

Special-Purpose Financial Statements

Clerk of the Circuit Court and Comptroller
Leon County, Florida

*Year Ended September 30, 2016
with Independent Auditors' Report*

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

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

Special-Purpose Financial Statements

Year Ended September 30, 2016

TABLE OF CONTENTS

Independent Auditors' Report	1
Audited Special-Purpose Financial Statements	
Balance Sheet - Governmental Funds.....	3
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds.....	4
Statement of Net Position - Proprietary Fund.....	5
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Proprietary Fund.....	6
Statement of Cash Flows - Proprietary Fund.....	7
Statement of Fiduciary Assets and Liabilities - Agency Funds.....	8
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - Budget and Actual - General Fund.....	9
Statement of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual - Article V Court Operating Fund.....	10
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - Budget and Actual - Records Modernization Fund.....	11
Notes to Special-Purpose Financial Statements	12
Independent Auditors' 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 <i>Government Auditing Standards</i>.....	25
Independent Accountants' Report on Compliance with Florida Statutes Section 218.415, Sections 28.35 & 28.36, and Section 61.181.....	27
Management Letter.....	28

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental funds, the proprietary fund, and the fiduciary funds of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (the Clerk), as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 special-purpose financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of each of the major funds, the proprietary fund, and the agency funds of the Clerk of the Circuit Court and Comptroller of Leon County, Florida as of September 30, 2016, the results of each of the major funds' changes in financial position, where applicable, the cash flows thereof, and the respective budgetary comparison statements of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, 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. 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 major funds, the proprietary fund and the agency funds of the Clerk, 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, 2016, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, rules, regulations, contracts, grant agreements and other matters under the heading *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with Government Auditing Standards*. 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* in considering the Clerk's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
February 23, 2017



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

Clerk of the Circuit Court and Comptroller
Leon County, Florida

Balance Sheet - Governmental Funds

September 30, 2016

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Assets				
Cash	\$ 273,978	\$ 395,294	\$ 1,556,541	\$ 2,225,813
Investments	0	0	72,626	72,626
Receivables (net of allowances for uncollectibles):				
Accounts receivable	14,249	5	93	14,347
Due from other county units	14,485	0	0	14,485
Due from other governments	6,971	81,966	0	88,937
Prepays	0	0	4,800	4,800
Inventory	35,330	0	0	35,330
Total assets	\$ 345,013	\$ 477,265	\$ 1,634,060	\$ 2,456,338
Liabilities and fund balances				
Liabilities:				
Accounts payable and other liabilities	\$ 160,424	\$ 2,235	\$ 0	\$ 162,659
Due to other county units	110,640	0	0	110,640
Due to other governments	41,682	475,030	0	516,712
Deposits	32,267	0	0	32,267
Total liabilities	345,013	477,265	0	822,278
Fund balance:				
Nonspendable	35,330	0	4,800	40,130
Restricted	0	0	1,629,260	1,629,260
Unassigned	(35,330)	0	0	(35,330)
Total fund balance	0	0	1,634,060	1,634,060
Total liabilities and fund balances	\$ 345,013	\$ 477,265	\$ 1,634,060	\$ 2,456,338

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, 2016

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Revenues				
Intergovernmental	\$ 4,788	\$ 686,659	\$ 0	\$ 691,447
Charges for services	1,204,086	5,120,575	709,984	7,034,645
Interest	0	0	1,109	1,109
Net decrease in fair value of investments	0	0	635	635
Miscellaneous	2,196	27,500	0	29,696
Total revenues	<u>1,211,070</u>	<u>5,834,734</u>	<u>711,728</u>	<u>7,757,532</u>
Expenditures				
Current:				
General government:				
Judicial	469,336	5,935,729	468,067	6,873,132
Financial and administrative	2,183,351	0	0	2,183,351
Other general government	388,322	0	259,183	647,505
Total expenditures	<u>3,041,009</u>	<u>5,935,729</u>	<u>727,250</u>	<u>9,703,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,829,939)</u>	<u>(100,995)</u>	<u>(15,522)</u>	<u>(1,946,456)</u>
Other financing sources (uses)				
including transfers:				
Operating transfers in	1,940,579	238,876	0	2,179,455
Operating transfers out	(110,640)	(137,881)	(238,876)	(487,397)
Total other financing sources (uses)	<u>1,829,939</u>	<u>100,995</u>	<u>(238,876)</u>	<u>1,692,058</u>
Net change in fund balances	0	0	(254,398)	(254,398)
Fund balance at beginning of year	0	0	1,888,458	1,888,458
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,634,060</u>	<u>\$ 1,634,060</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, 2016

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets:	
Cash	\$ 549,159
Total assets	<u>\$ 549,159</u>
Liabilities and net position	
Current liabilities:	
Compensated absences	\$ 295,282
Total current liabilities	<u>295,282</u>
Noncurrent Liabilities:	
Compensated absences	<u>253,877</u>
Total noncurrent liabilities	<u>253,877</u>
Total liabilities	<u>549,159</u>
Net position	
Unrestricted	<u>0</u>
Total net position	<u>0</u>
Total liabilities and net position	<u>\$ 549,159</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, 2016

	Governmental Activities - Internal Service Fund
Operating revenues	
Charges for services	\$ 0
Operating expenses	
Personnel services	0
Nonoperating revenues (expenses)	0
Change in net position	0
Net position, October 1	0
Net position, September 30	\$ 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 Cash Flows - Proprietary Fund
Year Ended September 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities	
Internal activity - payments to other funds	\$ (34,629)
Net cash used in operating activities	<u>(34,629)</u>
Cash flows from noncapital financing activities	0
Cash flows from capital and related financing activities	0
Cash flows from investing activities	<u>0</u>
Net decrease in cash	(34,629)
Cash at beginning of year	<u>583,788</u>
Cash at end of year	<u><u>\$ 549,159</u></u>
Reconciliation of operating income to net cash used for operating activities	
Operating income:	\$ 0
Adjustment to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Compensated absences	<u>(34,629)</u>
Net cash used for operating activities	<u><u>\$ (34,629)</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 Assets and Liabilities - Agency Funds
September 30, 2016

Assets

Cash	\$ 4,366,650
Accounts receivable	370
Due from other governments	<u>40,000</u>
Total assets	<u>\$ 4,407,020</u>

Liabilities

Accounts payable and other liabilities	\$ 53,313
Due to other governments	1,201,516
Due to other county units	161,986
Deposits	<u>2,990,205</u>
Total liabilities	<u>\$ 4,407,020</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 9,384	\$ 9,384	\$ 4,788	\$ (4,596)
Charges for services	1,233,862	1,233,862	1,204,086	(29,776)
Interest	1,500	1,500	0	(1,500)
Miscellaneous	1,500	1,500	2,196	696
Total revenues	<u>1,246,246</u>	<u>1,246,246</u>	<u>1,211,070</u>	<u>(35,176)</u>
Expenditures				
Current:				
General government:				
Judicial	428,945	499,479	469,336	30,143
Financial and administrative	2,371,993	2,182,220	2,183,351	(1,131)
Other general government	385,887	394,486	388,322	6,164
Total expenditures	<u>3,186,825</u>	<u>3,076,185</u>	<u>3,041,009</u>	<u>35,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,940,579)</u>	<u>(1,829,939)</u>	<u>(1,829,939)</u>	<u>0</u>
Other financing sources (uses) including transfers:				
Operating transfers in	1,940,579	1,940,579	1,940,579	0
Operating transfers out	0	(110,640)	(110,640)	0
Total other financing sources (uses)	<u>1,940,579</u>	<u>1,829,939</u>	<u>1,829,939</u>	<u>0</u>
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	<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 - Article V Court Operating Fund

Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 724,504	\$ 707,481	\$ 686,659	\$ (20,822)
Charges for services	5,342,042	5,153,210	5,120,575	(32,635)
Miscellaneous	0	0	27,500	27,500
Total revenues	<u>6,066,546</u>	<u>5,860,691</u>	<u>5,834,734</u>	<u>(25,957)</u>
Expenditures				
Current:				
General government:				
Judicial	6,353,592	5,958,456	5,935,729	22,727
Total expenditures	<u>6,353,592</u>	<u>5,958,456</u>	<u>5,935,729</u>	<u>22,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,046)</u>	<u>(97,765)</u>	<u>(100,995)</u>	<u>(3,230)</u>
Other financing sources (uses) including transfers:				
Operating transfers in	287,046	235,647	238,876	3,229
Operating transfers out	0	(137,882)	(137,881)	1
Total other financing sources (uses)	<u>287,046</u>	<u>97,765</u>	<u>100,995</u>	<u>3,230</u>
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	<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, 2016

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 747,762	\$ 747,762	\$ 709,984	\$ (37,778)
Interest	8,076	8,076	1,109	(6,967)
Net increase in fair value of investments	0	0	635	635
Total revenues	<u>755,838</u>	<u>755,838</u>	<u>711,728</u>	<u>(44,110)</u>
Expenditures				
Current:				
General government:				
Judicial	663,120	663,120	468,067	195,053
Other general government	296,495	296,495	259,183	37,312
Total expenditures	<u>959,615</u>	<u>959,615</u>	<u>727,250</u>	<u>232,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(203,777)</u>	<u>(203,777)</u>	<u>(15,522)</u>	<u>188,255</u>
Other financing sources (uses) including transfers:				
Operating transfers in	439,424	439,424	0	(439,424)
Operating transfers out	<u>(235,647)</u>	<u>(235,647)</u>	<u>(238,876)</u>	<u>(3,229)</u>
Total other financing sources (uses)	<u>203,777</u>	<u>203,777</u>	<u>(238,876)</u>	<u>(442,653)</u>
Net change in fund balances	0	0	(254,398)	(254,398)
Fund balance at beginning of year	1,888,458	1,888,458	1,888,458	0
Fund balance at end of year	<u>\$ 1,888,458</u>	<u>\$ 1,888,458</u>	<u>\$ 1,634,060</u>	<u>\$ (254,398)</u>

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 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 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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

Governmental Fund Type (continued)

- Article V Court Operating Fund - This fund is used to account for specific governmental revenue sources that are legally restricted through Article V of the Florida Constitution to expenditures for court operations.
- Records Modernization Fund - This fund is used to account for specific governmental revenue sources that are legally restricted to expenditures for records modernization.

Other Fund Type

- Internal Service Fund - This fund is used to report funded and accrued compensated absences.
- 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 special-purpose 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.

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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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 the 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 the 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.

Florida Statutes, Section 218.35 governs the preparation, adoption, and administration of the 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 money is 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). 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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

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.

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 whether the external pool authorized by *Florida Statutes* or the interest bearing accounts with approved public depositories provide the most favorable interest rates.

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.

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, the funding for the Courts from the State of Florida has been decreasing since 2004. The possibility exists that future funding may be further reduced. To minimize the impact 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 both the General Fund and Article V Court Operating Fund. The current and long-term portion of the liability for compensated absences is reported as an obligation of the general fund on the county-wide Statement of Net Position for Leon County, Florida.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

Net Position is the difference between fund assets and liabilities on the government-wide, 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.

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. Other fund types can only report a negative unassigned residual amount.

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, 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 and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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 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.

Note 2. Cash and Investments

Cash

Cash consists of demand deposits held at qualified public depositories. At September 30, 2016, the carrying amount of the Clerk’s deposits (including agency funds) was \$7,141,622. 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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 2. Cash and Investments (continued)

Investments (continued)

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.

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 2 of the State of Florida Comprehensive Annual Financial Report (CAFR). The fair value factor for SPIA at September 30, 2016, was 1.0121. 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, 2016, the Clerk had \$72,626 invested in SPIA and reported at fair market value. The current rating for SPIA is A+f by Standard and Poors. A copy of SPIA's most recent financial statements can be found at http://www.fltreasury.org/fs_01.html.

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, 2016, is 2.65 years.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 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 \$295,282 as the current portion:

	Balance October 1, 2015	Additions	(Retirements)	Balance September 30, 2016
Liability for compensated absences	\$ 583,788	\$ 596,786	\$ (631,415)	\$ 549,159

Note 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, 2016, was \$25,207. 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.

Note 5. Employees' Retirement Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for all fiscal years beginning after June 15, 2014. This Statement 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 Auditor General, State of Florida. Accordingly, the net pension liability is included at county-wide financial statement level rather than in these Special-Purpose Financial Statements.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 5. Employees' Retirement Plan (continued)

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, Florida Comprehensive Annual Financial Report. 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 county-wide financial statements of Leon County, Florida.

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, 2016, 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, 2016, 2015, and 2014 were \$562,242, \$561,638, and \$542,291, 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. 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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 6. Other Postemployment Benefits

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 health insurance benefits portion of the Program is considered by the County's insurance provider to be community-rated and, therefore, no Other Postemployment Benefit (OPEB) obligation is calculated for healthcare. The Program may be amended by the Board of County Commissioners. A stand alone financial report is not issued for the Program.

Funding Policy

Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions.

Annual OPEB Cost and Net OPEB Obligation

As described in Note 1, the Clerk is an elected Constitutional Officer of the County. The annual OPEB obligation of Constitutional Officers is recognized in the county-wide financial statements of the County and the obligation associated with each Constitutional Officer is disclosed within the notes of their respective financial statements. The County's OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the Clerk's share of the County's annual OPEB cost, its actual contributions and changes in the Clerk's share of the County's net OPEB obligation:

Normal cost (service cost for one year)	\$ 27,164
Amortization of unfunded actuarial accrued liability	78,175
Interest on normal cost and amortization	4,214
Annual required contribution	<u>109,553</u>
Interest on net OPEB obligation	23,427
Adjustment to annual required contribution	<u>(32,567)</u>
Annual OPEB cost	100,413
Contributions made	<u>(28,982)</u>
Increase in net OPEB obligation	71,431
Net OPEB obligation at beginning of year	<u>585,683</u>
Net OPEB Obligation at end of year	<u><u>\$ 657,114</u></u>

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 6. Other Postemployment Benefits (continued)

The Clerk's share of the County's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended September 30, 2016 and the preceding two years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2016	\$ 100,413	\$ 28,982	29%	\$ 657,114
September 30, 2015	\$ 101,577	\$ 27,035	27%	\$ 585,683
September 30, 2014	\$ 91,911	\$ 29,005	32%	\$ 511,141

Funded Status and Funding Progress

As of September 30, 2016, the Clerk's share of the actuarial accrued liability for benefits recognized in the County's financial statements is \$1,405,879, all of which is unfunded. The Clerk's covered payroll (annual payroll of active employees covered by the plan) was \$6,116,506. The ratio of the Clerk's actuarial accrued liability to the Clerk's covered payroll was 23% at September 30, 2016.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation. The actuarial calculations reflect a long-term perspective and the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the October 1, 2012 actuarial valuation, the projected unit credit method of funding was used. The objective under that method is to fund each participant's benefits under the plan as they would accrue, taking into consideration the plan's benefit allocation formula. Thus, the total benefit value each participant is expected to become entitled to is broken down into units, each associated with a year of past or future credited service. The actuarial assumptions included a 4% rate of return based on the estimated long term investments that are expected to be used to finance the payment of the benefits. In addition, the actuarial assumptions included a 3% salary growth rate. The unfunded actuarial liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2016, was 30 years.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 7. 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, 2016.

Note 8. Operating Leases

The Clerk leases office equipment and building space under operating leases expiring in various years through 2023.

Minimum future lease payments under operating leases having remaining terms in excess of one year as of September 30, 2016, for each of the next five years and in the aggregate are as follows:

<u>September 30,</u>	<u>Amount</u>
2017	\$ 88,368
2018	88,368
2019	61,500
2020	61,500
2021	61,500
2022-2023	<u>107,625</u>
Total	<u>\$ 468,861</u>

Rent expense paid during the fiscal year ended was \$92,223.

Note 9. 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 \$72,351 to the Leon County Tax Collector during the year ended September 30, 2016.

Note 10. Commitments

On June 27, 2010, the Clerk entered into an agreement with Pioneer Technology for installation and implementation of a new Benchmark case maintenance software system. As of September 30, 2016, the remaining balance on the contract totaled \$399,360. The remaining balance will be paid in subsequent years based on the implementation and maintenance of the civil and criminal case maintenance systems, including redaction services. There has not been a date established for the criminal case maintenance system implementation.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2016

Note 11. Subsequent Events

The Clerk has evaluated subsequent events through February 23, 2017, the date the financial statements were available to be issued.

Independent Auditors' 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, 2016

Independent Auditors' 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 and Comptroller
Leon County, Florida

We have audited, 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, the special-purpose financial statements of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk) as of and for the year ended September 30, 2016, 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 February 23, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Management Letter that we consider to be control deficiencies.

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Management Letter as item 16-03.

We noted certain other matters that we reported to the Clerk's management in a separate letter dated February 23, 2017.

Clerks' Response to Findings

The Clerk's response to the findings identified in our audit are described in the accompanying Management Letter. The Clerk's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk'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 February 23, 2017, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
February 23, 2017



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

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

September 30, 2016

Independent Accountants' Report on Compliance with
Florida Statutes Section 218.415, Section 28.35, and Section 61.181

The Honorable 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, Section 28.35, and Section 61.181, during the year ended September 30, 2016. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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
February 23, 2017

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

Management Letter

September 30, 2016

Management Letter

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

Report on the 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, 2016, and have issued our report thereon dated February 23, 2017.

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 Reports

We have issued our Independent Auditors' Report 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 Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 23, 2017, 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 have been taken to address findings and recommendations in the preceding annual financial report.

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.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

16-01 – IT Controls

The Clerk's office has elected not to system-enforce certain password controls. Users are not required to use complex passwords or to periodically change their passwords. We recommend revising the password policy to strengthen password encryption which will reduce the risk of weak passwords being compromised by persons unauthorized to access the Clerk network and/or the Benchmark applications, thereby reducing the risk of unauthorized disclosure, modification, or destruction of Clerk data and IT resources.

During our testing of access rights, we noted several instances where controls over access can be improved. In Benchmark, the case management system, excessive users had access to change roles and rights. We also noted duplicate user accounts. In RealAuction, online auction software, we noted that several terminated employees still had access. We recommend regular evaluation of users and access rights to software systems.

In Banner, the general ledger software, we noted several employees had combinations of access that allowed the ability to update employee information and run payroll. We also noted that certain mitigating controls were not functioning as intended. We recommend the Clerk continue to review Banner access and revise monitoring controls on payroll changes.

Management's Response

We agree with these recommendations. A new system level security and password policy was implemented December 30, 2016, which establishes a standard for creation of strong passwords, the protection of those passwords, and the frequency in which passwords should be changed. In Benchmark, the ability to assign rights and roles has been limited to only the Clerk's CIS Department. In RealAuction, a listing of active users was requested and access for all former employees was terminated. In regards to Banner access, an evaluation was performed on all users with access to either Payroll or Human Resources. All users with dual rights were addressed by limiting the user to query only access, dependent upon the role in which they serve. Any users that did not require access to either Payroll or Human Resources had their rights removed.

16-02 – Duplicate invoice controls

In discussions with management, Clerk staff disclosed the identification of 2 duplicate payments during the audit period, which are not considered material to the financial statements. The duplicate payments were not detected due to override of a system control that prevents duplicate invoice numbers from being entered. In order to correct the condition that allowed the duplicate payments to occur, management retrained both Disbursement and General Accounting staff on procedures for auditing invoices, re-implemented the policy of printing, reviewing, and signing off on the Open/Pending Invoices Report, requested an automated work flow queue, which will be included with the implementation of the new financial software Banner 9.0, and are in the process of developing a consistent naming convention for payment requests that do not include a vendor provided invoice number. We recommend the Clerk's office and the County's internal audit department continue to perform monitoring over this process and that training be provided to accounts payable personnel regarding the newly implemented procedures. We recommend the Clerk's office implement timely review process to detect any overrides of the system control.

Management's Response

We agree with the recommendation. In addition to the steps already taken to address this issue, the Internal Audit Department will begin using CaseWare IDEA to perform analytical reviews of all disbursements to ensure that all payments to the same vendor are unique transactions. Furthermore, the Clerk has requested immediate implementation of Banner 9.0 (the County's Financial System). This version of Banner will allow for electronic workflow processing which will significantly decrease the potential for human which exists in the current paper-driven accounts payable processing system.

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 noted the following:

16-03 – Juror payments

An instance of noncompliance with Florida Statute 40.32(3) regarding the timeliness of juror payments was noted. It was noted that one batch of checks was dated the last date of service and not the date the checks were written. We recommend the Clerk's office pay jurors within 20 days as required under the Florida Statute lists and ensure the issued date agrees to the date on the check.

Management's Response

We agree with the recommendation. The circumstances that allowed for the creation of the batch of checks with the wrong date was identified as a coding error and subsequent changes were made to the system to ensure that the date the checks are written is used as the check date. In addition, the Clerk's Office is in the process of migrating to a new check writing software for Juror checks that will automate the process and prevent issues from arising do to manual processes.

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
February 23, 2017



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