

Special-Purpose Financial Statements

Clerk of the Circuit Court
Leon County, Florida

*Year ended September 30, 2006
with Independent Auditors' Report*

Thomas Howell Ferguson P.A.
and
Law, Redd, Crona & Munroe P.A.

Clerk of the Circuit Court
Leon County, Florida

Special-Purpose Financial Statements

Year ended September 30, 2006

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Independent Auditors' Report

The Honorable Clerk of the Circuit Court
Leon County, Florida

We have audited the accompanying special-purpose financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit Court of Leon County, Florida (the Clerk), as of and for the fiscal year ended September 30, 2006, as shown on pages 3 through 8. These special-purpose financial statements are the responsibility of the Clerk's management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes* and Section 10.557(5), *Rules of the Auditor General for Local Governmental Entity Audits*, and are intended to present the financial position, and the changes in financial position, where applicable, of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2006, and the changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose 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 of the Circuit Court of Leon County, Florida as of September 30, 2006, and the respective changes in the financial position, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2006, on our consideration of the Clerk's internal control over financial reporting and our tests of his 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.

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

Thomas Howell Ferguson P.A. Law, Redd, Crona & Munroe, P.A.

December 6, 2006

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Clerk of the Circuit Court
Leon County, Florida

Balance Sheet – Governmental Funds

September 30, 2006

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Assets				
Assets:				
Cash	\$ 1,501,270	\$ 1,533,140	\$ 598,678	\$ 3,633,088
Investments	25,720	3,765	1,044,595	1,074,080
Receivables (net of allowances for uncollectibles):				
Accounts receivable	58,859	-	-	58,859
Intergovernmental	-	64,653	-	64,653
Due from other funds	674	6,418	-	7,092
Due from other county units	3,162	-	-	3,162
Inventories	37,925	3,769	-	41,694
Other assets	2,555	-	-	2,555
Total assets	\$ 1,630,165	\$ 1,611,745	\$ 1,643,273	\$ 4,885,183
Liabilities and fund equity				
Liabilities:				
Accounts payable and accrued expenses	\$ 244,202	\$ 13,528	\$ 461	\$ 258,191
Due to other funds	-	21	-	21
Due to other county units	1,277,721	-	-	1,277,721
Due to other governments	90,692	1,388,030	-	1,478,722
Deposits	17,550	-	-	17,550
Deferred revenue	-	210,166	-	210,166
Total liabilities	1,630,165	1,611,745	461	3,242,371
Fund equity				
Reserved for records modernization	-	-	1,642,812	1,642,812
Total liabilities and fund equity	\$ 1,630,165	\$ 1,611,745	\$ 1,643,273	\$ 4,885,183

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

Clerk of the Circuit Court
Leon County, Florida

Statement of Revenues, Expenditures and Changes in Fund
Balance – Governmental Funds

Fiscal year ended September 30, 2006

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Revenues:				
Charges for services	\$ 2,253,427	\$ 7,427,702	\$ 1,006,062	\$ 10,687,191
Intergovernmental	14,957	592,520	-	607,477
Interest	219,557	-	49,098	268,655
Miscellaneous	5,048	-	-	5,048
Total revenues	2,492,989	8,020,222	1,055,160	11,568,371
Expenditures:				
Current:				
General government:				
Judicial	235,517	6,422,025	597,720	7,255,262
Financial and administrative	1,959,754	-	-	1,959,754
Other general government	609,824	-	281,099	890,923
Total expenditures	2,805,095	6,422,025	878,819	10,105,939
Excess (deficiency) of revenues over (under) expenditures	(312,106)	1,598,197	176,341	1,462,432
Other financing sources (uses) including transfers:				
Operating transfers in	1,588,872	-	-	1,588,872
Operating transfers out	(1,276,766)	-	-	(1,276,766)
Remittance to the Florida Department of Revenue	-	(1,598,197)	-	(1,598,197)
Total other financing sources (uses)	312,106	(1,598,197)	-	(1,286,091)
Net change in fund balances	-	-	176,341	176,341
Fund balance at beginning of year	-	-	1,466,471	1,466,471
Fund balance at end of year	\$ -	\$ -	\$ 1,642,812	\$ 1,642,812

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

Clerk of the Circuit Court
Leon County, Florida

Statement of Fiduciary Assets and Liabilities – Agency Funds

September 30, 2006

Assets:

Cash	\$ 9,678,755
Investments	525,281
Receivables (net of allowances for uncollectibles):	
Accounts receivable	915
Due from other funds	21
Total assets and other debits	<u>\$ 10,204,972</u>

Liabilities:

Accounts payable	\$ 38,409
Due to other funds	7,092
Due to other county units	350,113
Due to other governments	1,462,535
Deposits	8,346,823
Total liabilities	<u>\$ 10,204,972</u>

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

Clerk of the Circuit Court
Leon County, Florida

Budgetary Comparison Statement –
General Fund

Fiscal Year ended September 30, 2006

	<u>Budget Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 2,153,315	\$ 2,153,315	\$ 2,253,427	\$ 100,112
Intergovernmental	3,303	3,303	14,957	11,654
Interest	90,996	90,996	219,557	128,561
Miscellaneous	4,022	4,022	5,048	1,026
Total revenues	<u>2,251,636</u>	<u>2,251,636</u>	<u>2,492,989</u>	<u>241,353</u>
Expenditures				
Current:				
General government:				
Judicial	232,295	270,988	235,517	35,471
Financial and administrative	2,962,146	2,923,453	1,959,754	963,699
Other general government	646,067	646,067	609,824	36,243
Total expenditures	<u>3,840,508</u>	<u>3,840,508</u>	<u>2,805,095</u>	<u>1,035,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,588,872)</u>	<u>(1,588,872)</u>	<u>(312,106)</u>	<u>1,276,766</u>
Other financing sources (uses):				
Operating transfers in	1,588,872	1,588,872	1,588,872	-
Operating transfers out	-	-	(1,276,766)	(1,276,766)
Total other financing sources (uses)	<u>1,588,872</u>	<u>1,588,872</u>	<u>312,106</u>	<u>(1,276,766)</u>
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Clerk of the Circuit Court
Leon County, Florida

Budgetary Comparison Statement –
Article V Court Operating Fund

Fiscal Year ended September 30, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 6,336,972	\$ 6,336,972	\$ 7,427,702	\$ 1,090,730
Intergovernmental	551,911	621,911	592,520	(29,391)
Total revenues	<u>6,888,883</u>	<u>6,958,883</u>	<u>8,020,222</u>	<u>1,061,339</u>
Expenditures				
Current:				
General government:				
Judicial	6,888,883	6,958,883	6,422,025	536,858
Total expenditures	<u>6,888,883</u>	<u>6,958,883</u>	<u>6,422,025</u>	<u>536,858</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,598,197</u>	<u>1,598,197</u>
Other financing sources (uses) including transfers:				
Remittance to the Florida Department of Revenue	-	-	(1,598,197)	(1,598,197)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,598,197)</u>	<u>(1,598,197)</u>
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Clerk of the Circuit Court
Leon County, Florida

Budgetary Comparison Statement –
Records Modernization Fund

Fiscal Year ended September 30, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Charges for services	\$ 936,215	\$ 936,215	\$ 1,006,062	\$ 69,847
Interest	9,189	9,189	49,098	39,909
Miscellaneous	11,647	148,608	-	(148,608)
Total revenues	<u>957,051</u>	<u>1,094,012</u>	<u>1,055,160</u>	<u>(38,852)</u>
Expenditures				
Current:				
Judicial	701,263	701,263	597,720	103,543
Other general government	255,788	392,749	281,099	111,650
Total expenditures	<u>957,051</u>	<u>1,094,012</u>	<u>878,819</u>	<u>215,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>176,341</u>	<u>176,341</u>
Other financing sources (uses) including transfers:				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	176,341	176,341
Fund balance at beginning of year	<u>1,466,471</u>	<u>1,466,471</u>	<u>1,466,471</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,466,471</u>	<u>\$ 1,466,471</u>	<u>\$ 1,642,812</u>	<u>\$ 176,341</u>

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

Clerk of the Circuit Court
Leon County, Florida

Notes to Special-Purpose Financial Statements

September 30, 2006

1. Summary of Significant Accounting Policies

Reporting Entity

The Clerk of the Circuit Court (the Clerk) is an elected Constitutional Officer of Leon County, Florida, pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Clerk is a separate constitutional officer as provided by Chapter 218 of *Florida Statutes*. Leon County is a charter county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Clerk is considered to be a part of the primary government of Leon County and is included in the Leon County county-wide financial statements. The financial statements contained herein represent the financial transactions of the Clerk only.

The Leon County Board of County Commissioners (the Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except for the Tax Collector and only the obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk of Court. The Tax Collector and Clerk are considered fee officers. The payments by the Board to fund the operations of the Constitutional Officers are recorded as operating transfers out on the financial statements of the Board and as operating transfers in on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as operating transfers out on the financial statements of the Constitutional Officers and as operating transfers in on the financial statements of the Board.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

Basis of Presentation

The special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

Clerk of the Circuit Court
Leon County, Florida

Notes to Special-Purpose Financial Statements

1. Summary of Significant Accounting Policies (continued)

Description of Funds

The accounting records of the Clerk are organized for reporting purposes on the basis of governmental and fiduciary funds.

Governmental Fund Type

- General Fund – The General Fund is the general operating fund of the Clerk. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- Article V Court Operating Fund – This fund is used to account for specific governmental revenue sources (other than major capital projects) that are legally restricted through Article V of the Florida Constitution to expenditures for court operations.
- Records Modernization Fund – This fund is used to account for specific governmental revenue sources (other than major capital projects) that are legally restricted to expenditures for records modernization.

Fiduciary Fund Type

- Agency Funds – These funds are used to account for the assets held by the Clerk as an agent for individuals, private organizations and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for all Governmental Funds and Fiduciary Funds (Agency Funds). Accordingly, revenues are recognized when measurable and available to pay liabilities of the current period and expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources.

Clerk of the Circuit Court
Leon County, Florida

Notes to Special-Purpose Financial Statements

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The Clerk considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. The following revenues are considered to be susceptible to accrual: charges for services and interest earned.

Budgets and Budgetary Accounting

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Florida Statutes Chapter 218.35 governs the preparation, adoption, and administration of the Clerk's annual budget. The Clerk establishes an annual budget for his office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk prepares his budget in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county-related duties, and for Chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with the Clerk of Courts Operations Corporation (CCOC) by August 15 preceding the fiscal year of the budget, in the format required by the CCOC. Section 28.36, *Florida Statutes*, defines the maximum annual budget permitted; and
3. The budget for all other operations.

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

Clerk of the Circuit Court
Leon County, Florida

Notes to Special-Purpose Financial Statements

1. Summary of Significant Accounting Policies (continued)

Investments

Investments are administered by the Florida State Board of Administration or consist of certificates of deposit when directed by court order. In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments of the Clerk are reported at amortized cost, which approximates fair value.

Inventories

Inventories consist of expendable office supplies. The office supplies are valued at the average unit cost and are accounted for under the consumption method whereby the cost is recorded as an expenditure at the time of issuance to the user department.

Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Such assets are reported as capital assets in the Statement of Net Assets as part of the basic financial statements for Leon County.

Liability for Compensated Absences

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk does not, nor is he legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental funds. However, the current and long-term portion of the liability for compensated absences is reported at the county-wide financial statement level.

Use of Estimates

The preparation of the special-purpose financial statements is in conformity with accounting practices prescribed by the State of Florida, Office of the Auditor General, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

Clerk of the Circuit Court
Leon County, Florida

Notes to Special-Purpose Financial Statements

1. Summary of Significant Accounting Policies (continued)

Distribution of Excess Revenues

Florida Statutes require that the Clerk distribute any excess of revenues over expenditures within the General Fund to the Board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as “other financing uses.” Excess monies from the Article V Court Operating Special Revenue Fund will be distributed to the Florida Department of Revenue by January 31.

2. Cash and Investments

Cash

Cash consists of cash on hand and bank balances. At September 30, 2006, the carrying amount of the Clerk’s deposits (including agency funds) was \$13,311,843, and bank balances were \$13,394,869. Deposits in excess of federal depository insurance are covered by deposits held in banks that are members of the State of Florida’s Collateral Pool.

Investments

Credit Risk

The Clerk’s investment practices are governed by Section 218.415 (17), *Florida Statutes*. Investments authorized by Section 218.415 (17), *Florida Statutes* include:

- 1) The Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA);
- 2) Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
- 3) Interest bearing time deposits or savings accounts in qualified public depositories; and
- 4) Direct obligations of the United States Treasury.

At September 30, 2006, all of the Clerk’s investments were deposited with the Local Government Surplus Funds Trust Fund (LGSF) administered by the SBA. The LGSF is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for an SEC Rule 2a-7 fund. The LGSF is governed by Chapter 19-7 of the *Florida Administrative Code*, which identifies the Rules of the SBA.

Clerk of the Circuit Court
Leon County, Florida

Notes to Special-Purpose Financial Statements

2. Cash and Investments (continued)

Investments (continued)

These rules provide guidance and establish the general operating procedures for the administration of the LGSF. Additionally, the Florida Office of the Auditor General performs the operational audit of the activities and investments of the SBA. The Clerk's fair value of their position in the pool of \$1,599,361 approximates the value of the pool shares. Investments with SBA are not evidenced by securities that exist in physical or book entry form. The LGSF is not rated by statistical rating organizations.

3. Compensated Absences

As discussed in Note 1, the liability associated with compensated absences is reported on the county-wide financial statement level. A summary of the Clerk's liability for compensated absences included at the county-wide financial statement level is as follows:

	Balance October 1, 2005	Additions	Retirements	Balance September 30, 2006
Liability for compensated absences	\$ 714,318	\$ 483,316	\$ 447,765	\$ 749,869

4. Risk Management

The Clerk participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Clerk makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2006, was \$25,755. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$350,000.

5. Employees' Retirement Plan

All full-time employees of the Clerk are eligible to participate in the Florida Retirement System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system administered by the State of Florida Department of Management Services, Division of Retirement.

Clerk of the Circuit Court
Leon County, Florida

Notes to Special-Purpose Financial Statements

5. Employees' Retirement Plan (continued)

Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the county-wide financial statements of Leon County, Florida.

Participating employer contributions are based upon actuarially determined state-wide rates established by the state of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. No employee contributions are required. The contributions required for the fiscal years ended September 30, 2006, 2005, and 2004 were \$541,329, \$471,805, and \$445,183, respectively, which is equal to the required contribution for each year.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, P. O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

6. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Clerk had no outstanding encumbrances at September 30, 2006.

7. Other Required Individual Fund Disclosures

Individual fund interfund receivable and payable balances at September 30, 2006 were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 674	\$ –
Article V Court Operating Fund	6,418	21
Agency Funds:		
Child Support	21	6,793
Jury and Witness Trust Fund	–	299
Total	<u>\$ 7,113</u>	<u>\$ 7,113</u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Special-Purpose Financial
Statements Performed in Accordance with *Government Auditing Standards*

September 30, 2006

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Clerk of the Circuit Court
Leon County, Florida

We have audited the special-purpose financial statements of the Clerk of the Circuit Court of Leon County, Florida, as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated December 6, 2006. 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

In planning and performing our audit, we considered the Clerk of the Circuit Court of Leon County, Florida's internal control over financial reporting (internal control) in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control. Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of the Circuit Court of Leon County, Florida's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

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

Thomas Howell Ferguson P.A. Law, Redd, Crona & Munroe, P.A.

December 6, 2006

Management Letter

September 30, 2006

Management Letter

To the Honorable Clerk of the Circuit Court
Leon County, Florida

We have audited the special-purpose financial statements of the Clerk of the Circuit Court of Leon County, Florida (the Clerk), as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated December 6, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance. Disclosures in that report, which is dated December 6, 2006, should be considered in conjunction with this management letter.

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

The *Rules of the Auditor General* (Section 10.544(1)(h)1.) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls, whether or not recommendations made in the preceding annual financial audit report have been followed. We reported no findings or recommendations in the preceding annual financial audit report.

As required by the *Rules of the Auditor General* (Section 10.554(1)(h)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 complied with Section 218.415, *Florida Statutes*.

The *Rules of the Auditor General* (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal control: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred and were discovered during the audit; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed none of these matters.

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The *Rules of the Auditor General* (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the fund financial statements. The name or official title and legal authority for the primary government of the reporting entity is disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Clerk has no component units.

As required by the *Rules of the Auditor General* (Section 10.554(1)(h)7.), the scope of our audit included a review of the provisions of Section 28.35, *Florida Statutes*, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with the budget and performance standards pursuant to Section 28.35, *Florida Statutes*.

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

Thomas Howell Ferguson P.A. Law, Redd, Crona & Manice, P.A.

December 6, 2006