

# Clerk of Circuit Court

Lee County, Florida

Financial Statements

September 30, 2009

**LeeClerk**.ORG

CHARLIE GREEN: CLERK OF COURT



# Clerk of Circuit Court

Lee County, Florida

Financial Statements  
September 30, 2009



Prepared By:  
General Accounting Office, Finance & Records Department



# Clerk of Circuit Court

Lee County, Florida

## Table of Contents

Independent Auditors' Report.....	2
Financial Statements:	
Balance Sheet .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Budget Basis)- General Fund .....	6
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Budget Basis)- Court Fees.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Budget Basis)- Public Records Modernization Fund.....	8
Statement of Fiduciary Net Assets .....	9
Statement of Changes in Fiduciary Assets and Liabilities.....	10
Notes to the Financial Statements .....	11
Additional Reports:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	20
Management Letter .....	22



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## **Independent Auditor's Report**

Honorable Charlie Green, Clerk of Circuit Court  
Lee County, Florida:

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of the Lee County, Florida Clerk of Circuit Court, as of and for the year ended September 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Lee County, Florida Clerk of Circuit Court's management. Our responsibility is to express opinions on these 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lee County, Florida Clerk of Circuit Court's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

As discussed in note I to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of the Lee County, Florida Clerk of Circuit Court as of September 30, 2009, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Lee County, Florida Clerk of Circuit Court, as of September 30, 2009, and the respective changes in financial position, and the respective budgetary comparison for the general fund, court fees fund and public records modernization fund for the year then ended in conformity with U.S. generally accepted accounting principles.



In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2010 on our consideration of the Lee County, Florida Clerk of Circuit Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

KPMG LLP

January 6, 2010  
Certified Public Accountants

Lee County, Florida  
BALANCE SHEET  
CLERK OF CIRCUIT COURT  
As of September 30, 2009

	General	Court Fees	Public Records Modernization	Total
<b>ASSETS</b>				
Cash, cash equivalents, and investments	\$1,308,167	\$2,211,491	\$4,915,808	\$8,435,466
Accounts receivable	32,346	29,289	2,955	64,590
Due from other governments	131,921	3,437		135,358
Due from Board of County Commissioners	62,029			62,029
Inventory	15,542			15,542
<b>Total assets</b>	<b>1,550,005</b>	<b>2,244,217</b>	<b>4,918,763</b>	<b>8,712,985</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	422,208	187,868	783	610,859
Accrued liabilities	224,526	192,053		416,579
Due to other governments	214,816	164,211		379,027
Due to Board of County Commissioners	136,915	395,743		532,658
Deposits	369,026	1,192,813		1,561,839
Unearned revenue	133,821			133,821
<b>Total liabilities</b>	<b>1,501,312</b>	<b>2,132,688</b>	<b>783</b>	<b>3,634,783</b>
<b>Fund balances:</b>				
Unreserved, undesignated	48,693	111,529	4,917,980	5,078,202
<b>Total fund balances</b>	<b>48,693</b>	<b>111,529</b>	<b>4,917,980</b>	<b>5,078,202</b>
<b>Total liabilities and fund balances</b>	<b>\$1,550,005</b>	<b>\$2,244,217</b>	<b>\$4,918,763</b>	<b>\$8,712,985</b>

The notes to the financial statements are an integral part of this statement.



Lee County, Florida  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CLERK OF CIRCUIT COURT  
For the Year Ended September 30, 2009

	General	Court Fees	Public Records Modernization	Total
<b>REVENUES</b>				
Intergovernmental	\$657,098	\$2,978,857		\$3,635,955
Charges for services	4,192,786	15,469,606	\$1,621,744	21,284,136
Interest	4,970	23,557	1,603	30,130
Miscellaneous	<u>227,072</u>	<u>13,541</u>		<u>240,613</u>
Total revenues	<u>5,081,926</u>	<u>18,485,561</u>	<u>1,623,347</u>	<u>25,190,834</u>
<b>EXPENDITURES</b>				
Current				
General government				
Personal services	10,657,167	12,691,188	1,359,575	24,707,930
Operating	2,178,117	1,019,574	1,910	3,199,601
Capital outlay	<u>30,531</u>	<u>624</u>	<u>389,390</u>	<u>420,545</u>
Total expenditures	<u>12,865,815</u>	<u>13,711,386</u>	<u>1,750,875</u>	<u>28,328,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,783,889)</u>	<u>4,774,175</u>	<u>(127,528)</u>	<u>(3,137,242)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,877,297			7,877,297
Transfers out	(44,715)			(44,715)
Surplus to state		(4,662,646)		(4,662,646)
Total other financing sources (uses)	<u>7,832,582</u>	<u>(4,662,646)</u>	<u>0</u>	<u>3,169,936</u>
Net change in fund balances	48,693	111,529	(127,528)	32,694
Fund balances - beginning	<u>0</u>	<u>0</u>	<u>5,045,508</u>	<u>5,045,508</u>
Fund balances - ending	<u>\$48,693</u>	<u>\$111,529</u>	<u>\$4,917,980</u>	<u>\$5,078,202</u>

The notes to the financial statements are an integral part of this statement.

Lee County, Florida  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGET BASIS)  
CLERK OF CIRCUIT COURT  
GENERAL FUND  
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$756,000	\$666,000	\$657,098	\$(8,902)
Charges for services	5,248,650	4,154,656	4,192,786	38,130
Interest	100,000	14,000	12,072	(1,928)
Miscellaneous	130,000	232,000	227,072	(4,928)
Total revenues	6,234,650	5,066,656	5,089,028	22,372
<b>EXPENDITURES</b>				
<b>Current</b>				
General government				
Personal services	11,109,527	10,739,642	10,657,167	82,475
Operating	1,579,162	2,173,780	2,166,748	7,032
Capital outlay	125,526	30,531	30,531	0
Total expenditures	12,814,215	12,943,953	12,854,446	89,507
Excess (deficiency) of revenues over (under) expenditures	(6,579,565)	(7,877,297)	(7,765,418)	111,879
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,759,997	7,877,297	7,877,297	0
Transfers out	(1,180,432)		(44,715)	(44,715)
Total other financing sources (uses)	6,579,565	7,877,297	7,832,582	(44,715)
Net change in fund balance	0	0	67,164	67,164
Fund balance - beginning	0	0	0	0
Fund balance - ending	\$0	\$0	\$67,164	\$67,164

The notes to the financial statements are an integral part of this statement.

Lee County, Florida  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGET BASIS)  
CLERK OF CIRCUIT COURT  
COURT FEES  
For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental		\$2,978,857	\$2,978,857	
Charges for services	\$21,175,946	18,515,335	15,469,606	\$(3,045,729)
Interest	100,000	100,000	22,781	(77,219)
Miscellaneous	8,900	8,900	13,541	4,641
Total revenues	<u>21,284,846</u>	<u>21,603,092</u>	<u>18,484,785</u>	<u>(3,118,307)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government				
Personal services	13,601,842	12,690,897	12,691,188	(291)
Operating	942,453	1,019,865	1,016,935	2,930
Capital outlay	<u>117,124</u>	<u>624</u>	<u>624</u>	<u>0</u>
Total expenditures	<u>14,661,419</u>	<u>13,711,386</u>	<u>13,708,747</u>	<u>2,639</u>
Excess of revenues over expenditures	<u>6,623,427</u>	<u>7,891,706</u>	<u>4,776,038</u>	<u>(3,115,668)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Surplus to state	<u>(6,623,427)</u>	<u>(7,757,593)</u>	<u>(4,662,646)</u>	<u>3,094,947</u>
Total other financing sources (uses)	<u>(6,623,427)</u>	<u>(7,757,593)</u>	<u>(4,662,646)</u>	<u>3,094,947</u>
Net change in fund balance	0	134,113	113,392	(20,721)
Fund balance - beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - ending	<u><u>\$0</u></u>	<u><u>\$134,113</u></u>	<u><u>\$113,392</u></u>	<u><u>\$(20,721)</u></u>

The notes to the financial statements are an integral part of this statement.

Lee County, Florida  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGET BASIS)  
CLERK OF CIRCUIT COURT  
PUBLIC RECORDS MODERNIZATION FUND  
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$2,120,000	\$2,120,000	\$1,621,744	\$(498,256)
Interest	65,000	65,000	23,786	(41,214)
Total revenues	2,185,000	2,185,000	1,645,530	(539,470)
<b>EXPENDITURES</b>				
Current				
General government				
Personal services	1,767,356	1,767,356	1,359,575	407,781
Operating	1,208,116	1,208,116	387	1,207,729
Capital outlay	625,000	625,000	389,390	235,610
Total expenditures	3,600,472	3,600,472	1,749,352	1,851,120
Excess (deficiency) of revenues over (under) expenditures	(1,415,472)	(1,415,472)	(103,822)	1,311,650
Fund balance - beginning	1,415,472	1,415,472	5,045,508	3,630,036
Fund balance - ending	\$0	\$0	\$4,941,686	\$4,941,686

The notes to the financial statements are an integral part of this statement.

Lee County, Florida  
STATEMENT OF FIDUCIARY NET ASSETS  
CLERK OF CIRCUIT COURT  
As of September 30, 2009

	Agency Funds
ASSETS	
Cash, cash equivalents, and investments	\$29,149,962
Accounts receivable	143,513
Accrued interest receivable	650
Due from other governments	22,110
Total assets	29,316,235
LIABILITIES	
Accounts payable	37,962
Accrued liabilities	15,239
Due to other governments	6,377,286
Bonds and deposits	22,885,748
Total liabilities	\$29,316,235

The notes to the financial statements are an integral part of this statement.

Lee County, Florida  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
CLERK OF CIRCUIT COURT  
For the Year Ended September 30, 2009

	Beginning Balance	Additions	Deletions	Ending Balance
<b>ASSETS</b>				
Cash, cash equivalents, and investments	\$17,301,097	\$374,970,112	\$363,121,247	\$29,149,962
Accounts receivable	43,050	163,875	63,412	143,513
Accrued interest receivable	9,690	650	9,690	650
Due from other governments	11,368	59,098	48,356	22,110
Total assets	<u>17,365,205</u>	<u>375,193,735</u>	<u>363,242,705</u>	<u>29,316,235</u>
<b>LIABILITIES</b>				
Accounts payable	50,888	140,949,615	140,962,541	37,962
Accrued liabilities	55,118	79,314	119,193	15,239
Due to other governments	2,641,090	85,549,673	81,813,477	6,377,286
Bonds and deposits	14,618,109	146,098,491	137,830,852	22,885,748
Total liabilities	<u>\$17,365,205</u>	<u>\$372,677,093</u>	<u>\$360,726,063</u>	<u>\$29,316,235</u>

The notes to the financial statements are an integral part of this statement.

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization and Nature of Activities*

Lee County (the County) was founded in 1887 as a political subdivision of the State of Florida established by Article VIII, Section 1(f), *Florida Constitution*. In 1996, by vote pursuant to Lee County Ordinance No. 96-01 the County became a charter county as allowed by Article VIII, Section 1(c), *Florida Constitution*, and Chapter 125.82, *Florida Statutes*. Pursuant to Article VIII, Section 1(g), *Florida Constitution*, as a charter county the County has all powers of self-government not inconsistent with general law, or with special law approved by vote. It also gives the County authority to enact ordinances that are not inconsistent with general law.

The County is governed by an elected Board of County Commissioners (the Board), pursuant to Title XI, Chapters 124-164, *Florida Statutes* and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Constitutional Officers maintain separate accounting records and budgets and are each an agency of the County, as a whole.

Included in the financial statements are all departments and/or organizations for which the Clerk of Circuit Court (the Clerk) has oversight responsibilities which include, but are not limited to, financial interdependency, ability to significantly influence operations, and accountability for fiscal matters. The Clerk provides to the citizens of the county the functions of the court clerk, county auditor, county finance officer, county public/official records keeper, and Clerk to Board of County Commissioners as mandated by federal, state, and local government statutes and laws.

*Reporting Entity*

The Clerk, as a constitutional officer, is an agency of the County which represents only a portion of the County government. As such, the Clerk's financial activities are included in the Lee County, Florida Comprehensive Annual Financial Report.

The general operations of the Clerk are funded principally by fees from third parties, and appropriations from the Board. The appropriations are presented in the Clerk's financial statements as transfers in. Pursuant to Section 218.36(2), *Florida Statutes*, net excess cash from operations in the General Fund at fiscal year-end are returned to the Board. Excess cash from operations returned to the Board are reflected as transfers out in the Clerk's General Fund.

Until June 30, 2009 the court-related operations were funded by the State via charging fees, fines and service charges and any surplus was returned to the State. Effective July 1, 2009 Senate Bill SB2108 changed Section 28.37(2), *Florida Statutes*, and thereby changed the funding for the court-related operations from a County fiscal year (October 1 – September 30) to a State fiscal year (July 1 – June 30). The new funding for the court-related operations is a monthly appropriation from the State which is determined by the legislature in the General Appropriations Act. Also effective July 1, 2009 all court-related fines, fees, and service charges are considered State funds and are remitted to the State's Department of Revenue for deposit into the Clerks of the Court Trust Fund within the Justice Administrative Commission. Any surplus of the appropriation over the expenditures will be determined at the end of the State's fiscal year and returned to the state.

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

The financial statements presented include the General Fund, special revenue funds, and agency funds of the Clerk's Office. The accompanying financial statements were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*.

Section 10.556(4), *Rules of the Auditor General for Local Governmental Entity Audits*, requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Clerk as of September 30, 2009 and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

#### *Basis of Presentation*

The financial statements of the Clerk are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The Clerk's funds are organized into two major categories: governmental and fiduciary. Government resources are allocated to, and accounted for, in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### *Description of Funds*

The following funds are used by the Clerk.

##### *Governmental Funds*

General Fund -The Clerk's activities are classified as court-related and noncourt-related. The Clerk's General Fund activity, which is classified as noncourt-related, is funded through service charges for recording instruments and documents into the official records. Additionally, the Clerk to the Board is funded through the collection of Ad Valorem taxes by the Lee County Board of County Commissioners which is reported in the General Fund as transfers in. The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Clerk, which are not properly accounted for in another fund. All operating revenue, which is not specifically restricted or designated as to use, is recorded in the General Fund. Excess net cash from operations at the end of the year, due back to the Board, are shown as transfers out in the General Fund. Any revenue received after October 31 and the fair market value (FMV) adjustment to investments, although accrued and recorded for financial statement purposes, are not included in the excess net cash from operations that is returned to the Board at year-end and thereby reflected in the fund balance.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Clerk currently reports two Special Revenue Funds- *Court Fees* and *Public Records Modernization (PRM)*.



CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

Pursuant to Revision 7 to Article V, *Florida Constitution*, the Court Fees fund accounts for court-related activities that are funded by the State in the form of an appropriation and are used for maintaining the County and Circuit Court records. These court fees are restricted and are to be used exclusively for funding court-related operations and therefore are reported in a special revenue fund. The surplus of appropriations over expenditures is retained in the fund at year-end and therefore will be reflected in the fund balance. A surplus as of June 30 is returned to the State.

The Public Records Modernization fund is funded by a portion of recording fees. This fund is mandated by Section 28.24 (12)(d), *Florida Statutes*, to be held in trust by the Clerk and used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the office. Since Revision 7 of Article V, *Florida Constitution*, went into effect on July 1, 2004, an additional amount is collected pursuant to Section 28.24(12)(e), *Florida Statutes*, and is used exclusively for funding court-related technology needs. In addition, effective July 1, 2009, due to revisions included in Senate Bill SB2108 to Section 28.37(2), *Florida Statutes*, 10 percent of all court-related fines collected by the Clerk will be deposited into the Clerk's Public Modernization Trust Fund and used exclusively for additional court-related operational needs and program enhancements.

*Fiduciary Funds*

Agency Funds - Agency Funds are used to account for assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, and other governments. The Clerk has nine agency funds which are custodial in nature (assets equal liabilities), and do not involve measurement of operations or have a measurement focus.

*Measurement Focus and Basis of Accounting*

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recognized and recorded regardless of the measurement focus applied.

Fund financial statements report detailed information about the Clerk. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. All of the governmental funds are considered major.

The governmental funds are presented on the modified accrual basis of accounting using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." The Clerk considers revenues available if they are collected within thirty days after year-end. Primary revenues, such as charges for services and interest, are treated as susceptible to accrual under the modified accrual basis and so have been recognized as revenues. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized as expenditures to the extent they have matured. The agency funds are also presented using the modified accrual basis of accounting.

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

*Use of Estimates*

The preparation of the financial statements requires management of the Clerk of the Circuit Court to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

*Budgets and Budgetary Accounting*

Chapter 218, *Florida Statutes*, governs the preparation, adoption and administration of the Clerk's General Fund annual budget. The Clerk's budget is prepared on a basis consistent with generally accepted accounting principals (GAAP). The budget of the Clerk (to the extent of his function as ex-officio Clerk to the Board and amounts above his fee structure as Clerk to the Circuit and County Courts), is prepared for the General Fund (noncourt-related activities), which is submitted to and approved by the Board. The Clerk also prepares a portion of his noncourt-related budget and special revenue budgets based on anticipated fees.

Pursuant to Section 28.36, *Florida Statutes*, a balanced court-related budget must be prepared on or before October 1 and be submitted to the Clerks of Court Operations Corporation (the Corporation). The corporation shall complete its review and adjustments to the clerks' budget requests and make its recommendations to the Legislature and the Supreme Court by December 1 each year. Effective July 1, 2009, the Legislature determines the appropriation of the total amount for the budgets of the clerks in the General Appropriations Act.

The Clerk's General Fund and special revenue funds budgets are prepared on the modified accrual basis, except as described in Note II. The annual budget for the General Fund serves as the legal level of control for the Clerk, and must have Board approval to increase the funding from the Board. Any increase to the court-related budget must be approved by the Corporation.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized changes applicable to the fiscal year, whenever legally authorized.

*Cash, Cash Equivalents, and Investments*

The Clerk considers highly liquid investments with a maturity of three months or less when purchased and those included in the internal investment pool, to be cash and cash equivalents.

The Clerk participates in the Florida PRIME (State Board of Administration (SBA)), an external 2a7-like investment pool, in which the fair value of the Clerk's position in the pool is the same as the value of the pool shares. The Clerk also participates in Fund B Surplus Funds Trust Fund, a fluctuating net asset value (NAV) external investment pool (SBA).

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

*Capital Assets*

The Clerk's capital assets include furniture, equipment, computer equipment, vehicles, and software. The Clerk, pursuant to *Florida Statutes*, records no capital assets. *Florida Statutes* require that the Board own and maintain accountability for all capital assets for which the Clerk is custodian. The threshold of capitalizing all capital assets, except software, is \$1,000, and \$100,000 for software. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated fair value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, depreciation for governmental fund capital assets is reflected in the government-wide financial statements but is not reflected in the fund financial statements. Therefore, no depreciation is recorded in the financial statements of the Clerk but rather is reflected in the financial statements of the County.

In the fund financial statements of the Clerk, capital assets purchased and used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

*Compensated Absences*

The Clerk's employees accumulate sick and annual leave, based on the number of years of continuous service. Upon termination of employment, employees can receive payment for all outstanding accumulated vacation leave and a maximum of 80 hours of accumulated personal leave. Employees who retire under the Florida Retirement System receive payment for all outstanding accumulated vacation leave, a maximum of 80 hours of accumulated personal leave, and 50 percent of accumulated sick leave. The Clerk does not, nor is legally required to accumulate expendable financial resources for these obligations. Accordingly, the liability for compensated absences is not reported in the Clerk's fund financial statements, but rather is reported in the basic financial statements of the County.

NOTE II - DIFFERENCE BETWEEN BUDGETED AND ACTUAL RESULTS

Budgets are adopted on a basis consistent with GAAP except as follows:

- *General Fund*- Changes in fair market value (FMV) of investments, and prepaid items are not budgeted.
- *Court Fees*- Changes in fair market value (FMV) of investments, and prepaid items are not budgeted.
- *Public Records Modernization*- Changes in fair market value (FMV) of investments, and prepaid items are not budgeted.

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

General Fund:

Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$48,693
Basis Difference:	
Fair market adjustment to investments	7,102
Prepaid items	<u>11,369</u>
Excess of revenues and other financing sources over expenditures and other financing uses (Non-GAAP budgetary basis)	<u>\$67,164</u>

Court Fee:

Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$111,529
Basis Difference:	
Fair market adjustment to investments	( 776)
Prepaid items	<u>2,639</u>
Excess of revenues and other financing sources over expenditures and other financing uses (Non-GAAP budgetary basis)	<u>\$113,392</u>

Public Records Modernization Fund:

Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	(\$127,528)
Basis Difference:	
Fair market adjustment to investments	22,183
Prepaid items	<u>1,523</u>
Excess of revenues and other financing sources over expenditures and other financing uses (Non-GAAP budgetary basis)	<u>(\$103,822)</u>

NOTE III - CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2009, the Clerk had the following deposits, investments, and maturities:

Investment	Maturities	Fair Value	Rating
Cash on Hand	N/A	\$18,700	N/A
Demand Deposits	N/A	23,444,200	N/A
Florida PRIME	33 days	9,734,285	AAAm
Fund B Surplus Funds Trust Fund	6.69 years	75,653	unrated
Federated Government Obligations Money Market Fund	N/A	<u>4,312,590</u>	AAAm
Total Cash, Cash Equivalents and Investments		<u>\$37,585,428</u>	
Reconciliation:			
General Fund		\$1,308,167	
Court Fees		2,211,491	
Public Records Modernization		4,915,808	
Agency Funds		<u>29,149,962</u>	
		<u>\$37,585,428</u>	

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

Fund B Surplus Funds Trust Fund (Fund B) contains the securities that have problems with payment defaults, paid slower than expected or have significant credit risk. Interest income is not paid and distributed to Fund B participants however; periodic liquidity has been made available by transferring released funds to the Florida PRIME fund. Fund B is accounted for as a fluctuating NAV pool, the fair value factor as of September 30, 2009 was .54915069.

*Custodial Credit Risk*

At September 30, 2009, the Clerk of the Circuit Court's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, *Florida Statutes*. Under this chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss. The total bank and book balances at September 30, 2009, were \$35,680,682 and \$23,444,200, respectively. Petty cash and change funds totaled \$18,700.

*Credit Risk*

The Clerk does not have a formal written investment policy and thereby is required to follow Chapter 218.415, *Florida Statutes*, when investing surplus funds. This statute limits investing of surplus funds to the Florida PRIME, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories, or direct obligations of the U.S. Treasury.

*Interest Rate Risk*

The Clerk does not have a formal investment policy that limits investment maturities nor is one contained in Chapter 218.415, *Florida Statutes*.

*Concentration of Credit Risk*

The Clerk places no limit on the amount it may invest in any one issuer or investment.

NOTE IV - RETIREMENT PLAN

*Plan Description and Provisions*

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer, public employee retirement system, which covers substantially all of its full time and part time employees. The FRS is noncontributory and is administered by the State of Florida. Benefits under the plan vest after six years of service. Employees who retire at or after age 62, with six years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by Chapters 112 and 121, *Florida Statutes*. The

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

FRS offers several other plan and/or investment options that may be elected by the employee. Each offers specific contribution and benefit options. The FRS plan documents should be referenced for complete details of these options and benefits.

Pension costs for the Clerk, as required and defined by State Statute, ranged between 9.8 percent and 16.5 percent of gross salaries for the year ended September 30, 2009. For the years ended September 30, 2009, 2008, and 2007, the Clerk contributed 100 percent of the required contributions. These contributions totaled approximately \$1,676,000, \$1,683,000, and \$1,544,000 respectively, which represent 10 percent, 10 percent, and 10 percent, respectively, of covered payroll.

The Deferred Retirement Option Program (DROP) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the System, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for a system employer. The participation in the program does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefit (in the same amount determined at retirement, plus annual cost-of-living increases).

A copy of the FRS's June 30, 2009, annual report can be obtained by writing to the Florida Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

#### *Other Post Employment Benefits*

The Clerk provides post retirement health care benefits in accordance with Chapter 110.123, *Florida Statutes*, to all employees who retire from the Clerk. The Clerk is required to provide group health care at cost to all retirees and does not pay any portion of the premium for the retiree to participate in the Plan. In accordance with Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, liabilities and activities related to these benefits are reported in the government-wide financial statements of the County.

#### NOTE V - RISK MANAGEMENT

The Lee County, Florida, Board of County Commissioners maintains self-insurance internal service funds to administer insurance activities relating to certain group medical and dental coverage, property, general, automobile, public officials liability, workers' compensation and auto physical damage. The Clerk participates in the County-wide self-insurance program for all activities. For liability insurance the Board of County Commissioners pays substantially all of the respective premiums on behalf of the Clerk and absorbs losses related to these programs up to an aggregate annual limit. Excess and other specific coverage is purchased from third-party carriers. Charges to participants are based upon amounts believed by management of the program to meet the required annual payouts during the fiscal year and to pay for the estimated operating cost of the program.

CLERK OF CIRCUIT COURT  
Lee County, Florida  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

NOTE VI - LONG-TERM OBLIGATIONS

The following changes in long-term obligations occurred during the year ended September 30, 2009:

Accrued compensated absences at October 1, 2008	\$1,339,529
Additions	1,680,183
Reductions	<u>(1,651,529)</u>
Accrued compensated absences at September 30, 2009	<u>\$1,368,183</u>

Of these liabilities, approximately \$147,600 is expected to be paid during the fiscal year ended September 30, 2010. These long-term liabilities are not reported in the financial statements of the Clerk since they have not matured.

NOTE VII - LITIGATION

The Clerk is involved from time to time in routine civil litigation, the substance of which, would not materially affect the financial position of the Clerk. The Clerk is neither currently involved in any litigation nor aware of any potential legal issues.



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**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Honorable Charlie Green, Clerk of Circuit Court  
Lee County, Florida:

We have audited the financial statements of each major fund, and the aggregate remaining fund information of the Lee County, Florida Clerk of Circuit Court (the Clerk) as of and for the year ended September 30, 2009, and have issued our report thereon dated January 6, 2010, which was modified to refer to a basis of accounting required for compliance with state filing requirements. 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 opinions 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 deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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.

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 over financial reporting that might be deficiencies, 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*.

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

**KPMG LLP**

January 6, 2010  
Certified Public Accountants



**KPMG LLP**  
Suite 1700  
100 North Tampa Street  
Tampa, FL 33602

## Management Letter

Honorable Charlie Green, Clerk of Circuit Court  
Lee County, Florida:

We have audited the financial statements of each major fund, and the aggregate remaining fund information of the Lee County, Florida Clerk of Circuit Court, as of and for the year ended September 30, 2009, and have issued our report thereon dated January 6, 2010, which was modified to refer to a basis of accounting required for compliance with state filing requirements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. We have also issued our report dated January 6, 2010 on our consideration of the Lee County, Florida Clerk of the Circuit Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental 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 10.554(1)(i)(1), require that we address in the management letter, if not already addressed in the auditors' report on internal control over financial reporting and on compliance and other matters, whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit.

The *Rules of the Auditor General*, Section 10.554(1)(i)(2), require that we determine whether or not the Lee County, Florida Clerk of Circuit Court complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, nothing came to our attention that caused us to believe that the Lee County, Florida Clerk of Circuit Court was not in compliance 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, if not already addressed in the auditors' report on internal control over financial reporting and on compliance and other matters, any recommendations to improve the Lee County, Florida Clerk of Circuit Court's financial management. In connection with our audit, we did not have any such recommendations.

The *Rules of the Auditor General*, Section 10.554(1)(i)(4), require that we address in the management letter any violations of provisions of contracts or grant agreements, or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.



The *Rules of the Auditor General*, Section 10.554(1)(i)(5), provide for disclosure in the management letter based on the auditors' professional judgment of the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, if not already addressed in the auditors' report on internal control over financial reporting and on compliance and other matters:

- (1) Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse;
- (2) Control deficiencies that are not significant deficiencies.

The results of our audit disclosed no violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse or other control deficiencies that are not significant deficiencies.

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 financial statements. In that regard, the Lee County, Florida Clerk of Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Lee County, Florida Clerk of Circuit Court does not have any component units.

As required by the *Rules of the Auditor General*, Section 10.554(1)(i)(8), the scope of our audit included a review of the provisions of Section 28.35 and 28.36, *Florida Statutes*, regarding the budget and performance standards certified by the Florida Clerk of Courts Operation Corporation. In connection with our audit, we determined that the Lee County, Florida Clerk of Circuit Court complied with the budget and performance standards pursuant to Sections 28.35 and 28.36, *Florida Statutes*.

\* \* \* \* \*

This management letter is intended solely for the information of the Lee County, Florida Clerk of Circuit Court, management, the Board of County Commissioners of Lee County, Florida, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

January 6, 2010  
Certified Public Accountants