

ST. JOHNS COUNTY
CLERK OF COURTS

AUDIT REPORT

SEPTEMBER 30, 2012

**St. Johns County Clerk of Courts
Audit Report
September 30, 2012**

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Independent Auditor's Report

The Honorable Cheryl Strickland
Clerk of Courts
St. Johns County, Florida

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the St. Johns County Clerk of Courts (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of St. Johns County, the primary government for financial reporting purposes.

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 Office at September 30, 2012, and the respective changes in financial position, where applicable, thereof 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 a report dated February 13, 2013 on our consideration of the Office'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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special purpose financial statements, and other knowledge we obtained during our audit of the special purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's special purpose financial statements as a whole. The supplementary information identified in the table of contents 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 information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

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



February 13, 2013
Gainesville, Florida

**Balance Sheet – Governmental Funds
September 30, 2012
St. Johns County Clerk of Courts**

	GENERAL FUND	COURT MODERNI- ZATION	RECORDS MODERNI- ZATION TRUST FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Equity in Pooled Cash and Equivalents	\$ 29,460	\$ 224,903	\$ 764,926	\$ 170,514	\$ 1,189,803
Accounts Receivable	609,378	80,302	26,515	-	716,195
Due From Other Funds	11,364	-	-	-	11,364
Due From Other County Agencies	2,487	-	-	-	2,487
Due From Other Governments	2,625	-	-	13,159	15,784
TOTAL ASSETS	\$ 655,314	\$ 305,205	\$ 791,441	\$ 183,673	\$ 1,935,633
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ 104,565	\$ 4,675	\$ 282	\$ 3,025	\$ 112,547
Due to Other Funds	-	-	-	11,364	11,364
Due to Other County Agencies	345,964	575	23	613	347,175
Due to Other Governments	50,549	-	-	-	50,549
TOTAL LIABILITIES	501,078	5,250	305	15,002	521,635
<u>FUND BALANCES</u>					
Restricted	154,236	299,955	791,136	168,671	1,413,998
TOTAL LIABILITIES AND FUND BALANCES	\$ 655,314	\$ 305,205	\$ 791,441	\$ 183,673	\$ 1,935,633

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended September 30, 2012
St. Johns County Clerk of Courts**

	GENERAL FUND	COURT MODERNI- ZATION	RECORDS MODERNI- ZATION TRUST FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Intergovernmental Revenues	\$ 3,713,183	\$ -	\$ -	\$ 72,053	\$ 3,785,236
Charges for Services	1,502,629	470,638	153,540	50,571	2,177,378
Fines and Forfeitures	-	-	100,918	-	100,918
Investment Income	35,397	-	-	-	35,397
Miscellaneous Revenue	1,514	-	-	-	1,514
TOTAL REVENUES	5,252,723	470,638	254,458	122,624	6,100,443
EXPENDITURES					
Current:					
General Government Services:					
Personal Services	2,580,049	-	-	-	2,580,049
Operating Expenditures	340,080	-	102,460	-	442,540
Capital Outlay	11,316	-	-	-	11,316
Court Related:					
Personal Services	3,187,771	200,319	8,661	149,600	3,546,351
Operating Expenditures	173,194	154,900	16,055	9,201	353,350
Capital Outlay	9,183	16,160	-	-	25,343
TOTAL EXPENDITURES	6,301,593	371,379	127,176	158,801	6,958,949
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,048,870)	99,259	127,282	(36,177)	(858,506)
OTHER FINANCING SOURCES (USES)					
Appropriation from Board of County Commissioners					
	1,757,000	-	-	-	1,757,000
Reversion to Board of County Commissioners					
	(322,167)	-	-	-	(322,167)
Reversion to Clerks of Court Trust Fund					
	(390,510)	-	-	-	(390,510)
Transfers					
	(146)	-	-	146	-
TOTAL OTHER FINANCING SOURCES (USES)	1,044,177	-	-	146	1,044,323
NET CHANGE IN FUND BALANCES	(4,693)	99,259	127,282	(36,031)	185,817
FUND BALANCES - October 1, 2011	158,929	200,696	663,854	204,702	1,228,181
FUND BALANCES - September 30, 2012	\$ 154,236	\$ 299,955	\$ 791,136	\$ 168,671	\$ 1,413,998

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

Statement of Fiduciary Net Assets
September 30, 2012
St. Johns County Clerk of Courts

	<u>AGENCY FUND</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Equivalents	\$ 6,559,631
Accounts Receivable	<u>9,466</u>
TOTAL ASSETS	<u>6,569,097</u>
<u>LIABILITIES</u>	
Assets Held for Others	6,449,571
Due to Other County Agencies	<u>119,526</u>
TOTAL LIABILITIES	<u>6,569,097</u>
NET ASSETS	<u><u>\$ -</u></u>

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

Notes to Financial Statements
September 30, 2012
St. Johns County Clerk of Courts

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the St. Johns County Clerk of Courts (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Clerk is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of St. Johns County, the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement 34. In conformity with the Rules, the Office has not presented the government-wide financial statements, reconciliations to the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. 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 emphasis of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column.

The Office reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Court Modernization Fund – This fund is primarily used to account for and report additional service charges collected and associated expenditures used exclusively to fund the court-related technology needs of the Office.

Records Modernization Trust Fund – This fund is primarily used to account for and report the additional service charges required by Section 28.24, Florida Statutes, used exclusively to modernize the public records system of the Office. The fund also accounts for the 10 percent of fines that remain with the Office as required by Section 28.37(2), Florida Statutes. These funds are used solely for court-related operations and program enhancements.

Notes to Financial Statements
September 30, 2012
St. Johns County Clerk of Courts

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office reports the following non-major funds:

Juvenile Drug Court – This fund is primarily used to account for and report revenues received from St. Johns County Board of County Commissioners to be expended solely for the purpose of administrating a juvenile drug court. The program was discontinued during the 2012 fiscal year.

Title IV D Fund – This fund is used to primarily account for and report Title IV D costs and related federal reimbursement.

Teen Court Fund – This fund is primarily used to account for and report the fines, surcharges and associated expenditures of the operations of Teen Court.

The Office also reports the following fiduciary fund:

Agency Fund - The Agency Fund is primarily used to account for and report resources held in a custodial capacity.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the St. Johns County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

Notes to Financial Statements
September 30, 2012
St. Johns County Clerk of Courts

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Equity in Pooled Cash and Equivalents

The Office maintains a cash and cash equivalents pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Equivalents." If a fund overdraws its account in the pool, a liability and corresponding receivable (i.e., due to/from other funds) are reported on the balance sheet.

Investments in State Pool

The Office has adopted an investment policy pursuant to Section 218.415, Florida Statutes, which allows for surplus funds to be invested in the Local Government Investment Pool (the "State Pool") or any intergovernmental investment pool; Securities and Exchange Commission registered money market funds; certificates of deposits and savings accounts in state-certified qualified public depositories; and direct obligations of the U.S. Treasury.

The Office has funds invested in the State Pool. The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. Previously, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("Florida PRIME" and "Fund B").

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The Office's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance classifications are described below:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Notes to Financial Statements
September 30, 2012
St. Johns County Clerk of Courts**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office’s highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Office’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund and the negative residual amount in other funds.

The Office’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Balances of reported fund balance at September 30, 2012 are as follows:

	General Fund	Court Modernization Fund	Records Modernization Trust Fund	Other Funds	Total
Restricted for:					
Court Operations	\$ 154,236	\$ -	\$ 150,923	\$ 168,671	\$ 473,830
Court Technology Modernization	-	299,955	-	-	299,955
Records Modernization	-	-	640,213	-	640,213
Total Fund Balances	<u>\$ 154,236</u>	<u>\$ 299,955</u>	<u>\$ 791,136</u>	<u>\$ 168,671</u>	<u>\$ 1,413,998</u>

**Notes to Financial Statements
September 30, 2012
St. Johns County Clerk of Courts**

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

All deposits of the Office are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

Investment in State Pool

At year end, the Office had investments in the State Pool as summarized below:

General Fund	\$ 117,910
Agency Fund	<u>29,769</u>
 Total	 <u><u>\$ 147,679</u></u>

At year end, the Office's investment in the State Pool consisted of:

Florida PRIME (cost)	\$ 35,772
Fund B (fair value)	<u>111,907</u>
Total	<u><u>\$ 147,679</u></u>

The Office's investment in the State Pool exposes it to credit risk and interest rate risks. The Office does not have a formal investment policy relating to these risks, which are hereafter described.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Florida PRIME is rated by Standard and Poors and has a rating at September 30, 2012 of AAAm.

The Fund B is not rated by a nationally recognized statistical rating agency.

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment.

The weighted average maturity (WAM) of the Florida PRIME at September 30, 2012 was 39 days.

The weighted average life (WAL) of Fund B at September 30, 2012 was 4.08 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. Since Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the WAL.

**Notes to Financial Statements
September 30, 2012
St. Johns County Clerk of Courts**

NOTE 3 – DEPOSITS AND INVESTMENTS

The following represents a summary of the Office's Equity in Pooled Cash and Equivalents in the accompanying financial statements:

	Deposits	Overdraft Due To/Due From	Investments in SBA	Equity in Pooled Cash & Equivalents
General Fund	\$ (77,086)	\$ (11,364)	\$ 117,910	\$ 29,460
Court Modernization Trust Fund	224,903	-	-	224,903
Records Modernization Trust Fund	764,926	-	-	764,926
Other Governmental Funds	159,150	11,364	-	170,514
Agency Fund	6,529,862	-	29,769	6,559,631
TOTALS	<u>\$ 7,601,755</u>	<u>\$ -</u>	<u>\$ 147,679</u>	<u>\$ 7,749,434</u>

NOTE 4 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012	Due Within One Year
Compensated Absences	<u>\$ 392,000</u>	<u>\$ 181,300</u>	<u>\$ 140,300</u>	<u>\$ 433,000</u>	<u>\$ 336,000</u>

NOTE 5 – PENSION PLAN

Defined Benefit Plan

Plan Description. The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

Funding Policy. The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2012 were as follows: Regular Employees 5.18%; Special Risk Employees 14.90%; Senior Management 6.30%; Elected Officials 10.23%; DROP 5.44%. Employees are required to contribute 3.00%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were \$203,000, \$425,000 and \$446,000, respectively, equal to the required contributions for each year.

Notes to Financial Statements
September 30, 2012
St. Johns County Clerk of Courts

NOTE 5 – PENSION PLAN

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan totaled \$29,000.

NOTE 6 – RISK MANAGEMENT

For health insurance and worker’s compensation, the Office participates in the risk management program established by the Board of County Commissioners to cover claims against the Board and Constitutional Officers. The risk management program is accounted for in the Board’s financial statements as an Internal Service Fund, in accordance with requirements of GASB 10.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Office executed a contract in 2011 for the installation of a tax deed management system. The total contract amount is \$50,200. The system was not completely installed by year-end; \$25,100 was recorded in fiscal year 2011, and \$12,550 is included in the accompanying financial statements. As of September 30, 2012, the balance owed on the contract was \$12,550. The commitment will be funded by future other governmental services revenues of the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2012
St. Johns County Clerk of Courts

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
<u>REVENUES</u>			
Intergovernmental Revenues	\$ 2,831,217	\$ 3,713,184	\$ 3,713,183
Charges for Services	1,213,450	1,387,700	1,502,629
Investment Income	9,000	9,000	35,397
Miscellaneous Revenue	2,200	2,200	1,514
TOTAL REVENUES	4,055,867	5,112,084	5,252,723
<u>EXPENDITURES</u>			
Current:			
General Government Services:			
Personal Services	2,597,250	2,654,130	2,580,049
Operating Expenditures	242,800	357,270	340,080
Capital Outlay	3,500	11,200	11,316
Court Related:			
Personal Services	2,715,878	3,543,845	3,187,771
Operating Expenditures	202,939	249,939	173,194
Capital Outlay	2,500	9,500	9,183
TOTAL EXPENDITURES	5,764,867	6,825,884	6,301,593
EXCESS OF REVENUES UNDER EXPENDITURES	(1,709,000)	(1,713,800)	(1,048,870)
<u>OTHER FINANCING SOURCES (USES)</u>			
Appropriation from Board of County Commissioners			
Commissioners	1,757,000	1,757,000	1,757,000
Reversion to Board of County Commissioners	-	-	(322,167)
Reversion to Clerks of Court Trust Fund	-	-	(390,510)
Transfer from (to) funds	-	-	(146)
TOTAL OTHER FINANCING SOURCES (USES)	1,757,000	1,757,000	1,044,177
NET CHANGE IN FUND BALANCES	48,000	43,200	(4,693)
FUND BALANCES - October 1, 2011	158,929	158,929	158,929
FUND BALANCES - September 30, 2012	\$ 206,929	\$ 202,129	\$ 154,236

Notes to Schedule:

Pursuant to Section 28.36, Florida Statutes, the budget is subject to the General Appropriations Act of the Florida Legislature. The State of Florida releases this appropriation on a monthly basis. As such, the budgeted amounts reflected in this schedule are comprised of nine months of activity from the State's 2012 fiscal year and three months of activity from the State's 2013 fiscal year. The noncourt-related functions are funded by Board appropriations and user fees. The fund is the legal level of control.

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Court Modernization Fund
For the Year Ended September 30, 2012
St. Johns County Clerk of Courts**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
<u>REVENUES</u>			
Charges for Services	\$ 363,550	\$ 363,550	\$ 470,638
Investment Income	1,450	1,450	-
	<u>365,000</u>	<u>365,000</u>	<u>470,638</u>
<u>EXPENDITURES</u>			
Current:			
Court Related:			
Personal Services	194,000	206,450	200,319
Operating Expenditures	241,500	219,550	154,900
Capital Outlay	10,000	19,500	16,160
	<u>445,500</u>	<u>445,500</u>	<u>371,379</u>
TOTAL EXPENDITURES	<u>445,500</u>	<u>445,500</u>	<u>371,379</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,500)	(80,500)	99,259
FUND BALANCES - October 1, 2011	<u>200,696</u>	<u>200,696</u>	<u>200,696</u>
FUND BALANCES - September 30, 2012	<u>\$ 120,196</u>	<u>\$ 120,196</u>	<u>\$ 299,955</u>

Notes to Schedule:

The preparation, adoption, and amendment of the budgets is governed by Florida Statutes. The fund is the legal level of control.

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Records Modernization Trust Fund
For the Year Ended September 30, 2012
St. Johns County Clerk of Courts**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
<u>REVENUES</u>			
Charges for Services	\$ 121,000	\$ 121,000	\$ 153,540
Fines and Forfeitures	130,000	130,000	100,918
Investment Income	3,000	3,000	-
TOTAL REVENUES	<u>254,000</u>	<u>254,000</u>	<u>254,458</u>
<u>EXPENDITURES</u>			
Current:			
General Government Services:			
Operating Expenditures	103,000	119,000	102,460
Capital Outlay	20,000	4,000	-
Court Related:			
Personal Services	11,250	11,250	8,661
Operating Expenditures	150,000	150,000	16,055
TOTAL EXPENDITURES	<u>284,250</u>	<u>284,250</u>	<u>127,176</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,250)	(30,250)	127,282
FUND BALANCES - October 1, 2011	<u>663,854</u>	<u>663,854</u>	<u>663,854</u>
FUND BALANCES - September 30, 2012	<u><u>\$ 633,604</u></u>	<u><u>\$ 633,604</u></u>	<u><u>\$ 791,136</u></u>

Notes to Schedule:

The preparation, adoption, and amendment of the budgets is governed by Florida Statutes. The fund is the legal level of control.

SUPPLEMENTARY INFORMATION

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2012
St. Johns County Clerk of Courts**

	JUVENILE DRUG COURT	TITLE IV D FUND	TEEN COURT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Equity in Pooled Cash and Equivalents	\$ -	\$ -	\$ 170,514	\$ 170,514
Due From Other Governments	-	13,159	-	13,159
TOTAL ASSETS	\$ -	\$ 13,159	\$ 170,514	\$ 183,673
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,406	\$ 1,619	\$ 3,025
Due to Other Funds	-	11,364	-	11,364
Due to Other County Agencies	-	389	224	613
TOTAL LIABILITIES	-	13,159	1,843	15,002
<u>FUND BALANCES</u>				
Restricted	-	-	168,671	168,671
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 13,159	\$ 170,514	\$ 183,673

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2012
St. Johns County Clerk of Courts**

	JUVENILE DRUG COURT	TITLE IV D FUND	TEEN COURT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 72,053	\$ -	\$ 72,053
Charges for Services	-	-	50,571	50,571
TOTAL REVENUES	-	72,053	50,571	122,624
<u>EXPENDITURES</u>				
Current:				
Court Related:				
Personal Services	-	66,837	82,763	149,600
Operating Expenditures	-	5,216	3,985	9,201
TOTAL EXPENDITURES	-	72,053	86,748	158,801
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(36,177)	(36,177)
<u>OTHER FINANCING SOURCES</u>				
Transfer In	146	-	-	146
NET CHANGE IN FUND BALANCES	146	-	(36,177)	(36,031)
FUND BALANCES - October 1, 2011	(146)	-	204,848	204,702
FUND BALANCES - September 30, 2012	\$ -	\$ -	\$ 168,671	\$ 168,671

**ADDITIONAL ELEMENTS REQUIRED BY THE
RULES OF THE AUDITOR GENERAL**

Management Letter

The Honorable Cheryl Strickland
Clerk of Courts
St. Johns County, Florida

We have audited the financial statements of the St. Johns County Clerk of Courts, (the "Office") as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated February 13, 2013.

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

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Office has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Sections 28.35 and 28.36, Florida Statutes

The Rules of the Auditor General require that statements be included in the management letter as to whether the Office complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. Our audit of the financial statements disclosed no reportable instances of noncompliance with the budget procedures specified in Section 28.36, Florida Statutes, and no reportable instances of noncompliance with the performance standards developed and certified pursuant to Section 28.35, Florida Statutes, except as reported in the Schedule of Findings as Finding 12-1.

The Honorable Cheryl Strickland
Clerk of Courts
Page 2

Other Matters

Our audit did not reveal other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the St. Johns County Clerk of Courts and management, the State of Florida Auditor General and other agencies and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

February 13, 2013
Gainesville, Florida

The Honorable Cheryl Strickland
Clerk of Courts
St. Johns County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the St. Johns County Clerk of Courts (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated February 13, 2013. Our report on the financial statements included a paragraph explaining that the financial statements include only the financial activity of the Office, which is an integral part of St. Johns County, the primary government for financial reporting purposes. 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.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office'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 was not designed to 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 Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a matter that we reported to management in the accompanying Schedule of Findings as Finding 12-1.

The Office's response to the finding identified in our audit is described in its accompanying letter of response. We did not audit the Office's response and, accordingly, we express no opinion on it.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no such misstatements during the course of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

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



February 13, 2013
Gainesville, Florida

**Schedule of Findings
For the Year Ended September 30, 2012
St. Johns County Clerk of Courts**

12-1 *Finding* – The standard collections performance measure was not met for Circuit Criminal Cases for the State fiscal year ended June 30, 2012.

Recommendation – The Office should continue to pursue the goal of meeting its budgeted performance standards given the Office’s available resources.

Cheryl
Strickland
Clerk of Courts



George Lareau
Chief Deputy

St. Johns County Clerk Of Courts
4010 Lewis Speedway, Saint Augustine, Florida 32084
Fax (904) 819-3600

February 13, 2013

David W. Martin, CPA
Auditor General
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

I agree with the contents of the audit report. I would like to respond to the Schedule of Findings on page 23:

12-1 Circuit Criminal case collections were below the State set standards for the State fiscal year ended June 30, 2012 and for the County fiscal year ended September 30, 2012 as calculated by the *Collections Quarterly Report Form for CCOC*. The form tracks the first quarter's assessments versus the collections through five consecutive quarters. In the first quarter in which tracing began for this period, 91% of the assessments were for five large drug-related cases for a total of \$400,000. All of the defendants were sentenced to a minimum of three years in prison. Collections efforts required by Florida Statute are adhered to in all courts. However, the collections of fines and court costs from individuals who are, in many cases, incarcerated are extremely difficult. These large case fines skew collection ratios. We will continue to pursue payment of all fines, fees and court costs in all St. Johns County Courts.

Should you have any questions or concerns, please feel free to contact us.

Sincerely yours,

Cheryl Strickland
Clerk of Courts