

**Clerk of the Circuit Court  
County of Volusia, Florida**

**ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2012**

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
**ANNUAL FINANCIAL REPORT**  
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Year Ended September 30, 2012

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## **FINANCIAL SECTION**



**MOORE STEPHENS  
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Clerk of the Circuit Court  
County of Volusia, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk"), a component unit of County of Volusia, Florida, as of and for the year ended September 30, 2012, which collectively comprise the Clerk's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Clerk's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk as of September 30, 2012, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2013, 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, 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.

The Honorable Clerk of the Circuit Court  
County of Volusia, Florida

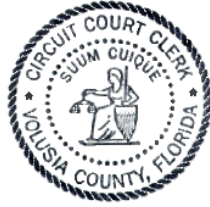
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part 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. 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
January 14, 2013

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2012



As management of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk"), we offer readers of the financial statements this narrative overview analysis of the financial activities of the Clerk for the year ended September 30, 2012.

### **Financial Highlights**

The assets of the Clerk exceeded its liabilities at the end of the fiscal year by \$6,843,209 (net assets). Of this amount, \$2,003,297 was invested in capital assets, \$5,762,202 was restricted, and a \$922,290 deficit resulting from ongoing obligations for accrued compensated absences. The Clerk's total net assets decreased by \$1,851,956 for the fiscal year ended September 30, 2012. As of the close of the fiscal year, the Clerk's governmental funds reported combined ending fund balances of \$5,762,202. This is a decrease of \$2,098,754 from the prior year.

### **Overview of the Financial Statements**

The Clerk's basic financial statements are composed of the following: government-wide financial statements, fund financial statements, and notes to the financial statements.

#### Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the Clerk's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Clerk's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the Clerk's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, expenses are reported in this statement for some items that will not result in changes to cash flows until future periods.

The governmental activities of the Clerk include a wide range of recordkeeping, financial management, and information management services related to the court system and the public records of Volusia County.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2012

**Overview of the Financial Statements - Continued**

Functions of the Clerk as relates to the Circuit and County Courts:

- Maintains custody and control of all court files.
- Attends court sessions.
- Files indictments, pleadings and verdicts.
- Summons jurors, witnesses and defendants.
- Prepares the appellate record.
- Conducts mortgage foreclosure sales.
- Assists victims of abuse in completing the paperwork necessary to seek injunctions for protection.
- Assists plaintiffs in completing the paperwork necessary to file for a simplified divorce.
- Assists plaintiffs in completing the paperwork necessary to file a small claims lawsuit.
- Administers oaths.
- Compiles and reports statistical and financial data.

Functions of the Clerk as relates to General Government functions of County Recorder:

- Records and indexes deeds, mortgages and real estate transactions.
- Processes tax deed applications and conducts tax deed sales.
- Records public defender liens and all judgments rendered by the court.
- Maintains public land records.
- Processes marriage licenses and passports.
- Performs marriage ceremonies.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Clerk can be divided into two categories: governmental funds and fiduciary funds.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2012

**Overview of the Financial Statements - Continued**

Governmental Funds:

Governmental funds are used to account for the same functions reported as government activities in the government-wide financial statements. But, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The focus of governmental funds is narrower than that of government-wide financial statements. Both the governmental fund statement of net assets and the governmental fund statement of activities provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

The Clerk maintains four governmental funds: the General Fund and three special revenue funds for the Public Records Modernization Trust Fund. The Public Records Modernization Trust Fund was established under Florida Statute 28.24. This trust fund has been expanded to hold three distinct revenue streams. Three separate special revenue funds have been established to enhance the tracking of distinct elements.

Modernization Trust Fund – Public Records Modernization:

The Clerk collects either a \$1.00 service charge or 50 cent service charge on certain recorded documents for the Modernization Trust Fund – Public Records pursuant to Florida Statute 28.24(12)(d). The fund must be used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the Clerk.

Modernization Trust Fund – Court Technology:

The Clerk collects a \$1.90 service charge on certain recorded documents for the Modernization Trust Fund – Court Technology pursuant to Florida Statute 28.24(12)(e). This fund must be used exclusively for the court-related technology needs of the Clerk.

Modernization Trust Fund – 10% Court Related:

The fund receives 10% of all court-related fines pursuant to F.S. 28.37(2) and the fund is to be used for court-related operational needs and program enhancements.

The General Fund and the three special revenue funds are presented as major funds. Information for these funds is presented separately in the governmental fund statement of assets and in the governmental fund statement of activities. The Clerk adopts annual appropriated budgets for its General Fund and Public Records Modernization Trust Funds. The annual budgets serve as the foundation for the Clerk's financial planning and control. A budgetary comparison statement has been provided for both funds to demonstrate compliance with the budget.



**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2012

**Overview of the Financial Statements - Continued**

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of the State of Florida, the County of Volusia, and other parties outside the Clerk. The fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Clerk.

The fiduciary funds financial statement can be found on page 14 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 15 of this report.

**Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of financial position. In the case of the Clerk, assets exceeded liabilities by \$6,843,209 at the end of the fiscal year.

CLERK'S NET ASSETS – Governmental Activities

	2012	2011
Current and other assets	\$ 7,425,995	\$ 9,818,255
Capital assets	2,003,297	1,895,719
Total assets	9,429,292	11,713,974
Long-term liabilities	922,290	1,061,510
Other liabilities	1,663,793	1,957,299
Total liabilities	2,586,083	3,018,809
Net Assets:		
Invested in capital assets	2,003,297	1,895,719
Restricted	5,762,202	7,860,956
Unrestricted (deficit)	(922,290)	(1,061,510)
<b>TOTAL NET ASSETS</b>	<b>\$ 6,843,209</b>	<b>\$ 8,695,165</b>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2012

**Government-wide Financial Analysis - Continued**

CLERK'S CHANGES IN NET ASSETS – Governmental Activities

	2012	2011
<b>Revenues</b>		
Operating grants	\$ 486,489	\$ 594,899
Subsidy from County Council	1,618,035	1,808,064
Appropriation from State of Florida	11,164,446	11,591,603
Charges for services	3,629,202	3,241,150
Interest	2,435	5,685
Miscellaneous revenues	12,875	52,205
Total revenues	16,913,482	17,293,606
<b>Expenditures</b>		
General government	4,397,436	4,383,366
Court operations	12,971,926	12,226,452
Total expenditures	17,369,362	16,609,818
Increase (decrease) in net assets before transfers	(455,880)	683,788
Transfers	(1,396,076)	(1,811,504)
Increase (decrease) in net assets	(1,851,956)	( 1,127,716)
Net assets – October 1	8,695,165	9,822,881
Net assets – September 30	\$ 6,843,209	\$ 8,695,165

The funds restricted for the Modernization Trust Funds accounted for \$5,762,202 of the net assets. The Clerk's investment in capital assets was \$2,003,297 at the end of the fiscal year. This amount reflects the Clerk's investment in office and computer equipment, which are used to provide services to the citizens of Volusia County. Consequently, these assets are not available for future spending. The Clerk purchased \$905,735 of office and computer equipment during the fiscal year.

There is a deficit in the unrestricted net assets category of \$922,290. This amount represents amounts not due within one year and is comprised of \$546,267 in accrued compensated absences and \$376,023 in Other Post Employment Benefits "OPEB" liability. It is the Clerk's policy to grant all full-time and provisional employees annual leave based upon the number of years of employment with the Clerk. Unused annual leave accrued is payable upon termination, retirement or through an attendance incentive plan. The amount due represents accrued and unpaid sick leave and vacation leave for employees who are currently employed by the Clerk. The Clerk grants postemployment healthcare benefits to its employees after they retire. The balance due represents the unfunded actuarial accrued liability for past service costs. The Clerk is following a pay-as-you go method for funding the OPEB liability.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2012

**Government-wide Financial Analysis - Continued**

These amounts are expected to be paid out over a number of years from current operating resources. The Clerk does not anticipate that the payments will cause operating deficits in future periods.

The Clerk is required under Section 218.36 of the Florida Statutes to submit to the County of Volusia, all excess fees from general government operations by October 31<sup>st</sup> after the close of the fiscal year. The excess fee calculation is based upon the fund financial statements; therefore, the Clerk does not have the opportunity to accumulate net assets in the General Fund to pay the accrued compensated absences.

**General Fund Budgetary Highlights**

The General Fund is the chief operating fund of the Clerk. There were no substantial differences between the original budget and final amended budget.

The Clerk is required to prepare a separate budget for court-related revenues and expenditures, which is reviewed by the Florida Clerks of Court Operations Corporation and submitted to the Legislature and the Supreme Court by December 1 each year. The actual court-related revenues were \$149,967 less than the approved budget. This is because the budget revenues were projected based upon the State of Florida's fiscal year which ends on June 30.

The expenditures were \$1,017,112 less than the approved budget. The expenditures were less than the budgeted amounts because of spending decisions related to the operational needs of the Clerk's office.

For the general government portion of the budget, the fees were \$2,088 higher than expected. This was due to a decrease in federal grant revenues of \$216,529, which offset recording fees and other revenues, which were \$218,617 more than expected. The general government expenditures were \$526,843 lower than the budgeted amount because the Clerk changed spending decisions based on the operational needs of the office.

**Economic Factors and Next Year's Budgets**

Various factors were considered in preparing the budget for the 2012 fiscal year. The Clerk currently sees an environment that does not indicate growth in state revenues or in the housing market for the coming fiscal year. The general government revenues are expected to be flat.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2012

**Requests for Information**

This financial report is designed to provide a general overview of the Clerk of the Circuit Court's finances for all those with an interest in the Clerk's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Director of Fiscal Operations, Clerk of the Circuit Court, P.O. Box 6043, DeLand, Florida 32721-6043.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
September 30, 2012

	<b>MAJOR SPECIAL REVENUE FUNDS</b>				<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Assets</b>
	<b>General Fund</b>	<b>Modernization Trust Fund - Public Records Modernization</b>	<b>Modernization Trust Fund - Court Technology</b>	<b>Modernization Trust Fund - 10% Court Related</b>			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,561,070	\$ 2,947,522	\$ 1,920,938	\$ 893,742	\$ 7,323,272	\$ -	\$ 7,323,272
Accounts receivable	654	-	-	-	654	-	654
Due from County Council	2,740	-	-	-	2,740	-	2,740
Due from other governments	89,429	-	-	-	89,429	-	89,429
Prepays and other assets	9,900	-	-	-	9,900	-	9,900
Capital assets, net	-	-	-	-	-	2,003,297	2,003,297
<b>Total Assets</b>	<b>\$ 1,663,793</b>	<b>\$ 2,947,522</b>	<b>\$ 1,920,938</b>	<b>\$ 893,742</b>	<b>\$ 7,425,995</b>	<b>2,003,297</b>	<b>9,429,292</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 161,745	\$ -	\$ -	\$ -	\$ 161,745	\$ -	\$ 161,745
Accrued liabilities	202,507	-	-	-	202,507	-	202,507
Accrued compensated absences:							
Current portion	357,918	-	-	-	357,918	-	357,918
Long-term portion	-	-	-	-	-	546,267	546,267
OPEB Liability	-	-	-	-	-	376,023	376,023
Due to County Council	528,931	-	-	-	528,931	-	528,931
Due to other governments	315,524	-	-	-	315,524	-	315,524
Deposits	97,168	-	-	-	97,168	-	97,168
<b>Total Liabilities</b>	<b>1,663,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,663,793</b>	<b>922,290</b>	<b>2,586,083</b>
<b>FUND BALANCES / NET ASSETS</b>							
Fund balances:							
Restricted for public record modernization	\$ -	\$ 2,947,522	\$ -	\$ -	\$ 2,947,522	\$ 2,947,522	-
Restricted for court technology	-	-	1,920,938	-	1,920,938	1,920,938	-
Restricted for court programs	-	-	-	\$ 893,742	893,742	893,742	-
Total fund balances	-	2,947,522	1,920,938	893,742	5,762,202	5,762,202	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,663,793</b>	<b>\$ 2,947,522</b>	<b>\$ 1,920,938</b>	<b>\$ 893,742</b>	<b>\$ 7,425,995</b>		
Net assets:							
Invested in capital assets						2,003,297	2,003,297
Restricted						5,762,202	5,762,202
Unrestricted (deficit)						(922,290)	(922,290)
<b>Total Net Assets</b>						<b>\$ 6,843,209</b>	<b>\$ 6,843,209</b>

The accompanying notes are an integral part of the financial statements.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
For The Year Ended September 30, 2012

	<b>General Fund</b>	<b>Modernization Trust Fund - Public Records Modernization</b>	<b>Modernization Trust Fund - Court Technology</b>	<b>Modernization Trust Fund - 10% Court Related</b>	<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Activities</b>
<b>Revenues</b>							
General government:							
Operating grants	\$ 486,489	\$ -	\$ -	\$ -	\$ 486,489	\$ -	\$ 486,489
Subsidy from County Council	1,618,035	-	-	-	1,618,035	-	1,618,035
Charges for services	2,236,603	254,752	-	-	2,491,355	-	2,491,355
Interest	857	559	-	-	1,416	-	1,416
Miscellaneous revenues	12,875	-	-	-	12,875	-	12,875
Court operations:							
Appropriation from State of Florida	11,164,446	-	-	-	11,164,446	-	11,164,446
Charges for services	-	-	719,312	418,535	1,137,847	-	1,137,847
Interest	-	-	301	718	1,019	-	1,019
Total Revenues	<u>15,519,305</u>	<u>255,311</u>	<u>719,613</u>	<u>419,253</u>	<u>16,913,482</u>	<u>-</u>	<u>16,913,482</u>
<b>Expenditures / Expenses</b>							
General government:							
Programs and operations	3,738,499	-	-	-	3,738,499	(139,221)	3,599,278
Depreciation	-	-	-	-	-	798,158	798,158
Capital outlay	87,429	-	-	-	87,429	(87,429)	-
Court operations:							
Programs and operations	10,297,301	1,293,545	883,397	497,683	12,971,926	-	12,971,926
Capital outlay	-	796,894	21,412	-	818,306	(818,306)	-
Total Expenditures / Expenses	<u>14,123,229</u>	<u>2,090,439</u>	<u>904,809</u>	<u>497,683</u>	<u>17,616,160</u>	<u>(246,798)</u>	<u>17,369,362</u>
Excess (deficiency) of revenues over expenditures	1,396,076	(1,835,128)	(185,196)	(78,430)	(702,678)	246,798	(455,880)
<b>Other Financing Sources / Uses</b>							
Transfers - County Council	(528,931)	-	-	-	(528,931)	-	(528,931)
Transfers - Florida Department of Revenue	(867,145)	-	-	-	(867,145)	-	(867,145)
Total Other Financing Sources / Uses	<u>(1,396,076)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,396,076)</u>	<u>-</u>	<u>(1,396,076)</u>
Excess (deficiency) of revenues over expenditures and transfers out	-	(1,835,128)	(185,196)	(78,430)	(2,098,754)	2,098,754	-
Change in net assets	-	-	-	-	-	(1,851,956)	(1,851,956)
<b>Fund Balances / Net Assets</b>							
Beginning of the year	-	4,782,650	2,106,134	972,172	7,860,956	834,209	8,695,165
End of the year	<u>\$ -</u>	<u>\$ 2,947,522</u>	<u>\$ 1,920,938</u>	<u>\$ 893,742</u>	<u>\$ 5,762,202</u>	<u>\$ 1,081,007</u>	<u>\$ 6,843,209</u>

The accompanying notes are an integral part of the financial statements.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND  
For The Year Ended September 30, 2012

	<b>General Fund</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues</b>			
General government:			
Operating grants	\$ 703,018	\$ 703,018	\$ 486,489
Subsidy from County Council	1,618,035	1,618,035	1,618,035
Charges for services	2,018,718	2,018,718	2,236,603
Interest	3,000	3,000	857
Miscellaneous revenues	10,000	10,000	12,875
Court operations:			
Appropriation from State of Florida	11,314,413	11,314,413	11,164,446
Charges for services	-	-	-
Interest	-	-	-
Miscellaneous revenues	-	-	-
<b>Total Revenues</b>	<b>15,667,184</b>	<b>15,667,184</b>	<b>15,519,305</b>
<b>Expenditures / Expenses</b>			
General government:			
Programs and operations	4,352,771	4,352,771	3,738,499
Capital outlay	-	-	87,429
Court operations:			
Programs and operations	11,314,413	11,314,413	10,297,301
Capital outlay	-	-	-
<b>Total Expenditures / Expenses</b>	<b>15,667,184</b>	<b>15,667,184</b>	<b>14,123,229</b>
Net change in fund balance	-	-	1,396,076
Transfers - County Council	-	-	(528,931)
Transfers - Florida Department of Revenue	-	-	(867,145)
Budgeted Reserve - Court Operations	-	-	-
Fund Balance at Beginning of Year	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of the financial statements.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended September 30, 2012

	Special Revenue Fund Modernization Trust Fund Public Records Modernization			Special Revenue Fund Modernization Trust Fund Court Technology			Special Revenue Fund Modernization Trust Fund 10% Court Related		
	Original Budget	Final Budget	Actual Amounts	Original Budget	Final Budget	Actual Amounts	Original Budget	Final Budget	Actual Amounts
<b>Revenues</b>									
General government:									
Operating grants									
Subsidy from County Council									
Charges for services	\$ 225,000	\$ 225,000	\$ 254,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,000	1,000	559	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	-	-	-
Court operations:									
Subsidy from Clerk of Court Trust Fund	-	-	-						
Charges for services	-	-	-	600,000	600,000	719,312	400,000	400,000	418,535
Interest	-	-	-	1,500	1,500	301	200	200	718
Miscellaneous revenues	-	-	-	-	-	-	-	-	-
Total Revenues	<u>226,000</u>	<u>226,000</u>	<u>255,311</u>	<u>601,500</u>	<u>601,500</u>	<u>719,613</u>	<u>400,200</u>	<u>400,200</u>	<u>419,253</u>
<b>Expenditures / Expenses</b>									
General government:									
Programs and operations	250,000	1,810,000	1,293,545	-	-	-	-	-	-
Capital outlay	50,000	1,150,000	796,894	-	-	-	-	-	-
Court operations:									
Programs and operations	-	-	-	1,250,000	1,250,000	883,397	200,000	600,000	497,683
Capital outlay	-	-	-	350,000	350,000	21,412	-	50,000	-
Total Expenditures / Expenses	<u>300,000</u>	<u>2,960,000</u>	<u>2,090,439</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>904,809</u>	<u>200,000</u>	<u>650,000</u>	<u>497,683</u>
Net change in fund balance	(74,000)	(2,734,000)	(1,835,128)	(998,500)	(998,500)	(185,196)	200,200	(249,800)	(78,430)
Transfers - County Council	-	-	-	-	-	-	-	-	-
Transfers - Florida Department of Revenue	-	-	-	-	-	-	-	-	-
Budgeted Reserve - Court Operations	-	-	-	-	-	-	-	-	-
Fund Balance at Beginning of Year	4,054,332	4,054,332	4,613,592	5,701,612	4,550,612	4,410,516	11,751	11,751	557,292
<b>Fund Balance at End of Year</b>	<u>\$ 3,980,332</u>	<u>\$ 1,320,332</u>	<u>\$ 2,778,464</u>	<u>\$ 4,703,112</u>	<u>\$ 3,552,112</u>	<u>\$ 4,225,320</u>	<u>\$ 211,951</u>	<u>\$ (238,049)</u>	<u>\$ 478,862</u>

The accompanying notes are an integral part of the financial statements.



**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF FIDUCIARY NET ASSETS -  
AGENCY FUNDS  
September 30, 2012

**ASSETS**

Cash and cash equivalents	\$ 10,420,104
Accounts receivable	31,302
Due from other governments	-
<b>Total Assets</b>	<u>10,451,406</u>

**LIABILITIES**

Accounts payable	93,611
Due to County Council	306,750
Due to other governments	2,751,477
Deposits	7,299,568
<b>Total Liabilities</b>	<u>10,451,406</u>

**NET ASSETS**

\$ -

The accompanying notes are an integral part of the financial statements.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The County of Volusia, Florida (the “County”), implemented a County Home Rule Charter on January 1, 1971, as provided by Section 125.60 of the Laws of Florida. The County operates under an elected County Council (7 members) and provides services to approximately 500,000 residents in many areas, including law enforcement, community enrichment and development, and human services.

Section 502 of the Charter specifically excludes the office of the Clerk of the Circuit Court (the “Clerk”) and its related activities, as it is a separate governmental unit governed by the Constitution and Laws of Florida. The Clerk’s annual financial report does not include the financial statements of the County Council Charter government (the “County of Volusia, Florida”) representing the County Council, Supervisor of Elections, Sheriff and Property Appraiser.

As described above, the Clerk is a legally separate entity from the County of Volusia, Florida. However, in applying the criteria set forth in Governmental Accounting Standards Board Statement Number 14, *The Reporting Entity*, it would be misleading to exclude the Clerk from the Comprehensive Annual Financial Report (“CAFR”) of the County of Volusia, Florida, because of their interrelationship. Therefore, the Clerk, for financial reporting purposes, is considered a component unit of the County of Volusia, Florida. The financial statements of the Clerk are included in the County of Volusia, Florida’s CAFR under a discrete presentation format.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements report information on all of the non-fiduciary activities of the Clerk. Fund financial statements are presented for the Clerk’s General and Special Revenue Funds. All special revenue funds meet the requirements to be classified as a major fund. The Clerk does not engage in any business-type activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, 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. Separate financial statements are provided for fiduciary funds, even though they are excluded from the government-wide financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Cont.**

and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental Funds Types

General Fund – The General Fund is the general operating fund of the Clerk. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The Clerk has three Special Revenue Funds: Modernization Trust Fund Public Records Modernization, Modernization Trust Fund Court Technology and the Modernization Trust Fund 10% Court Related.

Fiduciary Fund Type

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, other governments and/or funds. The Clerk has seven agency funds. A separate financial statement is provided for agency funds. They are excluded from the government-wide financial statements. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Clerk's agency funds are: Court Registry, Documentary Stamps and Intangible Tax, Fine and Forfeiture, Miscellaneous Deposits, Juror and Witness Payments, and Tax Deed Sales.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**D. Capital Assets**

Capital assets purchased in the General Fund and special revenue funds are recorded as expenditures at the time of purchase. Such assets are comprised entirely of equipment and are capitalized at cost or estimated historical cost. Donated assets are recorded at fair market value at the time of donation. Land and buildings used in the Clerk's operations are included in the County of Volusia, Florida's CAFR. Depreciation has been provided on fixed assets using the straight-line method over the estimated useful life of five years for office furniture, fixtures and equipment.

**E. Budgets and Budgetary Accounting**

The Clerk follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Section 218.35 of the Florida Statutes requires the Clerk, as a fee officer, to establish an annual budget reflecting resources available and functions for which funds are to be expended.
- (2) The proposed budget is to be filed with the Clerk of the County Council by September 1 preceding the fiscal year of the budget.
- (3) The Clerk was required to submit a budget for court-related revenues and expenditures (for functions elaborated in Section 28.36 of the Florida Statutes) for the State of Florida fiscal year ending June 30, 2013 by October 1, 2011. The budget was submitted to the Florida Clerks of Court Operations Corporation in accordance with Section 28.36 of the Florida Statutes. The corporation must then review the budget requests and make recommendations to the Legislature and the Supreme Court by December 1.
- (4) The Clerk can amend the general government budget (recorded in the General Fund), as deemed necessary, during the year. Budgetary control is at the total revenue and expenditure level.
- (5) The Clerk must request approval from the Florida Clerks of Court Operations Corporation in order to amend the court-related budget. Budgetary control is at the total revenue and expenditure level.
- (6) The Clerk must remit to the General Fund of the County of Volusia, Florida, the excess revenues over expenditures for general government operations in the Clerk's General Fund. This must be done by October 31<sup>st</sup> after the close of the fiscal year, in accordance with Section 218.36 of the Florida Statutes.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Budgets and Budgetary Accounting - Continued**

- (7) The Clerk must remit to the State of Florida General Revenue Fund the unexpended appropriations (state appropriations received in excess of the approved budgeted expenditures) within 45 days after the State fiscal year end of June 30.
- (8) Formal budgetary integration is employed as a management control device during the year for the Clerk's General Fund and Special Revenue Funds. Appropriations lapse at the close of the fiscal year.
- (9) The budgets for the Clerk's General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

**F. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, checking accounts and money market accounts.

**G. Compensated Absences**

It is the Clerk's policy to grant all full-time and provisional employees annual leave based upon the number of years of employment with the Clerk. Annual leave may be accrued up to a maximum of 270 hours. Unused annual leave accrued is payable upon termination or retirement.

Sick leave is accumulated at the rate of one working day per calendar month of continuous employment. After six years of service, employees are entitled to 50% of unused accrued sick leave upon termination up to 480 hours.

A liability for unused, accrued annual leave and sick leave is reported in the General Fund for the estimated current portion of these compensated absences.

**H. Grants**

Revenues received or used from grants for governmental funds are recognized as current revenues when they become susceptible to accrual, that is, both measurable and available (modified accrual basis).

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Statement of Net Assets**

The ending governmental fund balances were \$5,762,202. The total net assets were \$6,843,209. The difference of \$1,081,007 is primarily due to the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Ending fund balances	\$ 5,762,202
Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,003,297
Long-term portion of liabilities not due and payable in current period and therefore not reported in the funds:	
Accrued compensated absences	(546,267)
OPEB Liability	<u>(376,023)</u>
Total net assets	<u>\$ 6,843,209</u>

**B. Statement of Activities**

“Total Expenditures” for governmental funds differs from “Total Expenses” for governmental activities. Adjustments were made to include depreciation expense, eliminate capital outlay expenditures and record the increase in long-term compensated absences on the statement of activities. When capital assets that are to be used in governmental activities are purchased, the resources expended for those assets are reported as expenditures in governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These items resulted in a net difference between “excess of revenues over expenditures and transfers out” and “change in net assets” of \$246,798.

(Deficiency) of revenues over expenditures and transfers out	\$ (2,098,754)
Depreciation expense	(740,341)
Net disposals of capital assets	(57,817)
Capital outlay expenditures and contributed capital	905,735
Decrease in long-term compensated absences	185,674
Increase in OPEB Liability	<u>(46,453)</u>
Change in net assets	<u>\$ (1,851,956)</u>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 3 – CASH AND INVESTMENTS**

Deposits

Deposits consist of demand accounts (interest and non-interest bearing). All deposits are insured by the Federal Depository Insurance Corporation “FDIC” up to \$250,000 per bank. For amounts over this limit, the Florida Public Deposit Act (the Act) requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral, as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of FDIC insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Investments

Florida Statutes authorize the Clerk to invest in the Local Government Surplus Funds Trust Fund; obligations of the U.S. Government; U.S. Government Instrumentalities; interest-bearing time deposits and savings accounts in banks and savings and loans, provided such deposits are collateralized as described above; mutual funds investing in U.S. Government securities; and repurchase agreements. During the current fiscal year, the Clerk held no such investments.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The Clerk had no interest rate risk as of September 30, 2012.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. The Clerk’s investment policy does not specifically address custodial credit risk. The entire amount of the bank balance of deposits is covered by the FDIC or collateral with the State of Florida under the Florida Security for Public Deposits Act. The Act established guidelines for qualification and participation by banks and savings associations, and procedures for the administration of the collateral requirements. Under the Act, Clerk deposits in qualified depositories are totally insured.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 4 – CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Equipment	\$ 6,543,591	\$ 905,735	\$ 425,582	\$ 7,023,744
Less accumulated depreciation	<u>4,647,872</u>	<u>740,341</u>	<u>367,766</u>	<u>5,020,447</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,895,719</u>	<u>\$ 165,394</u>	<u>\$ 57,816</u>	<u>\$ 2,003,297</u>

**NOTE 5 – CHANGES IN LONG-TERM DEBT**

The following is a summary of changes in long-term debt during the fiscal year:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Accrued compensated absences	<u>\$ 1,087,413</u>	<u>\$ 1,236,147</u>	<u>\$ 1,419,375</u>	\$ 904,185
Less current portion				<u>357,918</u>
Long-term portion				<u>\$ 546,267</u>

**NOTE 6 – RETIREMENT SYSTEM**

The Clerk’s employees participate in the Florida Retirement System (“FRS”), a defined-benefit, cost-sharing, multiple-employer, public employee retirement system, administered by the Florida Department of Administration. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes, Chapter 121, as may be amended from time to time by the State Legislature, provides the methodology for determining contribution rates for the various membership classes of the FRS. The FRS issues a publicly-available financial report that includes financial statements, 10-year historical trend information and other required supplementary information. That report may be obtained by writing to the Department of Administration, Division of Retirement, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-1560.



**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 6 – RETIREMENT SYSTEM – Continued**

Beginning July 1, 2002, the FRS became one plan with two options, a defined-benefit option known as the FRS Pension Plan, and an alternative defined-contribution option, known as the FRS Investment Plan. The FRS Pension Plan provides for vesting of benefits after six years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age.

The FRS Investment Plan is a participant-directed 401(a) program selected by employees in lieu of participation in the defined-benefit option of the FRS. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Members are vested after completing one year of creditable service.

Funding Policy – The FRS has three classes of membership, which are applicable to the Clerk. The elected Clerk entered the Deferred Retirement Option Program so the Elected State Officer Class is no longer applicable. Descriptions and employer contribution rates in effect during the period ended September 30, 2012, were as follows (contribution rates are in agreement with the actuarially-determined rates):

	Period	
	10/1/11 to 6/30/12	7/1/12 to 9/30/12
<u>Regular Class</u> – Members not qualifying for other classes.	4.91%	5.18%
<u>Senior Management Service Class</u> – Members of senior management who do not elect the optional annuity retirement program.	6.27%	6.30%
<u>Deferred Retirement Option Program (“DROP”)</u> – Members who meet the criteria are allowed to defer the receipt of benefits, allowing them to accumulate and earn interest within the FRS Trust Fund, while the member continues their employment.	4.42%	5.44%

Beginning with payment dates on or after July 1, 2011, an additional 3% employee contribution is required on the compensation of all members, except DROP participants and re-employed retirees who are not eligible for renewed membership. The contribution rate, as a percentage of current-year covered payroll, is 7.73%. For the years ended September 30, 2012, 2011, and 2010, the total contributions were \$706,431, \$911,715, and \$988,327 respectively. The Clerk made 100% of its required contributions each year.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 7 – TRANSACTIONS WITH PRIMARY GOVERNMENT**

During the current year, aside from the annual subsidy from the County of Volusia, Florida, the Clerk recorded fees from services provided to the County in the amount \$57,002. This amount has been included in the charges for services in the statement of revenues, expenditures, and changes in fund balance – budget and actual in the General Fund.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

Intergovernmental Grants

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time.

**NOTE 9 – RESTRICTED AND UNRESTRICTED NET ASSETS**

Restricted Net Assets – Governmental Activities

The balance of restricted net assets in the governmental funds represents funds for public records modernization purposes and are restricted by enabling legislation.

Unrestricted Net Assets – Deficit

Unrestricted net assets - deficit represents accrued compensated absences of the Clerk, which are not due within one year. The excess fee calculation is based upon the fund financial statements and does not permit the Clerk to accumulate net assets in the General Fund to pay long-term accrued compensated absences of the Clerk's governmental activities.

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN**

Plan Description

The Clerk's post employment healthcare plan, Clerk of the Circuit Court – Volusia County Post Employment Healthcare Plan, is a single-employer, defined-benefit healthcare plan. It provides medical and dental insurance benefits to eligible retirees and their spouses. Chapter 112.0801 of the Florida Statutes requires the Clerk to extend the same coverage to retirees that it offers to current employees at a premium cost of no more than the premium cost applicable to active employees. The plan does not issue a separate financial report.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN – Continued**

Funding Policy

The contribution requirements of plan members and the Clerk are established and may be amended by the Clerk. The required contribution is based on projected pay-as-you-go financing requirements.

For the fiscal year ended September 30, 2012, the total current premiums for health insurance were \$2,498,587. The Clerk contributed \$2,498,503 to the plan for current premiums. Plan members receiving benefits contributed \$357,951, or approximately 16.72 % of the premiums through their required contributions. Plan members are required to contribute \$473.00 each month for Florida Health Care HMO retiree-only coverage, or \$917.63 for additional spouse or child coverage. The Triple Option retiree-only coverage requires a monthly payment of \$568.94 for retiree-only coverage, or \$1,103.74 for additional spouse or child coverage. For dental coverage, the retiree amounts are \$18.94 monthly for retiree-only or \$35.49 for additional spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

The Clerk’s annual other post employment benefit “OPEB” cost (expense) is calculated based on the annual required contribution of the employer “ARC”. This amount is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Clerk’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk’s net OPEB obligation.

<u>Annual OPEB Cost (Expense) and Net OPEB Obligation (NOO)</u>			
Fiscal Year Ended	9/30/12	9/30/11	9/30/10
Normal Cost (service cost for one year)	\$ 41,754	\$ 66,951	\$ 63,822
Amortization of UAAL	26,403	33,230	32,218
Interest on Normal Cost and Amortization	1,363	4,087	3,842
Annual Required Contribution (ARC)	69,520	106,268	99,882
NOO at beginning of year	329,570	243,109	156,776
Annual Required Contribution (ARC)	69,520	106,268	99,882
Interest on NOO	13,183	9,724	6,271
Adjustment to ARC	(11,425)	(8,428)	(5,435)
Annual OPEB Cost	71,278	107,564	100,718
Expected Employer Contribution	(24,825)	(21,103)	(14,385)
Increase (Decrease) in NOO	46,453	86,461	86,333
NOO at end of year	\$ 376,023	\$ 329,570	\$ 243,109

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN – Continued**

The Clerk’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Expected Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/10	\$ 100,718	\$ 14,385	14.28%	\$ 243,109
9/30/11	107,564	21,103	19.62%	329,570
9/30/12	71,278	24,825	34.83%	376,023

Funded Status and Funding Progress

As of October 1, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial value of assets was zero and the actuarial accrued liability for benefits was \$792,092. The total unfunded actuarial liability was \$792,092. The covered payroll (annual payroll of active employees covered by the plan) was \$9,012,418, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.8%.

The projection of future benefit payment for an ongoing program involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of program assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2012

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN - Continued**

Based on the historical and expected returns of the employer's short-term investment portfolio, a discount rate of 4.0% was used. An inflation rate of 4.0% was assumed. In addition, the entry age normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at September 30, 2010 is 30 years. Health insurance trends start at 9.0% for the fiscal year ending in 2012 and 8.5% for 2013, grading down to 5.0% - the ultimate trend rate in 2021.

**NOTE 11 – FUND BALANCE**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Clerk has classified governmental fund balances as Restricted. These fund balances include amounts in the Major Special Revenue Funds that can only be spent for the specific purposes stipulated by enabling legislation. The fund balances in the Modernization Trust Funds are restricted because they can only be spent in accordance with the requirements of the Florida Statutes. The Clerk does not have a formal minimum fund balance policy. When restricted and unrestricted resources are available to pay an expense, the Clerk's policy is to first apply an expense against unrestricted resources.

The Public Records Modernization Fund can only be used to modernize the Clerk's public records system. The Clerk collects a \$1.00 service charge or 50 cent service charge on certain recorded documents for this trust fund pursuant to Florida Statute 28.24(12)(d).

The Court Technology portion can only be spent on the court-related technology operations of the Clerk. The Clerk collects a \$1.90 service charge on certain recorded documents pursuant to Florida Statute 28.24(12)(e) for this trust fund.

The 10% Court Related portion can only be spent on the court-related operational needs and program enhancements of the Clerk. The Clerk collects 10% of all court-related fines pursuant to Florida Statute 28.37(2).

**Clerk of the Circuit Court  
County of Volusia, Florida**  
REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Funding Progress

Other Post Employment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) / c)
10/1/2007	\$ -	\$ 873,314	\$ 873,314	0.0%	\$ 9,740,605	9.0%
10/1/2009	-	966,546	966,546	0.0%	9,553,371	10.1
10/1/2011	-	792,092	792,092	0.0%	9,012,418	8.8

## **COMPLIANCE SECTION**



**MOORE STEPHENS  
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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 Honorable Clerk of the Circuit Court  
County of Volusia, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk"), as of and for the year ended September 30, 2012, and issued our report thereon dated January 14, 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.

***Internal Control over Financial Reporting***

Management of the Clerk is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Clerk's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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.



The Honorable Clerk of the Circuit Court  
County of Volusia, Florida

***Compliance and Other Matters***

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

We noted certain matters that we have reported to the Clerk's management in a separate letter dated January 14, 2013, in accordance with the Rules of the Auditor General, Section 10.550.

This report is intended solely for the information and use of the Clerk and management, others within the entity, the State of Florida Auditor General, and federal and state awarding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
January 14, 2013



**MOORE STEPHENS  
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

The Honorable Clerk of the Circuit Court  
County of Volusia, Florida

We have audited the financial statements of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated January 14, 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. We have also issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report, which are dated January 14, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of the recommendations is reported on the following page under the heading "Prior Year Findings and Recommendations" and is identified as Item 2011-1.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk materially complied with such requirements. However, we did note an observation that requires reporting and is identified below under the heading “Prior Year Findings and Recommendations” as Item 2011-1. Included in our observation is management’s response, which we did not audit and, accordingly, we express no opinion on it.

### **Prior Year Findings and Recommendations**

#### **2011-1 – Performance Measurement Standards**

##### **Observation**

During our testing of performance data, we noted that the Clerk did not meet all quarterly performance measurement standards developed and certified by the Florida Clerk of Court Operations Corporation (the “Corporation”). Performance deficiencies were noted in the areas of collection rates and timeliness. It appears that staffing shortages caused by recent budget reductions were a significant factor contributing to this. As required by Section 28.35, Florida Statutes, the Clerk submitted quarterly corrective action plans to discuss the performance standards not met.

##### **Criteria**

The Clerk is required to meet performance measurement standards established by the Corporation.

##### **Recommendation**

We recommend that the Clerk continue to take the corrective action previously reported to the Corporation in order to achieve the applicable performance measurement standards.

##### **Management Response**

The Clerk will make every reasonable effort to meet the performance measurement standards. We will take corrective actions previously reported to the Corporation and devise new corrective actions if the previous ones prove to be ineffective.

##### **Current Year Status**

Based on current-year testing on performance data, the Clerk is still not meeting performance standards in the areas of collections and timeliness.

##### **Current Year Management Response**

The Clerk has made efforts to meet the performance measurement standards. The standards were not attained due to staffing and procedural issues. The Clerk’s staff has been reallocated to cover testing, training and implementation of the new criminal case management system.

The Honorable Clerk of the Circuit Court  
County of Volusia, Florida

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.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
January 14, 2013