds, the proprietary fund, and the fiduciary fund of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk), as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the Clerk's special-purpose financial statements, and have issued our report thereon dated April 8, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Clerk's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the special-purpose financial statements. 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*.

Clerk's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Clerk's response to the findings identified in our audit and described in the accompanying *management letter*. The Clerk's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

We have issued a *management letter* to the Clerk of the Circuit Court and Comptroller of Leon County, Florida dated April 8, 2026, presenting certain required disclosures and comments pursuant to the Chapter 10.550, Rules of the Auditor General.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 8, 2026



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Report of Independent Accountants on Compliance with
Florida Statutes Section 218.415, Sections 28.35 and 28.36, and Section 61.181

September 30, 2025



Report of Independent Accountants on Compliance with
Florida Statutes Section 218.415, Sections 28.35 and 28.36, and Section 61.181

The Honorable Gwen Knight
Clerk of the Circuit Court and Comptroller, Leon County, Florida

We have examined the Clerk of the Circuit Court and Comptroller of Leon County, Florida's (Clerk) compliance with the requirements of *Florida Statutes* Section 218.415, Sections 28.35 and 28.36, and Section 61.181, during the year ended September 30, 2025. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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 requirements of *Florida Statutes* Section 218.415, Sections 28.35 and 28.36, and Section 61.181, during the period October 1, 2024 to September 30, 2025.

This report is intended solely for the information and use of the Clerk and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 8, 2026

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2025

Management Letter

The Honorable Gwen Knight
Clerk of the Circuit Court and Comptroller, Leon County, Florida

Report on the Special-Purpose Financial Statements

We have audited the special-purpose financial statements of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 8, 2026.

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 Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 8, 2026, 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. Corrective actions regarding the recommendations made in the preceding financial report are described below.

2024-001 Bank Reconciliation Process

Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.

2024-002 Material Adjusting Journal Entries

Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.

Official Title and Legal Authority

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 this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Clerk has no component units.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. The following recommendations were made:

2025-001 Custodial Funds Additions and Deductions

Criteria: GASB Statement No. 84, Fiduciary Activities, requires custodial funds to report additions and deductions that reflect actual increases and decreases in fiduciary net position during the reporting period.

Condition: The finance department's process for recording additions and deductions in the Custodial Fund is not accurately capturing these transactions in accordance with GASB 84. Significant duplications of additions and deductions recorded in the custodial funds were identified during the audit.

Cause: The finance department has not fully implemented/integrated GASB 84 within its accounting system. Specifically, throughout the year the finance department only records the changes to deposit account balances. At year end, inflows and outflows of the deposit accounts are recorded as additions and deductions without sufficient analysis to determine whether such activity represents true custodial additions and deductions as defined by GASB 84.

Effect: Custodial Fund additions and deductions were misstated in the trial balance, requiring audit adjustments to correct the reported activity.

Recommendations: We recommend that the finance department implement internal processes and procedures to ensure custodial fund transactions are recorded in accordance with GASB 84 throughout the year. This should include recording custodial fund activity at the transaction level when it occurs, enhancing supporting schedules as necessary, and performing a thorough review of custodial fund activity to ensure that only true additions and deductions are reported.

Management Response: *We have changed our procedures for generating the documentation for the inflows and outflows so that they will be separately identified through a naming structure that will ensure correct accounting for these items will be done. With this new identification, we will be able to accurately report the amounts that are truly Custodial actions per GASB 84 and will remove the opportunity for items doubling. Furthermore, we have added additional reviews for what is being done for GASB 84 for the year end process as a whole, and are creating a new written procedure and checklist for items to ensure that all items have been handled appropriately.*

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 Clerk of the Circuit Court and Comptroller of Leon County, Florida and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 8, 2026



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida