

Special-Purpose Financial Statements

Clerk of the Circuit Court and Comptroller
Leon County, Florida

*Year Ended September 30, 2022
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, 2022

TABLE OF CONTENTS

PAGE

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 Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25
Report of Independent Accountants on Compliance with <i>Florida Statutes</i> Section 218.415, Sections 28.35 & 28.36, and Section 61.181.....	27
Management Letter.....	28

Report of Independent Auditors

The Honorable Gwen Marshall
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, the fiduciary fund, and the aggregate remaining fund information of Clerk of the Circuit Court and Comptroller of Leon County, Florida (the Clerk) as of and for the year ended September 30, 2022, 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, the fiduciary fund, and the aggregate remaining fund information of the Clerk of the Circuit Court and Comptroller of Leon County, Florida as of September 30, 2022, 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, 2022, 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 1 to the special-purpose financial statements, in the fiscal year ended September 30, 2022, the Clerk adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 dated April 19, 2023 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 19, 2023



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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Balance Sheet - Governmental Funds
September 30, 2022

	<u>General Fund</u>	<u>Article V Court Operating Fund</u>	<u>Records Modernization Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 292,265	\$ 1,667,833	\$ 1,645,766	\$ 3,605,864
Investments	0	0	74,789	74,789
Receivables (net of allowances for uncollectibles):				
Accounts receivable	351,818	0	79	351,897
Due from other county units	8,385	0	0	8,385
Due from other governments	1,319	85,681	0	87,000
Prepays	104,720	0	46,913	151,633
Inventory	29,222	0	0	29,222
Total assets	<u>\$ 787,729</u>	<u>\$ 1,753,514</u>	<u>\$ 1,767,547</u>	<u>\$ 4,308,790</u>
Liabilities and fund balances				
Liabilities				
Accounts payable and other liabilities	\$ 97,851	\$ 203	\$ 6,800	\$ 104,854
Accrued liabilities	55,147	93,363	6,561	155,071
Due to other county units	447,562	0	0	447,562
Due to other governments	162,998	1,646,843	0	1,809,841
Deposits	24,171	13,105	0	37,276
Total liabilities	<u>787,729</u>	<u>1,753,514</u>	<u>13,361</u>	<u>2,554,604</u>
Fund balance				
Nonspendable	133,942	0	46,913	180,855
Restricted	0	0	1,707,273	1,707,273
Unassigned	(133,942)	0	0	(133,942)
Total fund balance	<u>0</u>	<u>0</u>	<u>1,754,186</u>	<u>1,754,186</u>
Total liabilities and fund balances	<u>\$ 787,729</u>	<u>\$ 1,753,514</u>	<u>\$ 1,767,547</u>	<u>\$ 4,308,790</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, 2022

	<u>General Fund</u>	<u>Article V Court Operating Fund</u>	<u>Records Modernization Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental	\$ 3,236	\$ 1,088,615	\$ 0	\$ 1,091,851
Charges for services	1,574,417	4,484,205	583,837	6,642,459
Interest	0	0	608	608
Net increase (decrease) in fair value of investments	0	0	(5,044)	(5,044)
Miscellaneous	28,814	0	0	28,814
Total revenues	<u>1,606,467</u>	<u>5,572,820</u>	<u>579,401</u>	<u>7,758,688</u>
Expenditures				
Current:				
General government:				
Judicial	315,930	5,487,886	394,193	6,198,009
Financial and administrative	2,862,423	0	0	2,862,423
Other general government	464,923	0	114,099	579,022
Debt Service:				
Principal retirement	52,135	0	0	52,135
Interest and fiscal charges	9,400	0	0	9,400
Capital Outlay	664,106	0	0	664,106
Total expenditures	<u>4,368,917</u>	<u>5,487,886</u>	<u>508,292</u>	<u>10,365,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,762,450)</u>	<u>84,934</u>	<u>71,109</u>	<u>(2,606,407)</u>
Other financing sources (uses)				
including transfers:				
Operating transfers in	2,508,030	0	0	2,508,030
Operating transfers out	(409,686)	(84,934)	(22,342)	(516,962)
Lease financing	664,106	0	0	664,106
Total other financing sources (uses)	<u>2,762,450</u>	<u>(84,934)</u>	<u>(22,342)</u>	<u>2,655,174</u>
Net change in fund balances	0	0	48,767	48,767
Fund balance at beginning of year	0	0	1,705,419	1,705,419
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,754,186</u>	<u>\$ 1,754,186</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, 2022

	<u>Internal Service Fund</u>
Assets	
Current assets:	
Cash	\$ 327,463
Total assets	<u>\$ 327,463</u>
Liabilities and net position	
Current liabilities:	
Compensated absences	\$ 210,128
Total current liabilities	<u>210,128</u>
Noncurrent liabilities:	
Compensated absences	<u>117,335</u>
Total noncurrent liabilities	<u>117,335</u>
Total liabilities	<u>327,463</u>
Net position	
Unrestricted	<u>0</u>
Total net position	<u>0</u>
Total liabilities and net position	<u>\$ 327,463</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, 2022

	<u>Internal Service Fund</u>
Operating revenues	
Charges for services	\$ 0
Operating expenses	
Personnel services	<u>180,447</u>
Total operating expenses	<u>180,447</u>
Operating income (loss)	<u>(180,447)</u>
Nonoperating revenues (expenses)	
Operating transfers in	<u>180,447</u>
Change in net position	0
Net position at beginning of year	<u>0</u>
Net position at end of year	<u><u>\$ 0</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, 2022

	<u>Internal Service Fund</u>
Cash flows from operating activities	
Payments to employees	\$ (239,552)
Net cash provided by (used in) operating activities	<u>(239,552)</u>
Cash flows from noncapital financing activities	
Transfers from other funds	180,447
Due from other funds	<u>23,618</u>
Net cash provided by (used in) noncapital financing activities	<u>204,065</u>
Net decrease in cash	(35,487)
Cash at beginning of year	<u>362,950</u>
Cash at end of year	<u><u>\$ 327,463</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (180,447)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Compensated absences	<u>(59,105)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (239,552)</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, 2022

Assets

Cash and cash equivalents	\$ 7,349,794
Receivables:	
Taxes for other governments	8,029
Due from other county units	<u>3,505</u>
Total assets	<u><u>\$ 7,361,328</u></u>

Liabilities

Accounts payable and other liabilities	\$ 102,988
Due to local governments	140,075
Other long-term liabilities	<u>1,617,287</u>
Total liabilities	<u>1,860,350</u>

Net Position

Restricted For:	
Individuals, organizations, and other governments	<u>5,500,978</u>
Total net position	<u>5,500,978</u>
Total liabilities and net position	<u><u>\$ 7,361,328</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 Changes in Fiduciary Net Position - Custodial Fund
Year Ended September 30, 2022

Additions

Fees and other amounts collected on behalf of other governments	\$ 27,338
Receipt of registry for court from citizens	18,078,786
Bonds, deposits and other court related collections	<u>3,639,657</u>
Total additions	<u>21,745,781</u>

Deductions

Fees and other amounts distributed to other governments	49,392
Disbursement of registry for court from citizens	17,484,720
Bonds, deposits and other court related distributions	<u>2,912,639</u>
Total deductions	<u>20,446,751</u>

Net increase (decrease) in fiduciary net position	1,299,030
---	-----------

Net position at beginning of year	<u>4,201,948</u>
Net position at end of year	<u><u>\$ 5,500,978</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,000	\$ 1,000	\$ 3,236	\$ 2,236
Charges for services	1,492,975	1,492,975	1,574,417	81,442
Miscellaneous	7,500	7,500	28,814	21,314
Total revenues	1,501,475	1,501,475	1,606,467	104,992
Expenditures				
Current:				
General government:				
Judicial	393,884	393,884	315,930	77,954
Financial and administrative	3,095,272	3,095,272	2,862,423	232,849
Other general government	508,849	508,849	464,923	43,926
Debt Service:				
Principal retirement	0	0	52,135	(52,135)
Interest and fiscal charges	0	0	9,400	(9,400)
Capital Outlay	11,500	11,500	664,106	(652,606)
Total expenditures	4,009,505	4,009,505	4,368,917	(359,412)
Excess (deficiency) of revenues over (under) expenditures	(2,508,030)	(2,508,030)	(2,762,450)	(254,420)
Other financing sources (uses)				
including transfers:				
Operating transfers in	2,564,998	2,564,998	2,508,030	(56,968)
Operating transfers out	(56,968)	(56,968)	(409,686)	(352,718)
Lease financings	0	0	664,106	664,106
Total other financing sources (uses)	2,508,030	2,508,030	2,762,450	254,420
Net change in fund balances	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,154,563	\$ 2,138,137	\$ 1,088,615	\$ (1,049,522)
Charges for services	4,310,750	4,310,750	4,484,205	173,455
Total revenues	<u>6,465,313</u>	<u>6,448,887</u>	<u>5,572,820</u>	<u>(876,067)</u>
Expenditures				
Current:				
General government:				
Judicial	<u>6,396,690</u>	<u>6,380,264</u>	<u>5,487,886</u>	<u>892,378</u>
Total expenditures	<u>6,396,690</u>	<u>6,380,264</u>	<u>5,487,886</u>	<u>892,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>68,623</u>	<u>68,623</u>	<u>84,934</u>	<u>16,311</u>
Other financing sources (uses)				
including transfers:				
Operating transfers out	<u>(68,623)</u>	<u>(68,623)</u>	<u>(84,934)</u>	<u>(16,311)</u>
Total other financing sources (uses)	<u>(68,623)</u>	<u>(68,623)</u>	<u>(84,934)</u>	<u>(16,311)</u>
Net change in fund balances	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 630,000	\$ 630,000	\$ 583,837	\$ (46,163)
Interest	1,000	1,000	608	(392)
Net increase (decrease) in fair value of investments	0	0	(5,044)	(5,044)
Total revenues	631,000	631,000	579,401	(51,599)
Expenditures				
Current:				
General government:				
Judicial	481,000	481,000	394,193	86,807
Other general government	140,000	140,000	114,099	25,901
Capital Outlay	10,000	10,000	0	10,000
Total expenditures	631,000	631,000	508,292	122,708
Excess (deficiency) of revenues over (under) expenditures	0	0	71,109	71,109
Other financing sources (uses) including transfers:				
Operating transfers out	0	0	(22,342)	(22,342)
Total other financing sources (uses)	0	0	(22,342)	(22,342)
Net change in fund balances	0	0	48,767	48,767
Fund balance at beginning of year	1,705,419	1,705,419	1,705,419	0
Fund balance at end of year	\$ 1,705,419	\$ 1,705,419	\$ 1,754,186	\$ 48,767

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, 2022

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.

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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

Other Fund Type

- 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.

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 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 Clerk 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 agency 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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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.

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 Clerk of Court Operations Corporation (CCOC). With the 2009 legislative changes, 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 Expense

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

Investments

Investments are made in 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*. The Clerk liquidates and reallocates investments throughout the year depending on liquidity needs for operations.

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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

1. Summary of Significant Accounting Policies (continued)

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.

As lessor, the Clerk recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Periodic amortization of the discount on the receivable is reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Remeasurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference. For lease contracts that are short-term, the Clerk recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period. Refer to Note 9 for additional information regarding leases.

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.

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.

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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances (continued)

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.

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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

1. Summary of Significant Accounting Policies (continued)

New pronouncements

In June 2017, the GASB issued Statement No. 87, "Leases". This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. In response to the coronavirus pandemic, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which extended this effective date by 18 months. The Clerk has implemented GASB 87 in the accompanying special-purpose financial statements as of October 1, 2021.

2. Cash and Investments

Cash

Cash consists of demand deposits held at qualified public depositories. At September 30, 2022, the carrying amount of the Clerk's deposits (including custodial funds) was \$11,283,121 and bank balances were \$11,524,265. 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.

Investments

Credit Risk

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.

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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

2. Cash and Investments (continued)

Investments (continued)

To provide liquidity for operations during the fiscal year, the Clerk invested in the SPIA. The financial details and disclosures for SPIA are made in Note 4 of the State of Florida Annual Comprehensive Financial Report (ACFR). The fair value factor for SPIA at September 30, 2022, was 0.9357. 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, 2022, the Clerk had \$74,789 invested in SPIA and reported at fair market value. The current rating for SPIA is AA-f by Standard and Poors. A copy of SPIA's most recent financial statements can be found at <https://www.myfloridacfo.com/Division/Treasury/>.

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, 2022 is 2.67 years.

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 \$210,128 as the current portion:

	Balance October 1, 2021	Additions	(Retirements)	Balance September 30, 2022
Liability for compensated absences	<u>\$ 386,568</u>	<u>\$ 605,271</u>	<u>\$ (664,376)</u>	<u>\$ 327,463</u>

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, 2022, was \$9,489. 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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

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.

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, 2022, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The total retirement contributions for the fiscal years ended September 30, 2022, 2021, and 2020 were \$853,275, \$812,917, and \$773,606, 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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

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.

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. There were no interfund receivable and payable balances at September 30, 2022.

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, 2022 consisted of the following:

Transferred to the Internal Service Fund from:

General Fund	\$ 73,172
Article V Operating Fund	84,934
Record Modernization Fund	<u>22,341</u>
	<u><u>\$ 180,447</u></u>

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, 2022.

B. Potential liabilities resulting from litigation:

The Clerk is a defendant in various lawsuits arising from the normal course of operations. The outcome of these lawsuits is not presently determinable.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

9. Leases

Effective October 1, 2021, the Clerk adopted GASB's No. 87 – Leases, using the facts and circumstances that existed at the beginning of the period of implementation. The right-to-use asset is measured based on the lease liability at the period of implementation and no restatement of beginning net position is required because the lease asset and the lease liability is the same at the beginning of the period of implementation.

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 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, 2022, the value of the lease liability is \$611,971. The Clerk is required to make monthly payments of \$5,127.94 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, 2022 is \$607,586 with accumulated amortization of \$56,520 and is included with buildings on the lease class activities table found below.

Asset Class	As of September 30, 2022	
	Lease Asset Value	Accumulated Amortization
Buildings	\$ 664,106	\$ 56,520
	<u>\$ 664,106</u>	<u>\$ 56,520</u>

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

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 52,912	\$ 8,623	\$ 61,535
2024	53,700	7,835	61,535
2025	54,501	7,035	61,536
2026	55,313	5,223	60,536
2027	56,137	5,398	61,535
2028-2032	293,484	14,192	307,676
2033-2037	45,924	227	46,151
Total	<u>\$ 611,971</u>	<u>\$ 48,533</u>	<u>\$ 660,504</u>

A summary of the Clerk's liability for leases included at the county-wide financial statement level is as follows with \$52,912 as the current portion:

	Balance October 1, 2021	Additions	(Reductions)	Balance September 30, 2022
Lease liability - buildings	<u>\$ 664,106</u>	<u>\$ 0</u>	<u>\$ (52,135)</u>	<u>\$ 611,971</u>

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2022

10. 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 \$72,528 to the Leon County Tax Collector during the year ended September 30, 2022.

11. Subsequent Events

The Clerk has evaluated subsequent events through April 19, 2023, the date the financial statements were available to be issued. No subsequent events were identified that required disclosure.

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 *Government Auditing Standards*

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 Marshall
Clerk of the Circuit Court and Comptroller, Leon County, Florida

Independent Auditor's Report

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, the fiduciary fund, and the aggregate remaining fund information of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk), as of and for the year ended September 30, 2022, 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 19, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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*.

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.

We have issued a management letter to the Clerk of the Circuit Court and Comptroller of Leon County, Florida dated April 19, 2023, 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 19, 2023



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

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 Marshall
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 year ended September 30, 2022. 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, 2021 to September 30, 2022.

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 19, 2023



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

Management Letter

Management Letter

The Honorable Gwen Marshall
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, 2022, and have issued our report thereon dated April 19, 2023.

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 19, 2023, 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.

2021-001 MS Access Database Uploads

Corrective action for this recommendation is in progress. During the current year, it was noted that management made progress on implementing corrective action policies and procedures to improve controls over this process. This corrective action is ongoing as of April 19, 2023, and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2022-001.

2021-002 Timely Remission of Amounts to FL Dept. of Revenue

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:

2022-001 MS Access Database Uploads

Criteria: Effective information technology controls include logical access controls that limit the ability to modify information to authorized persons and enforce an appropriate segregation of duties, management's monitoring of update transactions, and written procedures that document management's expectations for maintaining and securing applications and databases.

Condition: Data from some of these databases is uploaded to the Banner general ledger. We noted a lack of controls protecting the integrity of this data, including:

- Logical access controls that limit the ability to modify data to only authorized individuals,
- Logical access controls to ensure that the same person cannot initiate and approve uploads of data from these databases into Banner,
- Management review and monitoring of the database uploads.
- Written procedures for maintaining and securing the databases.

Cause: The databases were developed years ago by an individual no longer with the Clerk's Office and, over time, controls such as those referenced above, were not put into place.

Effect: Management's risk of material misstatement and fraud associated with these data uploads is increased.

Recommendation: Management should strengthen controls surrounding these databases to prevent the unauthorized access, modification, or use of information. Management should strengthen controls for effective monitoring and review of these uploads from the database to the banner general ledger.

Management's response:

Management has initiated a review of the databases and will add further access controls on individual database files using windows access control lists to restrict access to only authorized individuals. In addition, we are reviewing the existing logical controls with our Banner support vendor to determine whether the existing approval process which prevents most users from initiating and approving uploads can be expanded to all users. A regular audit report will be generated for routine review by management to facilitate monitoring of data uploads from the database. We are developing procedures to ensure proper database maintenance and security of the databases.

2022-002 Fees and Fines Schedule Change Management

Criteria: Effective information technology controls include change management controls that ensure that only authorized and accurate changes are made to parameters within an application, management's monitoring of updates and transactions, and written procedures that document management's expectations for managing changes to such parameters.

Condition: Within the case management system, there is a court fees and fines schedule that controls how court fees, fines, and costs are calculated and recorded in the general ledger. How these transactions are recorded affects how certain collected funds are distributed between governmental entities in accordance with state and local laws. We noted a lack of controls over the input and monitoring of these fee schedules, including written procedures for managing changes to the fees and fines schedule including procedures for authorization of changes, user testing and acceptance of changes, implementation of changes into the production environment, documentation requirements, and independent monitoring of the schedule for changes.

Cause: The fees and fines schedule was created years ago when the Clerk implemented the current case management system and controls such as those referenced above, were not put into place regarding changes to the schedule.

Effect: The lack of controls allowed inaccurate information to be entered into the fees and fines schedule which resulted in the Clerk making payments to state agencies beyond the statutory requirements. Management's risk of material misstatement associated with fees and fines maintained in this schedule is increased.

Recommendation: Management should implement change management controls surrounding the fees and fines schedule, as well as all similarly maintained schedules, to prevent unauthorized or inaccurate changes. Management should strengthen controls for effective monitoring and review of these schedules, as well as the information and transactions produced from these schedules.

Management's response:

Management has created a work group for fee review. Currently the work group is made up of staff and management from IT, Audit, Legal, and Finance. Our goals are to build a framework for maintaining the fee review, complete a ceiling to floor review of current fees for amount, disbursements, accounting, etc., and review staffing needs to sustain a high level of quality assurance going forward.

Additional Matters

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 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 19, 2023



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