

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**Clerk of the Circuit Court
St. Lucie County, Florida**

September 30, 2013

SPECIAL PURPOSE FINANCIAL STATEMENTS

**Clerk of the Circuit Court
St. Lucie County, Florida**

September 30, 2013

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Report of Independent Auditor on Special Purpose Financial Statements Prepared in Compliance with a Regulatory Provision

Honorable Joseph E. Smith
Clerk of Circuit Court
St. Lucie County, Florida

We have audited the accompanying special purpose fund financial statements of the Clerk of Circuit Court, St. Lucie County, Florida as of and for the year ended September 30, 2013.

Management's Responsibility for the Special-Purpose Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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

Fort Pierce / Stuart

Honorable Joseph E. Smith
Clerk of Circuit Court
St. Lucie County, Florida

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

Opinion

In our opinion, the special-purpose fund financial statements referred to above present fairly, in all material respects, the fund financial position of the Clerk of Circuit Court, St. Lucie County, Florida as of September 30, 2013, and the changes in fund financial position and the budgetary comparison for the General and Special Revenue Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Basis of Presentation

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk of the Circuit Court's fund financial statements. The statement of changes in assets and liabilities – agency funds is presented for purposes of additional analysis and is not a required part of the fund financial statements.

The statement of changes in assets and liabilities – agency funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the fund financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the fund financial statements or to the fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of changes in assets and liabilities is fairly stated, in all material respects, in relation to the fund financial statements as a whole.



Honorable Joseph E. Smith
Clerk of Circuit Court
St. Lucie County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 2014 on our consideration of the Clerk of Circuit Court, St. Lucie County, Florida internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Circuit Court, St. Lucie County, Florida internal control over financial reporting and compliance.

Restrictions on Use

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

*Berger, Toombs, Elam,
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

January 31, 2014

**Clerk of Circuit Court
St. Lucie County, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013**

	<u>General Fund</u>	<u>Public Records Modernization Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 2,615,481	\$ 718,989	\$ 3,334,470
Accounts receivable	360,000	49	360,049
Due from other governments	149,362	-	149,362
Prepaid items	24,229	1,111	25,340
	<u>\$ 3,149,072</u>	<u>\$ 720,149</u>	<u>\$ 3,869,221</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 371,566	\$ 68,274	\$ 439,840
Accrued liabilities	190,798	13,398	204,196
Deposits payable	794,639	-	794,639
Due to other governments	1,693,342	2,558	1,695,900
Unearned revenues	98,727	-	98,727
	<u>3,149,072</u>	<u>84,230</u>	<u>3,233,302</u>
Fund balances			
Restricted			
Court modernization	-	635,919	635,919
	<u>-</u>	<u>635,919</u>	<u>635,919</u>
Total Fund Balances	-	635,919	635,919
	<u>\$ 3,149,072</u>	<u>\$ 720,149</u>	<u>\$ 3,869,221</u>
Total Liabilities and Fund Balances	\$ 3,149,072	\$ 720,149	\$ 3,869,221

See accompanying notes to financial statements.

**Clerk of Circuit Court
St. Lucie County, Florida
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
Revenues			
Intergovernmental	\$ 4,348,355	\$ -	\$ 4,348,355
Charges for services	3,253,896	717,465	3,971,361
Fines and forfeitures	512,086	373,441	885,527
Interest	8,005	910	8,915
Miscellaneous	217,223	3,140	220,363
Total Revenues	<u>8,339,565</u>	<u>1,094,956</u>	<u>9,434,521</u>
Expenditures			
Current			
General government	2,328,321	-	2,328,321
Court related	6,992,563	948,543	7,941,106
Capital outlay	210,967	153,356	364,323
Debt service			
Principal	-	176,807	176,807
Interest	-	13,578	13,578
Total Expenditures	<u>9,531,851</u>	<u>1,292,284</u>	<u>10,824,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,192,286)</u>	<u>(197,328)</u>	<u>(1,389,614)</u>
Other financing sources (uses)			
Transfer from Board of County Commissioners	1,629,258	-	1,629,258
Transfer to Board of County Commissioners	<u>(767,774)</u>	-	<u>(767,774)</u>
Total other financing sources (uses)	861,484	-	861,484
Net change in fund balance	(330,802)	(197,328)	(528,130)
Fund balances - October 1, 2012	330,802	833,247	1,164,049
Fund balances - September 30, 2013	<u>\$ -</u>	<u>\$ 635,919</u>	<u>\$ 635,919</u>

See accompanying notes to financial statements.

**Clerk of Circuit Court
St. Lucie County, Florida
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,610,452	\$ 4,348,355	\$ 4,348,355	\$ -
Charges for services	1,362,857	3,253,896	3,253,896	-
Fines and forfeitures	-	512,086	512,086	-
Interest	-	8,005	8,005	-
Miscellaneous	10,692	217,223	217,223	-
Total Revenues	<u>6,984,001</u>	<u>8,339,565</u>	<u>8,339,565</u>	<u>-</u>
Expenditures				
Current				
General government	2,567,175	2,328,321	2,328,321	-
Court related	5,636,086	6,992,563	6,992,563	-
Capital outlay	-	210,967	210,967	-
Total Expenditures	<u>8,203,261</u>	<u>9,531,851</u>	<u>9,531,851</u>	<u>-</u>
Excess (deficiency) revenues over/(under) expenditures	<u>(1,219,260)</u>	<u>(1,192,286)</u>	<u>(1,192,286)</u>	<u>-</u>
Other financing sources (uses)				
Transfer from Board of County Commissioners	1,629,258	1,629,258	1,629,258	-
Transfer to Board of County Commissioners	-	(767,774)	(767,774)	-
Total other financing sources (uses)	<u>1,629,258</u>	<u>861,484</u>	<u>861,484</u>	<u>-</u>
Net change in fund balance	409,998	(330,802)	(330,802)	-
Fund balances - October 1, 2012	330,793	330,802	330,802	-
Fund balances - September 30, 2013	<u>\$ 740,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Clerk of Circuit Court
St. Lucie County, Florida
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC RECORDS MODERNIZATION FUND
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 480,000	\$ 480,000	\$ 717,465	\$ 237,465
Fines and forfeitures	399,500	433,500	373,441	(60,059)
Interest	800	800	910	110
Miscellaneous	-	-	3,140	3,140
Total Revenues	880,300	914,300	1,094,956	180,656
Expenditures				
Current				
Court related	841,079	937,579	948,543	(10,964)
Capital outlay	57,500	186,954	153,356	33,598
Debt service				
Principal	177,768	177,768	176,807	961
Interest	13,618	13,618	13,578	40
Total Expenditures	1,089,965	1,315,919	1,292,284	23,635
Excess (deficiency) revenues over/(under) expenditures	(209,665)	(401,619)	(197,328)	204,291
Fund balance - October 1, 2012	209,665	401,619	833,247	431,628
Fund balance - September 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635,919</u>	<u>\$ 635,919</u>

See accompanying notes to financial statements.

**Clerk of Circuit Court
St. Lucie County, Florida
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
September 30, 2013**

Assets

Cash and investments	<u>\$ 10,383,726</u>
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Liabilities

Due to other governments	\$ 2,474,056
Agency funds on hand	<u>7,909,670</u>

Total Liabilities	<u><u>\$ 10,383,726</u></u>
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See accompanying notes to financial statements.

**Clerk of Circuit Court
St. Lucie County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

Note 1 - Summary of the Significant Accounting Policies

The summary of significant accounting policies followed by the Clerk of Circuit Court, St. Lucie County, Florida, is summarized below.

Reporting Entity

The Clerk of Circuit Court is a county officer as established by Article VIII, Section (1) (d) of the Constitution of the State of Florida.

For financial statement and reporting purposes, the Clerk of Circuit Court does not meet the definition of a legally separate organization and is not considered to be a component unit. The Clerk of Circuit Court is considered to be part of the primary government of St. Lucie County, Florida. The financial statements contained herein represent the financial transactions of the Clerk of Circuit Court only and do not represent the financial transactions of the primary government of St. Lucie County, Florida.

Basis of Presentation

The financial statements have been prepared in accordance with the fund financial statements presentation requirements of GASB Statement No. 34, Section 218.39(2), Florida Statutes and Chapter 10.550 Rules of the Auditor General.

Fund Description

The Clerk of Circuit Court maintains financial records and accounts on the basis of governmental and fiduciary funds.

a. Governmental Funds

General Fund – The General Fund is used to account for the general operations of the Clerk of Circuit Court.

Special Revenue Fund – The Public Records Modernization Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

b. Fiduciary Fund

Agency Fund – The Agency Fund is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Clerk's own programs.

**Clerk of Circuit Court
St. Lucie County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

Note 1 - Summary of the Significant Accounting Policies - Continued

Bases of Accounting, Measurement Focus and Presentation

Governmental fund financial statements report using the current financial resources measurement focus and are maintained on the modified accrual basis. The agency fund reports only assets and liabilities; therefore, it does not have a measurement focus. However, it uses the accrual basis of accounting to recognize receivables and payables. Under the modified accrual basis of accounting revenues are generally recognized when they become measurable and available and expenditures are recognized when incurred. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

Budget

An operating budget for General Fund is prepared by the Clerk of Circuit Court and submitted to the Board of County Commissioners for approval and to the Florida Court Clerk Operations Corporation for the court related functions pursuant to State statutes. The Clerk also prepares a budget for the Public Records Modernization special revenue fund. The budgets are prepared on a basis consistent with generally accepted accounting principles.

Capital Assets

Acquisitions of equipment with a cost of \$1,000 or more are recorded as expenditures at the time of purchase for governmental fund financial statements. The equipment is reported to and capitalized by the Board of County Commissioners pursuant to State Statutes.

Accrued Compensated Absences

Accrued compensated absences reflect the liability of the Clerk of Circuit Court for the employees' rights to receive future compensation for their accrued annual leave and vested sick leave, since the Clerk of Circuit Court does not, nor is the Clerk legally required to, accumulate financial resources to liquidate this obligation, the liability for accrued compensated absences is not reported in the governmental fund.

Transfers

All revenues and other sources in excess of expenditures in the General Fund non-court related operations at year-end are owed to the Board of County Commissioners in accordance with State Statutes. The excess fees for the court related function are owed to the Clerk Trust Fund.

**Clerk of Circuit Court
St. Lucie County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

Note 2 - Cash and Investments

A. Deposits

As of September 30, 2013, the total carrying amount of the deposits with qualified public depositories was \$8,603,169 and the bank balance was \$10,383,416. All deposits are insured by federal depository insurance and are collateralized under the provisions of Chapter 280, Florida Statutes. In addition, the Clerk maintained \$5,885 in petty cash and charge funds.

B. Investments

Custodial Credit Risk Deposits

As of September 30, 2013, the Clerk had \$5,109,142 invested in the AAA rated Federated Prime Cash Obligations Money Market Mutual Fund. The fund is held by the fund company in the Clerk's name.

Interest Rate Risk

The Clerk of Circuit Court does not own individual securities and his only exposure to interest rate risk is the reduction in the interest earned on his investment.

Concentration of Credit Risk

Section 218.401(17), Florida Statutes, limit the type of investments available to the Clerk of Circuit Court for investment. The Clerk of Circuit Court has chosen to invest in money market fund accounts.

Note 3 - Pension Plan

The employees of the Clerk of Circuit Court participate in the Florida Retirement System, a cost-sharing multiple-employer plan.

Effective July 1, 2011, employees were required to contribute 3% and the employer contribution rate was reduced for all membership categories.

The details of the plan and the funding policies are defined in the notes to financial statements of St. Lucie County, Florida.

Contributions to the plan by the Clerk of Circuit Court for the fiscal years ended September 30, 2013, 2012 and 2011 were \$376,099, \$309,228 and \$590,603 respectively, which is equal to the required contribution each year. The employee contribution portion for the years ended September 30, 2013, 2012 and 2011 were \$170,499, \$173,995 and \$47,265 respectively.

**Clerk of Circuit Court
St. Lucie County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

Note 4 - Risk Management

The Clerk of Circuit Court participates in a public entity risk pool for the purpose of obtaining various insurance coverage other than health and life insurance. Other members of the pool consist of the Board of County Commissioners and the other elected officials, except the Sheriff, two municipalities and another county.

The operations of this public entity risk pool are outlined in the notes to financial statements of St. Lucie County, Florida.

The Clerk of Circuit Court along with the Board of County Commissioners, Tax Collector, Supervisor of Elections and Property Appraiser are self-insured for group health insurance. Certain former employees are also eligible and participate in the plan. The financial transactions of this plan are accounted for in an internal service fund of the Board of County Commissioners. The cost to the Clerk of Circuit Court is based on historical claims and totaled \$1,074,180 for the year ended September 30, 2013. Further details of this self-insurance program are discussed in the notes to financial statements of St. Lucie County, Florida.

Note 5 - Accrued Compensated Absences

The accrued amount of annual leave and vested sick leave at September 30, 2013, was \$711,053 as compared to \$713,861, the balance at September 30, 2012.

This liability is not reflected in the financial statements of the Clerk of Circuit Court since it is not payable from available resources.

Note 6 - Operating Leases

The Clerk has entered into various leases for office equipment. These leases are considered operating leases for accounting purposes. For the year ended September 30, 2013, lease expenditures totaled \$13,303. Further minimum lease payments for operating leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
2014	\$ 3,795
2015	2,475
Total	<u>\$ 6,270</u>

Current year rental expense including other leases, totaled \$11,992.

**Clerk of Circuit Court
St. Lucie County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

Note 7 – Capital Leases

The Clerk has entered into two non-cancellable software licenses purchase agreement with Pioneer Technology Group, L.L.C. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The property being leased is included in the County's statement of net assets governmental activities column and has a cost of \$510,825 and carrying value of \$510,825. The software was fully implemented on September 30, 2013. Therefore, depreciation expense was not recognized for FY 2013. The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2013 were as follows:

Year Ending September 30,	Governmental
2014	Activities
Total minimum lease payments	\$ 126,884
Less: amount representing interest	126,884
Present value of minimum lease payments	(2,887)
	\$ 123,997

SUPPLEMENTARY INFORMATION

Clerk of Circuit Court
St. Lucie County, Florida
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
September 30, 2013

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
Assets				
Cash and investments	\$ 8,454,794	\$ 119,812,098	\$ 117,883,166	\$ 10,383,726
Interest receivable	567	-	567	-
Due from other governments	4,875	-	4,875	-
Total Assets	<u>\$ 8,460,236</u>	<u>\$ 119,812,098</u>	<u>\$ 117,888,608</u>	<u>\$ 10,383,726</u>
Liabilities				
Due to other governments	\$ 2,768,159	\$ 67,264,743	\$ 67,558,846	\$ 2,474,056
Agency funds on hand	5,692,077	52,547,355	50,329,762	7,909,670
Total Liabilities	<u>\$ 8,460,236</u>	<u>\$ 119,812,098</u>	<u>\$ 117,888,608</u>	<u>\$ 10,383,726</u>

**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***

Clerk of the Circuit Court
St. Lucie County, Florida

September 30, 2013



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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

Honorable Joseph E. Smith
Clerk of the Circuit Court
St. Lucie County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Clerk of Circuit Court, as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Clerk of Circuit Court's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clerk of Circuit Court's internal control. Accordingly, we do not express an opinion on the effectiveness of Clerk of Circuit Court'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. However, material weaknesses may exist that have not been identified.

Honorable Joseph E. Smith
Clerk of the Circuit Court
St. Lucie County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clerk of the Circuit Court'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*.

Purpose of this Report

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

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants, PL
Fort Pierce, Florida

January 31, 2014

MANAGEMENT LETTER

**Clerk of the Circuit Court
St. Lucie County, Florida**

September 30, 2013



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MANAGEMENT LETTER

Honorable Joseph E. Smith
Clerk of the Circuit Court
St. Lucie County, Florida

We have audited the fund financial statements of the Clerk of the Circuit Court, St. Lucie County, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated January 31, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our 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*. Disclosures in that report which is dated January 31, 2014 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. Those rules (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included 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 of the Circuit Court complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, and 4) require that we address in the Management Letter, not already addressed in the auditor's report on compliance and internal controls: improvements in financial management and violations of contracts or grant agreements, fraud, illegal acts or abuse, deficiencies in internal control that are not significant deficiencies and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit discovered the following:



Honorable Joseph E. Smith
Clerk of the Circuit Court
St. Lucie County, Florida

Finding 2013-01

The Clerk incorrectly reflected a refund of postage paid from the General Fund as an accounts payable in the special revenue fund. Furthermore, five subsequent replenishments to the postage machine were posted to this same accounts payable account. This resulted in a material overstatement of liabilities in the Special Revenue Fund and material understatements of miscellaneous revenue court related expenditures, unearned revenue and due to other governments in the General Fund. All the necessary adjustments have been posted and the accompanying financial statements are stated materially correct.

Response

The Clerk agreed with the above findings and all the journal entries needed to correct the misstatements. The Clerk indicated that this situation would not happen in the future.

The Rules of the Auditor General (Section 10.554(1)(i)8.) requires a statement as to whether or not the Clerk of the Circuit Courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk of the Circuit Court complied with such requirements.

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.

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January 31, 2014