

Special-Purpose Financial Statements

Clerk of the Circuit Court  
Leon County, Florida

*Year ended September 30, 2007  
with Independent Auditors' Report*

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

Clerk of the Circuit Court  
Leon County, Florida

Special-Purpose Financial Statements

Year ended September 30, 2007

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## Independent Auditors' Report

The Honorable Clerk of the Circuit Court  
Leon County, Florida

We have audited the accompanying special-purpose financial statements of the Clerk of the Circuit Court of Leon County, Florida (the Clerk), as of and for the fiscal year ended September 30, 2007, as listed in the table of contents. These special-purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes* and Section 10.557(5), *Rules of the Auditor General for Local Governmental Entity Audits*, and are intended to present the financial position, and the changes in financial position, where applicable, of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information 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, 2007, and the changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of each of the major funds and the agency funds of the Clerk of the Circuit Court of Leon County, Florida as of September 30, 2007, and the results of each of the major funds' operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2007, on our consideration of the Clerk's internal control over financial reporting and our tests of his compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Thomas Howell Ferguson C.A.

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

December 21, 2007

Clerk of the Circuit Court  
Leon County, Florida

Balance Sheet – Governmental Funds

September 30, 2007

	<b>General Fund</b>	<b>Article V Court Operating Fund</b>	<b>Records Modernization Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Assets:				
Cash	\$ 1,084,440	\$ 515,368	\$ 516,194	\$ 2,116,002
Investments	45,080	-	1,046,100	1,091,180
Receivables (net of allowances for uncollectibles):				
Accounts receivable	64,660	5,161	-	69,821
Intergovernmental	-	40,366	-	40,366
Due from other funds	4,159	6,882	-	11,041
Due from other county units	52,975	-	-	52,975
Inventories	29,526	-	-	29,526
Other assets	358	-	-	358
<b>Total assets</b>	<b>\$ 1,281,198</b>	<b>\$ 567,777</b>	<b>\$ 1,562,294</b>	<b>\$ 3,411,269</b>
<b>Liabilities and fund equity</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 247,109	\$ 19,309	\$ 10,395	\$ 276,813
Due to other funds	101,223	30,446	31,254	162,923
Due to other county units	841,916	-	-	841,916
Due to other governments	71,660	518,022	-	589,682
Deposits	19,290	-	-	19,290
<b>Total liabilities</b>	<b>1,281,198</b>	<b>567,777</b>	<b>41,649</b>	<b>1,890,624</b>
Fund equity				
Reserved for records modernization	-	-	1,520,645	1,520,645
<b>Total liabilities and fund equity</b>	<b>\$ 1,281,198</b>	<b>\$ 567,777</b>	<b>\$ 1,562,294</b>	<b>\$ 3,411,269</b>

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

Clerk of the Circuit Court  
Leon County, Florida

Statement of Revenues, Expenditures and Changes in Fund  
Balance – Governmental Funds

Fiscal year ended September 30, 2007

	<b>General Fund</b>	<b>Article V Court Operating Fund</b>	<b>Records Modernization Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Charges for services	\$2,004,860	\$7,535,008	\$843,965	\$ 10,383,833
Intergovernmental	18,348	374,810	-	393,158
Interest	93,038	20,664	26,149	139,851
Miscellaneous	1,991	-	-	1,991
Total revenues	<u>2,118,237</u>	<u>7,930,482</u>	<u>870,114</u>	<u>10,918,833</u>
<b>Expenditures:</b>				
Current:				
General government:				
Judicial	353,829	6,569,638	585,460	7,508,927
Financial and administrative	2,126,538	-	-	2,126,538
Other general government	575,747	-	426,821	1,002,568
Total expenditures	<u>3,056,114</u>	<u>6,569,638</u>	<u>1,012,281</u>	<u>10,638,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(937,877)</u>	<u>1,360,844</u>	<u>(142,167)</u>	<u>280,800</u>
Other financing sources (uses) including transfers:				
Operating transfers in	1,779,793	-	20,000	1,799,793
Operating transfers out	(841,916)	-	-	(841,916)
Remittance to the Florida Department of Revenue	-	(1,360,844)	-	(1,360,844)
Total other financing sources (uses)	<u>937,877</u>	<u>(1,360,844)</u>	<u>20,000</u>	<u>(402,967)</u>
Net change in fund balances	-	-	(122,167)	(122,167)
Fund balance at beginning of year	-	-	1,642,812	1,642,812
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,520,645</u>	<u>\$ 1,520,645</u>

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

Clerk of the Circuit Court  
Leon County, Florida

Statement of Fiduciary Assets and Liabilities – Agency Funds

September 30, 2007

**Assets:**

Cash	\$ 7,399,188
Investments	508,675
Accounts receivable	744
Due from other funds	164,204
Due from other county units	232,176
Total assets and other debits	<u>\$ 8,304,987</u>

**Liabilities:**

Accounts payable	\$ 73,137
Due to other funds	12,322
Due to other county units	298,690
Due to other governments	1,013,775
Deposits	6,907,063
Total liabilities	<u>\$ 8,304,987</u>

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

Clerk of the Circuit Court  
Leon County, Florida

Budgetary Comparison Statement –  
General Fund

Fiscal Year ended September 30, 2007

	<u>Budget Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 2,154,200	\$ 2,154,200	\$ 2,004,860	\$ (149,340)
Intergovernmental	3,000	3,000	18,348	15,348
Interest	253,898	253,898	93,038	(160,860)
Miscellaneous	-	-	1,991	1,991
Total revenues	<u>2,411,098</u>	<u>2,411,098</u>	<u>2,118,237</u>	<u>(292,861)</u>
<b>Expenditures</b>				
Current:				
General government:				
Judicial	299,083	365,100	353,829	11,271
Financial and administrative	2,317,492	2,318,208	2,126,538	191,670
Other general government	700,941	700,941	575,747	125,194
Total expenditures	<u>3,317,516</u>	<u>3,384,249</u>	<u>3,056,114</u>	<u>328,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(906,418)</u>	<u>(973,151)</u>	<u>(937,877)</u>	<u>35,274</u>
Other financing sources (uses):				
Operating transfers in	1,713,060	1,779,793	1,779,793	-
Operating transfers out	(806,642)	(806,642)	(841,916)	(35,274)
Total other financing sources (uses)	<u>906,418</u>	<u>973,151</u>	<u>937,877</u>	<u>(35,274)</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 the special-purpose financial statements.*



Clerk of the Circuit Court  
Leon County, Florida

Budgetary Comparison Statement –  
Article V Court Operating Fund

Fiscal Year ended September 30, 2007

	<u>Budget Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 7,359,563	\$ 7,359,563	\$ 7,535,008	\$ 175,445
Intergovernmental	397,000	397,000	374,810	(22,190)
Interest	-	-	20,664	20,664
Total revenues	<u>7,756,563</u>	<u>7,756,563</u>	<u>7,930,482</u>	<u>173,919</u>
<b>Expenditures</b>				
Current:				
General government:				
Judicial	7,608,114	7,608,114	6,569,638	1,038,476
Total expenditures	<u>7,608,114</u>	<u>7,608,114</u>	<u>6,569,638</u>	<u>1,038,476</u>
Excess of revenues over expenditures	<u>148,449</u>	<u>148,449</u>	<u>1,360,844</u>	<u>1,212,395</u>
Other financing uses including transfers:				
Remittance to the Florida				
Department of Revenue	(148,449)	(148,449)	(1,360,844)	(1,212,395)
Total other financing uses	<u>(148,449)</u>	<u>(148,449)</u>	<u>(1,360,844)</u>	<u>(1,212,395)</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 the special-purpose financial statements.*

Clerk of the Circuit Court  
Leon County, Florida

Budgetary Comparison Statement –  
Records Modernization Fund

Fiscal Year ended September 30, 2007

	<u>Budget Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 952,300	\$ 952,300	\$ 843,965	\$ (108,335)
Interest	-	-	26,149	26,149
Total revenues	952,300	952,300	870,114	(82,186)
<b>Expenditures</b>				
Current:				
Judicial	792,711	792,711	585,460	207,251
Other general government	255,788	426,822	426,821	1
Total expenditures	1,048,499	1,219,533	1,012,281	207,252
Excess (deficiency) of revenues over (under) expenditures	(96,199)	(267,233)	(142,167)	125,066
Other financing sources including transfers:				
Operating transfers in	20,000	20,000	20,000	-
Total other financing sources	20,000	20,000	20,000	-
Net change in fund balances	(76,199)	(247,233)	(122,167)	125,066
Fund balance at beginning of year	1,642,812	1,642,812	1,642,812	-
Fund balance at end of year	<u>\$ 1,566,613</u>	<u>\$ 1,395,579</u>	<u>\$ 1,520,645</u>	<u>\$ 125,066</u>

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

Clerk of the Circuit Court  
Leon County, Florida

Notes to Special-Purpose Financial Statements

September 30, 2007

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

The Clerk of the Circuit Court (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 of *Florida Statutes*. Leon 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 county-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 of Court. The Tax Collector and the Clerk of the Court are considered fee officers. A portion of the Clerk's budget is funded by the Board for part of Finance and all obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk of Court. 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  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**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.

*Fiduciary Fund Type*

- Agency Funds - 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. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**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 financial statements have been prepared using the modified accrual basis of accounting for all Governmental Funds and Fiduciary Funds (Agency 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.

Clerk of the Circuit Court  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**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**

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 statement reflect all approved amendments.

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

The Clerk prepares his budget in three parts:

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

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.

Clerk of the Circuit Court  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**1. Summary of Significant Accounting Policies (continued)**

**Investments**

Investments are administered by the Florida State Board of Administration or consist of certificates of deposit when directed by court order. In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments of the Clerk are reported at amortized cost, which approximates fair value.

**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 a expenditure at the time of issuance to the user department.

**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 Assets in the county-wide financial statements of Leon County, Florida.

**Liability for Compensated Absences**

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

**Use of Estimates**

The preparation of the special-purpose financial statements is in conformity with accounting practices prescribed by the State of Florida, Office of the 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.

Clerk of the Circuit Court  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**1. Summary of Significant Accounting Policies (continued)**

**Distribution of Excess Revenues**

*Florida Statutes* require that the Clerk distribute any excess of revenues over expenditures within the General Fund to the Board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as “other financing uses.” Excess monies from the Article V Court Operating Special Revenue Fund will be distributed to the Florida Department of Revenue by December 31.

**2. Cash and Investments**

**Cash**

Cash consists of cash on hand and bank balances. At September 30, 2007, the carrying amount of the Clerk’s deposits (including agency funds) was \$9,515,191, and bank balances were \$9,675,935. Deposits in excess of federal depository insurance are covered by deposits held in banks that are members of the State of Florida’s Collateral Pool.

**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 Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA);
- 2) Securities and Exchange Commission (SEC) 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; and
- 4) Direct obligations of the United States Treasury.

At September 30, 2007, all of the Clerk’s investments were deposited with the Local Government Surplus Funds Trust Fund (LGSF) administered by the SBA. The LGSF is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for an SEC Rule 2a-7 fund. The LGSF is governed by Chapter 19-7 of the *Florida Administrative Code*, which identifies the Rules of the SBA.

Clerk of the Circuit Court  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**2. Cash and Investments (continued)**

**Investments (continued)**

These rules provide guidance and establish the general operating procedures for the administration of the LGSF. Additionally, the Florida Office of the Auditor General performs the operational audit of the activities and investments of the SBA. The Clerk's fair value of their position in the pool of \$1,599,855 approximates the value of the pool shares. Investments with SBA are not evidenced by securities that exist in physical or book entry form. The LGSF is not rated by statistical rating organizations.

**3. Compensated Absences**

As discussed in Note 1, the liability associated with compensated absences is reported on the county-wide financial statement level. A summary of the Clerk's liability for compensated absences included at the county-wide financial statement level is as follows:

	<b>Balance October 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2007</b>
Liability for compensated absences	\$ 749,869	\$ 132,885	\$ 167,831	<b>\$ 714,923</b>

**4. Risk Management**

The Clerk participates in the Leon County Insurance 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 Insurance 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, 2007, was \$26,973. 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 \$350,000.

**5. Employees' Retirement Plan**

All full-time employees of the Clerk are eligible to participate in the Florida Retirement System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system administered by the State of Florida Department of Management Services, Division of Retirement.



Clerk of the Circuit Court  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**5. Employees' Retirement Plan (continued)**

Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the county-wide financial statements of Leon County, Florida.

Participating employer contributions are based upon actuarially determined state-wide rates established by the state of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. No employee contributions are required. The contributions required for the fiscal years ended September 30, 2007, 2006, and 2005 were \$671,561, \$541,329, and \$471,805, respectively, which is equal to the required contribution for each year.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, P. O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

**6. 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, 2007.

**7. Other Required Individual Fund Disclosures**

Individual fund interfund receivable and payable balances at September 30, 2007 were:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 4159	\$ 101,223
Article V Court Operating Fund	6882	30,446
Records Modernization	-	31,254
Agency Funds:		
Bail Bond	-	368
Child Support	11	7,076
Civil Registry	162,811	-
Recording Registry	-	3,929
County Court Registry	314	736
Suspense	1,068	213
<b>Total</b>	<b>\$ 175,245</b>	<b>\$ 175,245</b>

Clerk of the Circuit Court  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**8. Interfund Transfers**

Florida Statute 72.011(3)(b) requires that the amount of contested assessments including penalties and accrued interest on certain tax related cases be deposited with the registry of the court, and that interest on these deposits be accrued. In order to comply with this statute, \$162,811 was transferred from the governmental funds to the agency funds during the year ended September 30, 2007.

**9. Subsequent Events**

As discussed in Note 2, at September 30, 2007, the Clerk had \$1,599,856 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (the Pool). On November 13, 2007, the Clerk withdrew all funds invested at that date from the Pool. The funds withdrawn have been deposited in a demand deposit account with a qualified public depository.

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

*September 30, 2007*

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

The Honorable Clerk of the Circuit Court  
Leon County, Florida

We have audited the special-purpose financial statements of the Clerk of the Circuit Court of Leon County, Florida, (the Clerk) as of and for the year ended September 30, 2007, and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Clerk's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Clerk's financial statements that is more than inconsequential will not be prevented or detected by the Clerk's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the Clerk's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of the Clerk in a separate letter dated December 21, 2007.

This report is intended solely for the information and use of the Clerk of the Circuit Court of Leon County, Florida and the State of Florida, Office of the Auditor General and is not intended and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson C.A.

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

December 21, 2007

**Management Letter**

*September 30, 2007*

## Management Letter

To the Honorable Clerk of the Circuit Court  
Leon County, Florida

We have audited the special-purpose financial statements of the Clerk of the Circuit Court of Leon County, Florida (the Clerk), as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated December 21, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and Compliance. Disclosures in that report, which is dated December 21, 2007, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of the local government entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* (Section 10.544(1)(i)1.) require that we address in the management letter, if not already addressed in the auditors' report on internal controls and compliance, whether or not recommendations made in the preceding annual financial audit report have been followed. We reported no findings or recommendations in the preceding annual financial audit report.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)2.), the scope of our audit included a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, *Florida Statutes*.

The *Rules of the Auditor General* (Section 10.554(1)(i)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

Section 10.544(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material, but more than inconsequential. Our audit did not identify any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violation of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* (Section 10.554(1)(i)6.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the fund 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.

As required by the *Rules of the Auditor General* (Section 10.554(1)(h)8.), the scope of our audit included a review of the provisions of Section 28.35, *Florida Statutes*, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with the budget and performance standards pursuant to Section 28.35, *Florida Statutes*, except as described in the following paragraphs.

During our testing for compliance with the Auditor General Court-Related Budgets and Performance Standards Compliance Supplement, we noted unreconciled case total differences between the Clerk's records and the cases reported to the CCOC for the first two quarters of the 2007 fiscal year. We noted no deviations in the second two quarters of the year. Per discussions with Clerk personnel, the process of reporting case totals to the CCOC has since been automated in order to reduce the likelihood for error.

We also noted significant differences between the benchmarking data reported to the CCOC and the actual results. Through discussions with Clerk personnel, the process for developing projections and evaluating significant differences that result is not clearly documented. We recommend that the Clerk formally document the procedures used to develop benchmarking data to compare actual results to estimated benchmarks, and for making modifications to the benchmark methodology.



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This management letter is intended solely for the information and use of the Clerk of the Circuit Court of Leon County, Florida and management and the State of Florida, Office of the 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.*      *Law, Redd, Crona & Munroe, P.A.*

December 21, 2007