

Clerk of Circuit Court

Lee County, Florida

Special-Purpose Financial Statements
September 30, 2012

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CHARLIE GREEN: CLERK OF COURT

Clerk of Circuit Court

Lee County, Florida

Special-Purpose Financial Statements
September 30, 2012



Prepared By:
General Accounting Office, Finance & Records Department

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Clerk of Circuit Court

Lee County, Florida

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Independent Auditors' Report

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

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Lee County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2012, as listed in the table of contents. These special-purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express our opinions 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the special-purpose financial statements, the accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*, and are not intended to be a complete presentation of the financial position and changes in financial position of the Clerk. Additionally, the special-purpose financial statements present only the Clerk and are not intended to present the financial position and changes in financial position of Lee County, Florida, taken as a whole.

In our opinion, the special-purpose 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 Clerk, as of September 30, 2012, and the respective changes in financial position thereof, and the budgetary comparison for the general fund, court fees fund, public records modernization fund, Ed Byrne Justice Assistance Grants fund, and Child Support Enforcement fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 on our consideration of the Clerk's internal control over financial reporting and 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.

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements of the Clerk taken as a whole. The accompanying supplemental financial information is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information, as listed in the table of contents, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Clerk's management, the Lee County Board of County Commissioners, 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.

Cherry, Behant & Holland, L.L.P.

Tampa, Florida
December 17, 2012



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Special-Purpose Financial Statements

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE BALANCE SHEET
As of September 30, 2012

| | General | Court Fees | Public Records Modernization | Child Support Enforcement | Total |
|---|--------------|--------------|------------------------------------|---------------------------------|---------------|
| ASSETS | | | | | |
| Cash, cash equivalents, and investments | \$ 2,188,181 | \$ 6,681,155 | \$ 5,757,780 | \$ 2,689,680 | \$ 17,316,796 |
| Accounts receivable | 13,959 | 875 | - | - | 14,834 |
| Due from other funds | - | 74,665 | - | - | 74,665 |
| Due from other governments | 12,423 | - | - | 216,866 | 229,289 |
| Due from Board of County Commissioners | 47,336 | 420 | - | - | 47,756 |
| Inventory | 12,472 | - | - | - | 12,472 |
| Total assets | 2,274,371 | 6,757,115 | 5,757,780 | 2,906,546 | 17,695,812 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | 149,128 | 172,846 | 86,399 | - | 408,373 |
| Accrued liabilities | 237,167 | 205,491 | 18,513 | - | 461,171 |
| Due to other funds | - | - | - | 74,665 | 74,665 |
| Due to other governments | 188,246 | 85,647 | 8,033 | - | 281,926 |
| Due to Board of County Commissioners | 303,748 | 368,241 | - | - | 671,989 |
| Deposits | 1,377,033 | 5,924,890 | - | - | 7,301,923 |
| Unearned revenue | 19,049 | - | - | - | 19,049 |
| Total liabilities | 2,274,371 | 6,757,115 | 112,945 | 74,665 | 9,219,096 |
| Fund balances | | | | | |
| Nonspendable | | | | | |
| Inventory | 12,472 | - | - | - | 12,472 |
| Restricted for | | | | | |
| Court programs | - | - | - | 2,831,881 | 2,831,881 |
| Public records | - | - | 5,644,835 | - | 5,644,835 |
| Unassigned | (12,472) | - | - | - | (12,472) |
| Total fund balances | - | - | 5,644,835 | 2,831,881 | 8,476,716 |
| Total liabilities and fund balances | \$ 2,274,371 | \$ 6,757,115 | \$ 5,757,780 | \$ 2,906,546 | \$ 17,695,812 |

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2012

| | General | Court Fees | Public Records Modernization | Edward Byrne Justice Assist. Grants | Child Support Enforcement | Total |
|--|--------------------|-------------------|------------------------------|-------------------------------------|---------------------------|---------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ 800,146 | \$ 11,735,599 | \$ - | \$ 65,638 | \$ 1,050,713 | \$ 13,652,096 |
| Charges for services | 3,938,920 | - | 2,199,059 | - | - | 6,137,979 |
| Interest | 6,238 | - | 9,654 | - | 1,790 | 17,682 |
| Miscellaneous | 128,423 | - | - | - | - | 128,423 |
| Total revenues | <u>4,873,727</u> | <u>11,735,599</u> | <u>2,208,713</u> | <u>65,638</u> | <u>1,052,503</u> | <u>19,936,180</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | | | | | | |
| Personal services | 10,153,413 | 10,565,702 | 853,766 | 65,638 | - | 21,638,519 |
| Operating | 2,155,712 | 651,002 | 278,292 | - | 670,703 | 3,755,709 |
| Capital outlay | 13,261 | 1,813 | 989,327 | - | 159,830 | 1,164,231 |
| Total expenditures | <u>12,322,386</u> | <u>11,218,517</u> | <u>2,121,385</u> | <u>65,638</u> | <u>830,533</u> | <u>26,558,459</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(7,448,659)</u> | <u>517,082</u> | <u>87,328</u> | <u>-</u> | <u>221,970</u> | <u>(6,622,279)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Board of County Commissioners appropriations | 7,648,751 | - | - | - | - | 7,648,751 |
| Distribution of excess fees and appropriations to other governmental units | (200,092) | (780,474) | - | - | - | (980,567) |
| Transfers in | - | 74,665 | - | - | - | 74,665 |
| Transfers out | - | - | - | - | (74,665) | (74,665) |
| Total other financing sources (uses) | <u>7,448,659</u> | <u>(705,809)</u> | <u>-</u> | <u>-</u> | <u>(74,665)</u> | <u>6,668,185</u> |
| Net change in fund balances | - | (188,727) | 87,328 | - | 147,305 | 45,906 |
| Fund balances - beginning | - | 188,727 | 5,557,507 | - | 2,684,576 | 8,430,810 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,644,835</u> | <u>\$ -</u> | <u>\$ 2,831,881</u> | <u>\$ 8,476,716</u> |

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

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
For the Year Ended September 30, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 675,000 | \$ 775,000 | \$ 800,146 | \$ 25,146 |
| Charges for services | 3,751,770 | 3,813,077 | 3,938,920 | 125,843 |
| Interest | - | - | 3,928 | 3,928 |
| Miscellaneous | 160,500 | 160,500 | 128,423 | (32,077) |
| Total revenues | <u>4,587,270</u> | <u>4,748,577</u> | <u>4,871,417</u> | <u>122,840</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Personal services | 10,550,540 | 10,180,913 | 10,153,413 | 27,500 |
| Operating | 984,837 | 2,202,062 | 2,155,712 | 46,350 |
| Capital outlay | 11,640 | 14,119 | 13,261 | 858 |
| Total expenditures | <u>11,547,017</u> | <u>12,397,094</u> | <u>12,322,386</u> | <u>74,708</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(6,959,747)</u> | <u>(7,648,517)</u> | <u>(7,450,969)</u> | <u>197,548</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Board of County Commissioners appropriations | 7,648,751 | 7,648,751 | 7,648,751 | - |
| Distribution of excess fees and appropriations to the Board of County Commissioners | <u>(689,004)</u> | <u>(234)</u> | <u>(200,092)</u> | <u>(199,858)</u> |
| Total other financing sources (uses) | <u>6,959,747</u> | <u>7,648,517</u> | <u>7,448,659</u> | <u>(199,858)</u> |
| Net change in fund balance | - | - | (2,310) | (2,310) |
| Fund balance - beginning | - | - | 12,900 | 12,900 |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,590</u> | <u>\$ 10,590</u> |

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

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGET AND ACTUAL (BUDGETARY BASIS)
COURT FEES
For the Year Ended September 30, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|------------------|-------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 8,890,688 | \$ 11,854,251 | \$ 11,735,599 | \$ (118,652) |
| Total revenues | <u>8,890,688</u> | <u>11,854,251</u> | <u>11,735,599</u> | <u>(118,652)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Personal services | 8,655,051 | 10,565,702 | 10,565,702 | - |
| Operating | 684,277 | 661,461 | 661,461 | - |
| Capital outlay | 1,360 | 1,813 | 1,813 | - |
| Total expenditures | <u>9,340,688</u> | <u>11,228,976</u> | <u>11,228,976</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(450,000)</u> | <u>625,275</u> | <u>506,623</u> | <u>(118,652)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 450,000 | 150,000 | 74,665 | (75,335) |
| Distribution of excess fees and appropriations to other governmental units | - | (780,474) | (780,474) | - |
| Total other financing sources (uses) | <u>450,000</u> | <u>(630,474)</u> | <u>(705,809)</u> | <u>(75,335)</u> |
| Net change in fund balance | - | (5,199) | (199,186) | (193,987) |
| Fund balance - beginning | - | 205,967 | 185,246 | (20,721) |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 200,768</u> | <u>\$ (13,940)</u> | <u>\$ (214,708)</u> |

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

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGET AND ACTUAL (BUDGETARY BASIS)
PUBLIC RECORDS MODERNIZATION FUND
For the Year Ended September 30, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 1,920,000 | \$ 1,920,000 | \$ 2,199,059 | \$ 279,059 |
| Interest | - | - | 4,531 | 4,531 |
| Total revenues | <u>1,920,000</u> | <u>1,920,000</u> | <u>2,203,590</u> | <u>283,590</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Personal services | 860,714 | 860,714 | 853,766 | 6,948 |
| Operating | 1,566,684 | 2,418,118 | 278,292 | 2,139,826 |
| Capital outlay | 637,600 | 1,578,608 | 989,327 | 589,281 |
| Total expenditures | <u>3,064,998</u> | <u>4,857,440</u> | <u>2,121,385</u> | <u>2,736,055</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(1,144,998)</u> | <u>(2,937,440)</u> | <u>82,205</u> | <u>3,019,645</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(357,286)</u> | <u>(39,286)</u> | - | <u>39,286</u> |
| Total other financing sources (uses) | <u>(357,286)</u> | <u>(39,286)</u> | - | <u>39,286</u> |
| Net change in fund balance | (1,502,284) | (2,976,726) | 82,205 | 3,058,931 |
| Fund balance - beginning | <u>1,502,284</u> | <u>2,976,726</u> | <u>5,550,598</u> | <u>2,573,872</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,632,803</u> | <u>\$ 5,632,803</u> |

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

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGET AND ACTUAL (BUDGETARY BASIS)
EDWARD BYRNE JUSTICE ASSISTANCE GRANTS
For the Year Ended September 30, 2012

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 18,524 | \$ 19,209 | \$ 65,638 | \$ 46,429 |
| Total revenues | <u>18,524</u> | <u>19,209</u> | <u>65,638</u> | <u>46,429</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Personal services | <u>59,059</u> | <u>65,639</u> | <u>65,638</u> | <u>1</u> |
| Total expenditures | <u>59,059</u> | <u>65,639</u> | <u>65,638</u> | <u>1</u> |
| Excess (deficiency) of revenues over (under) expenditures | (40,535) | (46,430) | - | 46,430 |
| Fund balance - beginning | <u>40,535</u> | <u>46,430</u> | <u>-</u> | <u>(46,430)</u> |
| Fund balance - ending | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

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

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE- BUDGET AND ACTUAL (BUDGETARY BASIS)
CHILD SUPPORT ENFORCEMENT
For the Year Ended September 30, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 450,000 | \$ 600,000 | \$ 1,050,713 | \$ 450,713 |
| Interest | - | - | 2,658 | 2,658 |
| Total revenues | <u>450,000</u> | <u>600,000</u> | <u>1,053,371</u> | <u>453,371</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Operating | - | 994,238 | 670,703 | 323,535 |
| Capital outlay | - | 378,253 | 159,830 | 218,423 |
| Total expenditures | <u>-</u> | <u>1,372,491</u> | <u>830,533</u> | <u>541,958</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>450,000</u> | <u>(772,491)</u> | <u>222,838</u> | <u>995,329</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(650,000)</u> | <u>(800,000)</u> | <u>(74,665)</u> | <u>725,335</u> |
| Total other financing sources | <u>(650,000)</u> | <u>(800,000)</u> | <u>(74,665)</u> | <u>725,335</u> |
| Net change in fund balance | (200,000) | (1,572,491) | 148,173 | 1,720,664 |
| Fund balance - beginning | <u>200,000</u> | <u>1,572,491</u> | <u>2,684,576</u> | <u>1,112,085</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,832,749</u> | <u>\$ 2,832,749</u> |

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

CLERK OF CIRCUIT COURT
Lee County, Florida
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2012

| | Agency Funds |
|---|---------------|
| ASSETS | |
| Cash, cash equivalents, and investments | \$ 18,466,527 |
| Accounts receivable | 2,533 |
| Accrued interest receivable | 20 |
| Due from other governments | 1,894 |
| Total assets | 18,470,974 |
| LIABILITIES | |
| Accounts payable | 10,214 |
| Accrued liabilities | 793 |
| Due to other governments | 3,738,916 |
| Bonds and deposits | 14,721,051 |
| Total liabilities | \$ 18,470,974 |

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

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Lee County, Florida Clerk of the Circuit Court (the “Clerk”), is an elected constitutional officer as provided for by the Constitution of the State of Florida. For financial reporting purposes, the Clerk is deemed to be part of the primary government of Lee County, Florida (the “County”) and therefore is included as such in the County’s Comprehensive Annual Financial Report.

Included in the special-purpose financial statements are all departments and/or organizations for which 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 (the “Board”) as mandated by federal, state, and local government statutes and laws.

The non-court related 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 special-purpose 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.

Pursuant to Article V, Section 14(b), *Florida Constitution*, and Section 28.37, *Florida Statutes*, the funding for the court related operations is determined by the State of Florida’s (the “State”) legislature in the General Appropriations Act. The funding is on a State fiscal year (July 1 – June 30) and in the form of a monthly appropriation from the State. In addition, 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.

Basis of Presentation

The special-purpose 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.

The special-purpose financial statements presented include the General Fund, special revenue funds, and agency funds of the Clerk’s Office. The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes*, and Section 10.550, *Rules of the Auditor General for Local Governmental Entity Audits* (the “Rules”), which require the Clerk to present only fund financial statements. In conformity with the Rules, the Clerk has not presented the government-wide financial statements, related disclosures, or management’s discussion and analysis, which are required for a complete presentation of its financial position and changes in financial position.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

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 Board, 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, is shown as transfers out in the General Fund.

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 four Special Revenue Funds- *Court Fees*, *Public Records Modernization*, *Edward Byrne Justice Assistance Grants*, and *Child Support Enforcement*.

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 Clerk 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 ("PRM") 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 Records Modernization Trust Fund and used exclusively for additional court-related operational needs and program enhancements.

The Edward Byrne Justice Assistance Grants fund is to account for grant funds received to enhance the circuit court prosecution by focusing on early representation to aid in reducing jail overcrowding.

The Board approved the creation of a special revenue fund to hold the Child Support Enforcement ("CSE") Federal incentive payments passed through the Florida Department of Revenue for the Child Support Enforcement Program which is managed by the Clerk of Courts. Such support incentive payments are to be used exclusively for the operation of the County's Child Support Depository and any Clerk of Courts court-related program enhancements.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

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 sixty 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.

Use of Estimates

The preparation of the special-purpose financial statements requires management of the Clerk 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 principles (GAAP), except as described in Note II. 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. The Legislature

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

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 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 State Board of Administration's ("SBA") Florida PRIME, 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 ("Fund B"), a fluctuating net asset value (NAV) external investment pool (SBA).

Capital Assets

The Clerk's capital assets include furniture, equipment, computer equipment, vehicles, and software. The Clerk, pursuant to *Florida Statutes*, owns 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 for capitalizing all capital assets is \$1,000, except software which is \$100,000. 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

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

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 he 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 accounting principles generally accepted in the United States ("GAAP") except as follows:

- *General Fund*- Changes in fair market value (FMV) of investments is not budgeted.
- *Court Fees*- Changes in fair market value (FMV) of investments is not budgeted.
- *Public Records Modernization*- Changes in fair market value (FMV) of investments is not budgeted.
- *Child Support Enforcement*- Changes in fair market value (FMV) of investments is not budgeted.

General Fund:

| | |
|---|------------------|
| Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis) | \$0 |
| Basis Difference: | |
| Fair market adjustment to investments | (2,310) |
| Deficiency of revenues and other financing sources under expenditures and other financing uses (Non-GAAP budgetary basis) | <u>(\$2,310)</u> |

Court Fees:

| | |
|---|--------------------|
| Deficiency of revenues and other financing sources under expenditures and other financing uses (GAAP basis) | (\$188,727) |
| Basis Difference: | |
| Fair market adjustment to investments | <u>(10,459)</u> |
| Deficiency of revenues and other financing sources under expenditures and other financing uses (Non-GAAP budgetary basis) | <u>(\$199,186)</u> |

Public Records Modernization Fund:

| | |
|--|-----------------|
| Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis) | \$87,328 |
| Basis Difference: | |
| Fair market adjustment to investments | <u>(5,123)</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses (Non-GAAP budgetary basis) | <u>\$82,205</u> |

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

Child Support Enforcement Fund:

| | |
|--|-----------|
| Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis) | \$147,305 |
| Basis Difference: | |
| Fair market adjustment to investments | 868 |
| Excess of revenues and other financing sources over expenditures and other financing uses (Non-GAAP budgetary basis) | \$148,173 |

NOTE III - CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2012, the Clerk had the following deposits, investments, and maturities:

| Investment | Maturities | Fair Value | Rating |
|--|------------|--------------|---------|
| Cash on Hand | N/A | \$34,400 | N/A |
| Cash with Fiscal Agent | N/A | 254,714 | N/A |
| Demand Deposits | N/A | 33,799,815 | N/A |
| Florida PRIME | 39 days | 165,567 | AAAm |
| Fund B Surplus Funds Trust Fund | 4.08 years | 66,098 | unrated |
| Federated Government Obligations Money Market Fund | N/A | 1,462,729 | AAAm |
| Total Cash, Cash Equivalents and Investments | | \$35,783,323 | |
| Reconciliation: | | | |
| General Fund | | \$2,188,181 | |
| Court Fees | | 6,681,155 | |
| Public Records Modernization | | 5,757,780 | |
| Child Support Enforcement | | 2,689,680 | |
| Agency Funds | | 18,466,527 | |
| | | \$35,783,323 | |

On November 29, 2007, the SBA placed a freeze on all funds invested in the Local Government Surplus Funds Trust Fund Investment Pool ("LGIP"). This action was taken to prevent further deterioration in the overall LGIP as a result of significant withdrawals made by LGIP participants upon the disclosure that SBA had investment risk associated with mortgage backed securities that had the potential for significant declines in market value due to the sub-prime mortgage crisis. On December 6, 2007, the LGIP was divided into two pools, which created the Local Government Investment Fund A, which eventually transformed into Florida PRIME, and Fund B.

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, 2012 was .94896811.

Custodial Credit Risk

At September 30, 2012, the Clerk'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),

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

all participating institutions are obligated to reimburse the governmental entity for the loss. The total bank and book balances at September 30, 2012, were \$41,352,999 and \$33,799,815, respectively. Petty cash and change funds totaled \$34,400.

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 contributory and is administered by the State of Florida. Benefits under the plan vest after six years of service for members who joined FRS prior to July 1, 2011, and vest after eight years for members who first joined FRS on or after July 1, 2011. Employees who joined FRS prior to July 1, 2011, and retire at or after age 62 with six years of credited service, or 30 years of service regardless of age, are entitled to receive an annual retirement benefit, payable monthly for life. Employees who joined FRS on or after July 1, 2011, and retire at or after age 65 with eight years of credited service, or 33 years of service regardless of age, are entitled to receive 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 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 4.45 percent and 10.41 percent of gross salaries for the year ended September 30, 2012. For the years ended September 30, 2012, 2011, and 2010, the Clerk contributed 100 percent of the employer required contributions. These contributions totaled approximately \$726,000, \$1,365,000, and \$1,591,000,

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

respectively, which represent 5 percent, 9 percent, and 10 percent, respectively, of covered payroll. The employee is required to contribute 3 percent of their gross salary.

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 FRS, 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, 2012, 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 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.

NOTE VI - LONG-TERM OBLIGATIONS

The following changes in long-term obligations occurred during the year ended September 30, 2012:

| | |
|--|--------------------|
| Accrued compensated absences at October 1, 2011 | \$1,271,394 |
| Additions | 1,583,200 |
| Reductions | <u>(1,472,934)</u> |
| Accrued compensated absences at September 30, 2012 | <u>\$1,381,660</u> |

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

Of these liabilities, approximately \$140,518 is expected to be paid during the fiscal year ended September 30, 2013. These long-term liabilities are not reported in the financial statements of the Clerk since they have not matured.

NOTE VII – COMMITMENTS AND CONTINGENCIES

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 currently involved in litigation with Lee County (the “County”), which will not result in any monetary outcome. The County filed suit against Charlie Green, as a constitutional officer and ex-officio Clerk of the Board of County Commissioners of Lee County, seeking a declaratory judgment on the existence or non-existence of the right, power, or authority of the Clerk to refuse payment of checks and warrants which are payable under the terms and conditions of various contracts.

The Clerk contends in the above litigation with the County that payment for certain contracts and expenditures from the County’s Tourist Development Council (“TDC”) bed tax funds is not authorized by Florida Statute and thereby refuses to pay for them from TDC funds, although is not refusing to pay them from other funds.

Grants

The Clerk is the recipient of grants that are subject to special compliance requirements and audits by the grantor agencies that may result in disallowed expense amounts. These amounts constitute a contingent liability of the Clerk. The Clerk does not believe any contingent liabilities, if any, to be material to the financial statements.

NOTE VIII – GOVERNMENTAL FUND BALANCES

In accordance with Governmental Accounting Standards Board (“GASB”) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are classified as nonspendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. As of September 30, 2012, the Clerk’s General Fund reported a nonspendable fund balance of \$12,472 for inventory.

Spendable fund balances are classified as follows:

Restricted fund balances are constrained for a specific purpose by creditors, grantors, contributors, laws or regulations, or through constitutional provisions or enabling legislation. As of September 30, 2012, the Clerk’s Child Support Enforcement special revenue funds reported restricted fund balances of \$2,831,881, for court-related operations. The Clerk’s

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2012

Public Records Modernization special revenue fund reported a fund balance of \$5,644,835, related to public records.

Committed fund balances are constrained for a specific purpose imposed by a formal action of the Clerk's highest level of decision making authority. As of September 30, 2012, the Clerk reported no committed fund balances.

Assigned fund balances are intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2012, the Clerk reported no assigned fund balances.

Unassigned fund balances represent the residual fund balances that do not meet the other fund balance classification requirements. As of September 30, 2012, the Clerk's General Fund reported a negative unassigned fund balance of \$12,472, since all excess fees are returned to the County and the General Fund reports a nonspendable fund balance for its inventory. There were no negative residual balances reported in the Clerk's special revenue funds.



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Supplemental Financial Information

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CLERK OF CIRCUIT COURT
Lee County, Florida
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2012

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-----------------------|-----------------------|----------------------|
| ASSETS | | | | |
| Cash, cash equivalents, and investments | \$ 20,629,857 | \$ 368,196,543 | \$ 370,359,873 | \$ 18,466,527 |
| Accounts receivable | 735 | 28,332 | 26,534 | 2,533 |
| Accrued interest receivable | 43 | 20 | 43 | 20 |
| Due from other governments | 4,988 | 127,510 | 130,604 | 1,894 |
| Total assets | <u>20,635,623</u> | <u>368,352,405</u> | <u>370,517,054</u> | <u>18,470,974</u> |
| LIABILITIES | | | | |
| Accounts payable | 7,615 | 141,417,744 | 141,415,145 | 10,214 |
| Accrued liabilities | 794 | 1,580 | 1,581 | 793 |
| Due to other governments | 4,314,677 | 98,707,762 | 99,283,523 | 3,738,916 |
| Bonds and deposits | 16,312,537 | 140,008,258 | 141,599,744 | 14,721,051 |
| Total liabilities | <u>\$ 20,635,623</u> | <u>\$ 380,135,344</u> | <u>\$ 382,299,993</u> | <u>\$ 18,470,974</u> |

Additional Reports of Independent Auditors

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**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***

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

We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Lee County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2012, and have issued our report thereon dated December 17, 2012 for the purpose of compliance with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*. 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

Management of the Clerk is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose 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 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.

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 special-purpose 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 special-purpose 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Clerk in a separate letter dated December 17, 2012.

This report is intended solely for the information and use of the Clerk's management, the Lee County Board of County Commissioners, 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.

Cherry, Behant & Holland, L.L.P.

Tampa, Florida
December 17, 2012



Independent Auditors' Management Letter

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

We have audited the special-purpose financial statements of the Lee County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2012, and have issued our report thereon dated December 17, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in this report, which is dated December 17, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report.

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. The finding and recommendation made in the preceding annual financial audit appears to have been resolved.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit of the financial statements of the Clerk, nothing came to our attention that would cause us to believe that the Clerk was in noncompliance with Section 218.415 regarding the investment of public funds.

Section 10.554(1)(i)3., *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 did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the special-purpose financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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 the management letter, unless disclosed in the notes to the financial statements. The Clerk is a separately elected county official established pursuant to the Constitution of the State of Florida. There are no component units related to the Clerk.

Section 10.554(1)(i)8., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, *Florida Statutes*. In connection with our audit of the financial statements of the Clerk, our testing did not indicate that the Clerk was in noncompliance with the requirements of Sections 28.35 or 28.36, except as disclosed in Appendix A. We did not audit the Clerk's response to these matters, which are also provided in Appendix A, and, accordingly, we express no opinion on them.

Pursuant to Chapter 119, *Florida Statutes*, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Clerk's management, the Lee County Board of County Commissioners, 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.

Cherry, Behant & Holland, L.L.P.

Tampa, Florida
December 17, 2012

LEE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
Appendix A – Management Letter Comments
For the Year Ended September 30, 2012

Article V Compliance

2012-01: System-generated schedules are used to populate data that is manually keyed into the “Outputs Monthly Report Form for CCOC”, “Timeliness Quarterly Report Form for CCOC”, and “Collections Quarterly Report Form for CCOC,” reports that are required to be sent to the CCOC. Although the Clerk appears to be properly accumulating the information for these reports, we noted several instances in which the number of cases and reopenings, docket entries, and assessed amounts were incorrectly reported due to keying errors. None of these errors were considered significant as they did not result in any change to the performance measure standards that were previously met by the Clerk, nor did the errors require any adjustments to the Clerk’s fourth quarter release from the CCOC.

Recommendation: We recommend the Clerk resubmit to the CCOC the Outputs Monthly Report Form with the corrected number of cases and reopenings; the Timeliness Quarterly Report Form with the corrected number of docket entries; and the Collections Quarterly Report Form for the Juvenile Delinquency division with the corrected amount assessed. Also, we recommend the Clerk have a separate party from the preparer of the reports conduct a final review of each report before submission to the CCOC.

Management’s Response: We have amended the reports and have forwarded them to the CCOC. We are modifying our procedures to include an additional review prior to transmitting the reports.

2012-02: Manually-generated schedules received from the Civil Division are used to populate data that is manually keyed into the “Jurors Report Form for CCOC,” a report that is required to be sent to the CCOC. Although the Clerk appears to be properly accumulating the information for these reports, we noted that the number of jury summons issued in the first quarter inadvertently left out the count of jury summons issued for one week. The understatement of jury summons issued did not affect the Clerk’s ability to meet their projections or performance measure.

Recommendation: We recommend the Clerk resubmit to the CCOC the Jurors Report Form with the corrected number of jury summons issued. Also, we recommend the Clerk have a separate party from the preparer of the reports conduct a final review of each report before submission to the CCOC.

Management’s Response: We have amended the reports and have forwarded them to the CCOC. We are modifying our procedures to include an additional review prior to transmitting the reports.