

Clerk of Circuit Court

Lee County, Florida

Financial Statements
September 30, 2014

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LINDA DOGGETT : CLERK OF COURT

Clerk of Circuit Court

Lee County, Florida

Statements
September 30, 2014



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

Honorable Linda Doggett
Clerk of Circuit Court
Lee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Clerk of Circuit Court, Lee County, Florida (Clerk), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinions

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 for the Clerk as of September 30, 2014, and the respective changes in financial position and budgetary comparisons for the general fund, court fees fund, public records modernization fund, and child support enforcement fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Lee County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Lee County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Emphasis of Matter Regarding a Correction of an Error

As discussed in Note X to the financial statements, an error resulting from the recording of expenditures was discovered during the current year. To correct the error, amounts reported for the beginning fund balance have been restated to reduce fund balance of the child support enforcement fund as of September 30, 2013, by \$2,153,797. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Honorable Linda Doggett
Clerk of Circuit Court

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 27, 2015 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' 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*. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
January 27, 2015

Financial Statements

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LINDA DOGGETT : CLERK OF COURT

CLERK OF CIRCUIT COURT
Lee County, Florida
BALANCE SHEET
September 30, 2014

	General	Court Fees	Public Records Modernization	Child Support Enforcement	Total
ASSETS					
Cash, cash equivalents, and investments	\$ 4,477,348	\$ 9,657,297	\$ 6,080,068	\$ 4,275,030	\$ 24,489,743
Accounts receivable	11,392	2,398	-	-	13,790
Due from other governments	12,839	2,070	-	188,500	203,409
Due from Board of County Commissioners	76,592	4,475	-	-	81,067
Inventory	11,129	-	-	-	11,129
Prepays	23,765	-	-	-	23,765
Total assets	4,613,065	9,666,240	6,080,068	4,463,530	24,822,903
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	916,618	166,095	-	37,563	1,120,276
Accrued liabilities	252,414	235,010	55,583	-	543,007
Due to other governments	255,625	2,193,645	29,058	2,153,797	4,632,125
Due to Board of County Commissioners	547,487	443,193	-	-	990,680
Deposits	2,627,573	6,628,297	-	-	9,255,870
Unearned revenue	13,348	-	-	-	13,348
Total liabilities	4,613,065	9,666,240	84,641	2,191,360	16,555,306
Fund balances					
Nonspendable	34,894	-	-	-	34,894
Restricted	-	-	5,995,427	-	5,995,427
Committed	-	-	-	2,272,170	2,272,170
Unassigned	(34,894)	-	-	-	(34,894)
Total fund balances	-	-	5,995,427	2,272,170	8,267,597
Total liabilities and fund balances	\$ 4,613,065	\$ 9,666,240	\$ 6,080,068	\$ 4,463,530	\$ 24,822,903

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

CLERK OF CIRCUIT COURT
Lee County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2014

	General	Court Fees	Public Records Modernization	Child Support Enforcement	Total
REVENUES					
Intergovernmental	\$ 995,938	\$ 598,547	\$ -	\$ 584,780	\$ 2,179,265
Charges for services	4,043,855	13,316,197	2,278,852	-	19,638,904
Interest	11,920	28,202	15,680	5,707	61,509
Miscellaneous	304,902	8,669	-	-	313,571
Total revenues	5,356,615	13,951,615	2,294,532	590,487	22,193,249
EXPENDITURES					
Current					
General government					
Personal services	9,694,117	10,955,856	2,033,795	-	22,683,768
Operating	2,475,195	609,020	340,207	335,388	3,759,810
Capital outlay	204,003	1,813	-	74,636	280,452
Total expenditures	12,373,315	11,566,689	2,374,002	410,024	26,724,030
Excess (deficiency) of revenues over (under) expenditures	(7,016,700)	2,384,926	(79,470)	180,463	(4,530,781)
OTHER FINANCING SOURCES (USES)					
Board of County Commissioners appropriations	7,460,461	-	-	-	7,460,461
Distribution of excess fees and appropriations to other governmental units	(443,761)	(2,477,346)	-	-	(2,921,107)
Total other financing sources (uses)	7,016,700	(2,477,346)	-	-	4,539,354
Net change in fund balances	-	(92,420)	(79,470)	180,463	8,573
Fund balances - beginning- as restated	-	92,420	6,074,897	2,091,707	8,259,024
Fund balances - ending	\$ -	\$ -	\$ 5,995,427	\$ 2,272,170	\$ 8,267,597

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

CLERK OF CIRCUIT COURT
Lee County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 810,000	\$ 810,000	\$ 995,938	\$ 185,938
Charges for services	4,094,500	4,094,500	4,043,855	(50,645)
Interest	-	-	13,396	13,396
Miscellaneous	230,296	230,296	304,902	74,606
Total revenues	<u>5,134,796</u>	<u>5,134,796</u>	<u>5,358,091</u>	<u>223,295</u>
EXPENDITURES				
Current				
General government				
Personal services	9,433,186	9,539,106	9,694,117	(155,011)
Operating	2,688,384	2,760,215	2,475,195	285,020
Capital outlay	273,687	295,936	204,003	91,933
Total expenditures	<u>12,395,257</u>	<u>12,595,257</u>	<u>12,373,315</u>	<u>221,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,260,461)</u>	<u>(7,460,461)</u>	<u>(7,015,224)</u>	<u>445,237</u>
OTHER FINANCING SOURCES (USES)				
Board of County Commissioners appropriations	7,460,461	7,460,461	7,460,461	-
Distribution of excess fees and appropriations to the Board of County Commissioners	<u>(200,000)</u>	<u>-</u>	<u>(443,761)</u>	<u>(443,761)</u>
Total other financing sources (uses)	<u>7,260,461</u>	<u>7,460,461</u>	<u>7,016,700</u>	<u>(443,761)</u>
Net change in fund balance	-	-	1,476	1,476
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>7,909</u>	<u>7,909</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,385</u>	<u>\$ 9,385</u>

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

CLERK OF CIRCUIT COURT
Lee County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT FEES
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 11,819,493	\$ -	\$ 598,547	\$ 598,547
Charges for services	-	13,315,421	13,316,197	776
Interest	-	12,105	28,202	16,097
Miscellaneous	-	3,513	8,669	5,156
Total revenues	<u>11,819,493</u>	<u>13,331,039</u>	<u>13,951,615</u>	<u>620,576</u>
EXPENDITURES				
Current				
General government				
Personal services	11,082,298	11,173,719	10,955,856	217,863
Operating	1,335,382	1,336,928	609,020	727,908
Capital outlay	1,813	1,813	1,813	-
Total expenditures	<u>12,419,493</u>	<u>12,512,460</u>	<u>11,566,689</u>	<u>945,771</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(600,000)</u>	<u>818,579</u>	<u>2,384,926</u>	<u>1,566,347</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	-	(600,000)
Transfers out		(74,665)	-	(74,665)
Distribution of excess fees and appropriations to other governmental units	-	(1,436,335)	(2,477,346)	(966,346)
Total other financing sources (uses)	<u>600,000</u>	<u>(911,000)</u>	<u>(2,477,346)</u>	<u>(1,641,011)</u>
Net change in fund balance	-	(92,421)	(92,420)	1
Fund balance - beginning	-	92,421	92,420	(1)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CLERK OF CIRCUIT COURT
Lee County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
PUBLIC RECORDS MODERNIZATION FUND
For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 2,242,400	\$ 2,289,400	\$ 2,278,852	\$ (10,548)
Interest	1,500	1,500	17,193	15,693
Total revenues	<u>2,243,900</u>	<u>2,290,900</u>	<u>2,296,045</u>	<u>5,145</u>
EXPENDITURES				
Current				
General government				
Personal services	2,004,279	2,051,279	2,033,795	17,484
Operating	405,916	405,916	340,207	65,709
Total expenditures	<u>2,410,195</u>	<u>2,457,195</u>	<u>2,374,002</u>	<u>83,193</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(166,295)</u>	<u>(166,295)</u>	<u>(77,957)</u>	<u>88,338</u>
Net change in fund balance	(166,295)	(166,295)	(77,957)	88,338
Fund balance - beginning	<u>588,695</u>	<u>588,695</u>	<u>6,059,871</u>	<u>5,471,176</u>
Fund balance - ending	<u>\$ 422,400</u>	<u>\$ 422,400</u>	<u>\$ 5,981,914</u>	<u>\$ 5,559,514</u>

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

CLERK OF CIRCUIT COURT
Lee County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
CHILD SUPPORT ENFORCEMENT
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 600,000	\$ 600,000	\$ 584,780	\$ (15,220)
Interest	-	-	6,947	6,947
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>591,727</u>	<u>(8,273)</u>
EXPENDITURES				
Current				
General government				
Operating	50,000	323,265	335,388	(12,123)
Capital outlay	325,000	386,735	74,636	312,099
Total expenditures	<u>375,000</u>	<u>710,000</u>	<u>410,024</u>	<u>299,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>225,000</u>	<u>(110,000)</u>	<u>181,703</u>	<u>291,703</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(600,000)	(600,000)	-	600,000
Total other financing sources	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>600,000</u>
Net change in fund balance	(375,000)	(710,000)	181,703	891,703
Fund balance - beginning - as restated	<u>375,000</u>	<u>710,000</u>	<u>2,090,467</u>	<u>1,380,467</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,272,170</u>	<u>\$ 2,272,170</u>

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

CLERK OF CIRCUIT COURT
Lee County, Florida
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
September 30, 2014

	Agency Funds
ASSETS	
Cash, cash equivalents, and investments	\$ 33,971,425
Accounts receivable	1,973
Due from other governments	10
Total assets	33,973,408
LIABILITIES	
Accounts payable	531,847
Accrued liabilities	1,483
Due to other governments	3,063,293
Bonds and deposits	30,376,785
Total liabilities	\$ 33,973,408

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, 2014

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. There are no separate legal entities for which the Clerk is considered to be financially accountable.

Included in the 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 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 distribution of excess fees in the Clerk’s General Fund.

As specified in Florida Senate bill 1512, spending authority is provided by the State. Section 28.37 (2), *Florida Statutes*, provides for the monthly transfer of excess revenues over one-twelfth of the Clerk’s court related budget to the State’s Department of Revenue. Section 28.37 (3), *Florida Statutes*, provides for an annual transfer of all cumulative excess fines, fees, service charges, and court costs collected over the Clerk’s authorized budgeted expenditures. The first annual cumulative transfer of funds is required by January 25, 2015.

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 purpose for which they are to be spent and the means by which spending activities are controlled.

The financial statements presented include the General Fund, special revenue funds, and agency funds of the Clerk’s Office. These 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*. These financial statements present only the portion of the funds of Lee County, Florida that are attributable to the Clerk. They are not intended to present fairly the financial position and results of operations of Lee County, Florida in conformity with accounting principles generally accepted in the United States of America.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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 non-court related. The Clerk's General Fund activity, which is classified as non-court 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 restricted or committed to expenditures for specified purposes. The Clerk currently reports three Special Revenue Funds- *Court Fees*, *Public Records Modernization*, and *Child Support Enforcement*.

The *Court Fees* fund accounts for court related activities pursuant to Chapter 28, *Florida Statutes*. Court related activities are funded with fines, fees, service charges, and court costs. These revenues are restricted and are to be used exclusively for funding court related operations and, therefore, are reported in a special revenue fund.

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 Board approved the creation of a special revenue fund to hold the *Child Support Enforcement* ("CSE") reimbursement amounts that exceed the operating cost of running the Child Support Depository program. These funds are to be used exclusively for court-related functions including personnel, operations, and technology.

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.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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 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 her function as ex-officio Clerk to the Board and amounts above her fee structure as Clerk to the Circuit and County Courts), is prepared for the General Fund (non-court related activities), which is submitted to and approved by the Board. The Clerk also prepares a portion of her non-court related budget and special revenue budgets based on anticipated fees.

Pursuant to Sections 28.35 and 28.36, *Florida Statutes*, a balanced court related budget must be prepared on or before June 1 and submitted to the Clerks of Court Operations Corporation (the “Corporation”). The Corporation shall complete its review and adjustments to the Clerk’s budget request and make its recommendations to the Legislature by August 1 each year. The Legislative Budget Commission should review and approve or amend the Clerk’s budget prior to the start of the new fiscal year on October 1.

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.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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 invests funds throughout the year with Florida PRIME, and investment pool administered by the State Board of Administration ("SBA"), under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. Florida PRIME is considered 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 investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year, and as of September 30, 2014, Florida PRIME contained certain floating and adjustable rate securities. These investments represented 30.9% of Florida PRIME's portfolio at September 30, 2014.

Inventory and Prepaid Items

Inventory is stated at cost using the "first-in, first-out" (FIFO) method and is recorded as an expenditure when consumed. The Clerk's inventory includes metered postage and stamps.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Compensated Absences

The Clerk's employees accumulate sick and annual leave, based on the number of years of continuous service. Employees may not accumulate more than 240 hours of annual vacation time. 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 she 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.
- *Public Records Modernization*- Changes in FMV of investments is not budgeted.
- *Child Support Enforcement*- Changes 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:	
FMV adjustment to investments earnings	<u>1,476</u>
Excess of revenues and other financing sources under expenditures and other financing uses (Non-GAAP budgetary basis)	<u>\$1,476</u>

Public Records Modernization Fund:

Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	(\$79,470)
Basis Difference:	
FMV adjustment to investment earnings	<u>1,513</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses (Non-GAAP budgetary basis)	<u>(\$77,957)</u>

Child Support Enforcement Fund:

Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ 180,463
Basis Difference:	
FMV adjustment to investment earnings	<u>1,240</u>
Excess of revenues and other financing sources over expenditures and other financing uses (Non-GAAP budgetary basis)	<u>\$ 181,703</u>

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE III - CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2014, the Clerk had the following deposits, investments, and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Cash on Hand	N/A	\$24,100	N/A
Cash with Fiscal Agent	N/A	587,001	N/A
Demand Deposits	N/A	55,985,895	N/A
Florida PRIME	39 days	<u>1,864,172</u>	AAAm
Total Cash, Cash Equivalents and Investments		<u>\$58,461,168</u>	
Reconciliation:			
General Fund		\$4,477,348	
Court Fees		9,657,297	
Public Records Modernization		6,080,068	
Child Support Enforcement		4,275,030	
Agency Funds		<u>33,971,425</u>	
		<u>\$58,461,168</u>	

Custodial Credit Risk

At September 30, 2014, 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), all participating institutions are obligated to reimburse the governmental entity for the loss. The total bank and book balances at September 30, 2014, were \$63,422,085 and \$55,985,895, respectively. Petty cash and change funds included in Cash on Hand totaled \$24,100.

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.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE IV – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Artwork	\$ 2,000	\$ -	\$ -	\$ 2,000
SIP	-	61,211	-	61,211
Total capital assets not being depreciated	<u>2,000</u>	<u>61,211</u>	<u>-</u>	<u>63,211</u>
Capital assets being depreciated:				
Improvements other than buildings	74,499			74,499
Machinery and equipment	5,491,855	219,241	(241,397)	5,469,699
Software	9,625,400			9,625,400
Total capital assets being depreciated	<u>15,191,754</u>	<u>219,241</u>	<u>(241,397)</u>	<u>15,169,598</u>
Less accumulated depreciation for:				
Improvements other than buildings	24,833	4,967		29,800
Machinery and equipment	4,689,019	472,360	(233,474)	4,927,905
Software	7,852,288	467,015		8,319,303
Total accumulated depreciation	<u>12,566,140</u>	<u>944,342</u>	<u>(233,474)</u>	<u>13,277,008</u>
Total capital assets being depreciated, net	<u>2,625,614</u>	<u>(725,101)</u>	<u>(7,923)</u>	<u>1,892,590</u>
Total governmental activities capital assets, net	<u>\$ 2,627,614</u>	<u>\$ (663,890)</u>	<u>\$ (7,923)</u>	<u>\$ 1,955,801</u>

NOTE V – 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 of service 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.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Pension costs for the Clerk, as required and defined by State Statute, ranged between 7.37 percent and 43.24 percent of gross salaries for the year ended September 30, 2014. For the years ended September 30, 2014, 2013, and 2012, the Clerk contributed 100 percent of the employer required contributions. These contributions totaled approximately \$1,188,619, \$857,000, and \$726,000, respectively, which represent 8 percent, 6 percent, and 5 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, 2014, 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 VI - 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.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE VII – LONG-TERM OBLIGATIONS

The following changes in long-term obligations occurred during the year ended September 30, 2014:

Accrued compensated absences at October 1, 2013	\$1,420,154
Additions	1,692,648
Reductions	<u>(1,624,114)</u>
Accrued compensated absences at September 30, 2014	<u>\$1,488,688</u>

Of these liabilities, approximately \$158,111 is expected to be paid during the fiscal year ended September 30, 2015. These long-term liabilities are not reported in the financial statements of the Clerk since they have not matured.

NOTE VIII – 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.

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 IX – 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:

The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion include items that are not expected to be converted to cash. As of September 30, 2014, the Clerk’s General Fund reported a nonspendable fund balance of \$34,894 for inventory and prepaid items.

CLERK OF CIRCUIT COURT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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. The Clerk's Public Records Modernization special revenue fund reported a restricted fund balance of \$5,995,427 which includes \$3,316,331 for public records modernization, \$1,580,719 for court technology, and \$1,098,377 for court related operational needs and program enhancements.

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, 2014, the Clerk's Child Support Enforcement special revenue fund reported committed fund balance of \$2,272,170 for court related functions.

Assigned fund balances are intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2014, 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, 2014, the Clerk's General Fund reported a negative unassigned fund balance of \$34,894 since all excess fees are returned to the County and the General Fund reports a nonspendable fund balance for its inventory and prepaid items. There were no negative residual balances reported in the Clerk's special revenue funds.

NOTE X - RESTATEMENT

Expenditures related to prior years were omitted from the Child Support Enforcement special revenue fund as of September 30, 2013, which caused an overstatement of fund balance in the amount of \$2,153,797. The effect of this prior period adjustment on the Clerk's financial statements decreased fund balance and increased the due to other government liability, for amounts to be remitted to the State, as of September 30, 2014.

Fund balance, beginning, as previously reported	\$4,245,504
Prior period adjustment	<u>(2,153,797)</u>
Fund balance, beginning, as restated	<u>\$2,091,707</u>

Supplemental Financial Information

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CLERK OF CIRCUIT COURT

Lee County, Florida

COMBINING STATEMENT OF FIDUCIARY NET POSITION-ALL AGENCY FUNDS

September 30, 2014

	Due to Department of Revenue	Fines and Forfeitures	Jury and Witness	Delinquent Tax	Registry of Court
ASSETS					
Cash, cash equivalents, and investments	\$ 2,977,894	\$ 69,573	\$ 16,828	\$ 18,514,683	\$ 12,048,290
Accounts receivable	1,973	-	-	-	-
Due from other governments	10	-	-	-	-
Total assets	2,979,877	69,573	16,828	18,514,683	12,048,290
LIABILITIES					
Accounts payable	-	3,293	-	-	516,673
Accrued liabilities	-	-	-	-	1,483
Due to other governments	2,979,877	66,280	16,828	-	260
Bonds and deposits	-	-	-	18,514,683	11,529,874
Total liabilities	\$ 2,979,877	\$ 69,573	\$ 16,828	\$ 18,514,683	\$ 12,048,290

CLERK OF CIRCUIT COURT

Lee County, Florida

COMBINING STATEMENT OF FIDUCIARY NET POSITION-ALL AGENCY FUNDS

September 30, 2014

	Criminal Fines and Forfeitures	Juvenile Restitution	Victim	Criminal Bonds	Cash	Value Adjustment Board	Total All Agency Funds
ASSETS							
Cash, cash equivalents, and investments	\$ 48	\$ 872	\$ 872	\$ 264,687	\$ 78,550	\$	33,971,425
Accounts receivable	-	-	-	-	-	-	1,973
Due from other governments	-	-	-	-	-	-	10
Total assets	48	872	872	264,687	78,550		33,973,408
LIABILITIES							
Accounts payable	-	872	10,082	927			531,847
Accrued liabilities	-	-	-	-	-	-	1,483
Due to other governments	48	-	-	-	-	-	3,063,293
Bonds and deposits	-	-	254,605	77,623			30,376,785
Total Liabilities	\$ 48	\$ 872	\$ 264,687	\$ 78,550	\$	\$	33,973,408

CLERK OF CIRCUIT COURT
Lee County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES- ALL AGENCY FUNDS
For the Year Ended September 30, 2014

	Beginning Balance	Additions	Deletions	Ending Balance
Due to Department of Revenue				
ASSETS				
Cash, cash equivalents, and investments	\$ 2,745,944	\$ 93,910,725	\$ 93,678,775	\$ 2,977,894
Accounts receivable	1,883	11,159	11,069	1,973
Due from other governments	-	109,524	109,514	10
Total assets	<u>2,747,827</u>	<u>94,031,408</u>	<u>93,799,358</u>	<u>2,979,877</u>
LIABILITIES				
Due to other governments	2,747,827	94,149,050	93,917,000	2,979,877
Total liabilities	<u>\$ 2,747,827</u>	<u>\$ 94,149,050</u>	<u>\$ 93,917,000</u>	<u>\$ 2,979,877</u>
Fines and Forfeitures				
ASSETS				
Cash, cash equivalents, and investments	\$ 67,839	\$ 941,339	\$ 939,605	\$ 69,573
Total assets	<u>67,839</u>	<u>941,339</u>	<u>939,605</u>	<u>69,573</u>
LIABILITIES				
Accounts payable	-	927,812	924,519	3,293
Due to other governments	67,839	933,151	934,710	66,280
Total liabilities	<u>\$ 67,839</u>	<u>\$ 1,860,963</u>	<u>\$ 1,859,229</u>	<u>\$ 69,573</u>
Jury and Witness				
ASSETS				
Cash, cash equivalents, and investments	\$ 17,841	\$ 118,764	\$ 119,777	\$ 16,828
Total assets	<u>17,841</u>	<u>118,764</u>	<u>119,777</u>	<u>16,828</u>
LIABILITIES				
Accounts payable	-	115,986	115,986	-
Due to other governments	17,841	118,827	119,840	16,828
Total liabilities	<u>\$ 17,841</u>	<u>\$ 234,813</u>	<u>\$ 235,826</u>	<u>\$ 16,828</u>

CLERK OF CIRCUIT COURT
Lee County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES- ALL AGENCY FUNDS
For the Year Ended September 30, 2014

	Beginning Balance	Additions	Deletions	Ending Balance
Delinquent Tax				
ASSETS				
Cash, cash equivalents, and investments	\$ 12,320,725	\$ 20,189,246	\$ 13,995,288	\$ 18,514,683
Total assets	<u>12,320,725</u>	<u>20,189,246</u>	<u>13,995,288</u>	<u>18,514,683</u>
LIABILITIES				
Accounts payable	-	12,751,956	12,751,956	-
Due to other governments	-	843,337	843,337	-
Bonds and deposits	12,320,725	20,143,908	13,949,950	18,514,683
Total liabilities	<u>\$ 12,320,725</u>	<u>\$ 33,739,201</u>	<u>\$ 27,545,243</u>	<u>\$ 18,514,683</u>
Registry of Court				
ASSETS				
Cash, cash equivalents, and investments	\$ 11,705,987	\$ 199,738,352	\$ 199,396,049	\$ 12,048,290
Accrued interest receivable	15		15	-
Total assets	<u>11,706,002</u>	<u>199,738,352</u>	<u>199,396,064</u>	<u>12,048,290</u>
LIABILITIES				
Accounts payable	-	102,448,088	101,931,415	516,673
Accrued liabilities	15	2,379	911	1,483
Due to other governments	91	260	91	260
Bonds and deposits	11,705,896	99,408,724	99,584,746	11,529,874
Total liabilities	<u>\$ 11,706,002</u>	<u>\$ 201,859,451</u>	<u>\$ 201,517,163</u>	<u>\$ 12,048,290</u>
Criminal Fines and Forfeitures				
ASSETS				
Cash, cash equivalents, and investments	\$ 35	\$ 499	\$ 486	\$ 48
Total assets	<u>35</u>	<u>499</u>	<u>486</u>	<u>48</u>
LIABILITIES				
Accounts payable	-	466	466	-
Due to other governments	35	504	491	48
Total liabilities	<u>\$ 35</u>	<u>\$ 970</u>	<u>\$ 957</u>	<u>\$ 48</u>

CLERK OF CIRCUIT COURT
Lee County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES- ALL AGENCY FUNDS
For the Year Ended September 30, 2014

	Beginning Balance	Additions	Deletions	Ending Balance
Juvenile Victim Restitution				
ASSETS				
Cash, cash equivalents, and investments	\$ 639	\$ 20,440	\$ 20,207	\$ 872
Total assets	<u>639</u>	<u>20,440</u>	<u>20,207</u>	<u>872</u>
LIABILITIES				
Accounts payable	639	44,002	43,769	872
Total liabilities	<u>\$ 639</u>	<u>\$ 44,002</u>	<u>\$ 43,769</u>	<u>\$ 872</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Criminal Cash Bonds				
ASSETS				
Cash, cash equivalents, and investments	\$ 334,751	\$ 1,685,641	\$ 1,755,705	\$ 264,687
Total assets	<u>334,751</u>	<u>1,685,641</u>	<u>1,755,705</u>	<u>264,687</u>
LIABILITIES				
Accounts payable	4,952	1,202,993	1,197,863	10,082
Bonds and deposits	329,799	1,706,873	1,782,067	254,605
Total liabilities	<u>\$ 334,751</u>	<u>\$ 2,909,866</u>	<u>\$ 2,979,930</u>	<u>\$ 264,687</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Value Adjustment Board				
ASSETS				
Cash, cash equivalents, and investments	\$ 87,963	\$ 169,141	\$ 178,554	\$ 78,550
Accounts receivable	-	10,245	10,245	-
Total assets	<u>87,963</u>	<u>179,386</u>	<u>188,799</u>	<u>78,550</u>
LIABILITIES				
Accounts payable	1,025	117,189	117,287	927
Bonds and deposits	86,938	81,886	91,201	77,623
Total liabilities	<u>\$ 87,963</u>	<u>\$ 199,075</u>	<u>\$ 208,488</u>	<u>\$ 78,550</u>

Lee County, Florida
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES- ALL AGENCY FUNDS
 For the Year Ended September 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Total All Agency Funds				
ASSETS				
Cash, cash equivalents, and investments	\$ 27,281,724	\$ 316,774,147	\$ 310,084,446	\$ 33,971,425
Accounts receivable	1,883	21,404	21,314	1,973
Accrued interest receivable	15	-	15	-
Due from other governments	-	109,524	109,514	10
Total assets	<u>27,283,622</u>	<u>316,905,075</u>	<u>310,215,289</u>	<u>33,973,408</u>
LIABILITIES				
Accounts payable	6,616	117,608,492	117,083,261	531,847
Accrued liabilities	15	2,379	911	1,483
Due to other governments	2,833,633	96,045,129	95,815,469	3,063,293
Bonds and deposits	24,443,358	121,341,391	115,407,964	30,376,785
Total liabilities	<u>\$ 27,283,622</u>	<u>\$ 334,997,391</u>	<u>\$ 328,307,605</u>	<u>\$ 33,973,408</u>

Additional Reports of Independent Auditor

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**INDEPENDENT AUDITORS' 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 Linda Doggett
Clerk of Circuit Court
Lee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Clerk of Circuit Court, Lee County, Florida (Clerk), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated January 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as 2014-001 to be a material weakness.

Honorable Linda Doggett
Clerk of Circuit Court

Compliance and Other Matters

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

Clerk's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
January 27, 2015

MANAGEMENT LETTER

Honorable Linda Doggett
Clerk of Circuit Court
Lee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Clerk of Circuit Court, Lee County, Florida (Clerk), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated January 27, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' 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*, Schedule of Findings and Responses, and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated January 27, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in the notes to the financial statements.

Honorable Linda Doggett
Clerk of Circuit Court

Other Matters

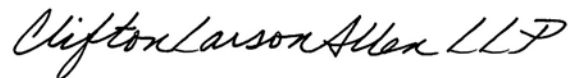
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Other Matters (Continued)

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
January 27, 2015

**CLERK OF CIRCUIT COURT
LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2014**

PROR YEAR

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2013-01 Article V Compliance	Compliance	X		

CURRENT YEAR

2014-001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The Clerk has been retaining Child Support Enforcement (CSE) grant reimbursement revenue within their CSE Fund since fiscal year 2010 without allocating program expenditures to the fund.

Criteria or specific requirement: All expenditures should be charged against the appropriate revenue source and/or fund. Laws, rules, regulations, grant agreements, and other information should be considered to ensure that all financial activity is accounted for in an accurate manner.

Context: While performing auditing procedures, it was noted that a material amount of CSE program expenditures had not been allocated from the Court Fees Fund to the CSE Fund from October 1, 2009 through September 30, 2014. A Lee County, Florida Board of County Commissioner (BOCC) resolution permits the Clerk to retain CSE reimbursements across fiscal years and utilize them to fund court-related program enhancements.

Effect: The court-related excess of revenues over expenditures, which were due to the State during fiscal years 2010 to 2013, were understated because CSE grant revenues were not used to offset child support program expenditures accounted for in fund that accounts for court-related functions. This resulted in a current year correction of opening fund balance and the recognition of a liability due to the State of Florida for the additional excess of court-related revenues over expenditures that were not reported for those previous years. Similar to the prior year's effect, current year expenditures were not charged against the grant, resulting in an additional amount due to the State of Florida for current year activity.

Cause: Internal controls over financial reporting did not detect that program expenditures were not being allocated against the CSE grant revenues due to the unusual nature of the resolution with the BOCC. Also, no consideration was given to child support related expenditures charged to the court-related budget which were being reimbursed by this grant.

**CLERK OF CIRCUIT COURT
LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

Recommendation: We recommend developing procedures to allocate direct and indirect program expenditures of the CSE grant to the CSE Fund, where the grant revenues are recognized. The structure of the transaction with the BOCC for retention of amounts equal to the indirect program costs provided by the BOCC should be evaluated in order to ensure that a clear accounting trail exists to document the intent of the BOCC Resolution.

Views of Responsible Officials and Planned Corrective Actions: We concur with the finding and will develop procedures to allocate the direct and indirect CSE program expenditures appropriately going forward. We will also evaluate the BOCC resolution and make any necessary updates to ensure a clear understanding of the intent of the document.

INDEPENDENT ACCOUNTANTS' REPORT


Honorable Linda Doggett
Clerk of Circuit Court
Lee County, Florida

We have examined the Clerk of Circuit Court, Lee County, Florida (Clerk) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, and Sections 28.35 and 28.36, Florida Statutes, regarding budget requirements and expenditures, during the year ended September 30, 2014. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
January 27, 2015