

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

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

**September 30, 2012**

# **SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

September 30, 2012

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**Report on Special Purpose Financial Statements Prepared in Compliance With a  
Regulatory Provision That Results in an Incomplete Presentation but One That Is  
Otherwise in Conformity With Generally Accepted Accounting Principles**

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

We have audited the accompanying fund financial statements of the Clerk of the Circuit Court, St. Lucie County, Florida as of and for the year ended September 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the Clerk of the Circuit Court's Management. Our responsibility is to express an opinion on the 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 fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund 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 described in Note 1, the accompanying fund financial statements referred to above only present the fund financial position and changes in fund financial position of the Clerk of the Circuit Court, St. Lucie County, Florida and not St. Lucie County, Florida as a whole.

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the fund financial position of the Clerk of the Circuit Court, St. Lucie County, Florida at September 30, 2012 and the changes in fund financial position and the budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 28, 2013 on our consideration of the Clerk of the Circuit Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 basic financial statement of the Clerk of the Circuit Court. The statement has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Clerk of the Circuit Court, 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

February 28, 2013

**Clerk of Circuit Court  
St. Lucie County, Florida  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2012**

|  | General Fund        | Public Records<br>Modernization<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|---|--------------------------------|
| <b>ASSETS</b>                              |                     |   |                                |
| Cash and investments                       | \$ 1,402,237        | \$ 890,695                              | \$ 2,292,932                   |
| Interest receivable                        | 49                  | 56                                      | 105                            |
| Due from other governments                 | 41,012              | -                                       | 41,012                         |
| Other assets                               | 1,334               | 1,006                                   | 2,340                          |
| <b>Total Assets</b>                        | <b>\$ 1,444,632</b> | <b>\$ 891,757</b>                       | <b>\$ 2,336,389</b>            |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |   |                                |
| <b>Liabilities:</b>                        |                     |   |                                |
| Accounts payable                           | \$ 225,281          | \$ 41,366                               | \$ 266,647                     |
| Accrued liabilities                        | 309,248             | 17,047                                  | 326,295                        |
| Due to other governments                   | 579,301             | 97                                      | 579,398                        |
| <b>Total Liabilities</b>                   | <b>1,113,830</b>    | <b>58,510</b>                           | <b>1,172,340</b>               |
| <b>Fund balances:</b>                      |                     |   |                                |
| <b>Restricted:</b>                         |                     |   |                                |
| Court related                              | 330,802             | -                                       | 330,802                        |
| Court modernization                        | -                   | 833,247                                 | 833,247                        |
| <b>Total Fund Balances</b>                 | <b>330,802</b>      | <b>833,247</b>                          | <b>1,164,049</b>               |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 1,444,632</b> | <b>\$ 891,757</b>                       | <b>\$ 2,336,389</b>            |

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, 2012**

|  | <u>General Fund</u> | <u>Public Records<br/>Modernization<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|--|---|
| <b>Revenues</b>  |                     |  |   |
| Intergovernmental  | \$ 7,726,584        | \$ -   | \$ 7,726,584                            |
| Charges for services   | 1,324,068           | 516,315  | 1,840,383                               |
| Fines and forfeitures  | -                   | 387,788  | 387,788                                 |
| Interest   | 450                 | 930  | 1,380                                   |
| Miscellaneous  | 9,720               | 61,211   | 70,931                                  |
| <b>Total Revenues</b>  | <u>9,060,822</u>    | <u>966,244</u>                                   | <u>10,027,066</u>                       |
| <b>Expenditures</b>  |                     |  |   |
| Current:   |                     |  |   |
| General government   | 2,233,628           | -  | 2,233,628                               |
| Court related  | 7,505,511           | 849,534  | 8,355,045                               |
| Capital outlay   | 146,196             | 482,791  | 628,987                                 |
| Debt service:  |                     |  |   |
| Principal  | -                   | 118,416  | 118,416                                 |
| Interest   | -                   | 16,703   | 16,703                                  |
| <b>Total Expenditures</b>  | <u>9,885,335</u>    | <u>1,467,444</u>                                 | <u>11,352,779</u>                       |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(824,513)</u>    | <u>(501,200)</u>                                 | <u>(1,325,713)</u>                      |
| <b>Other financing sources (uses)</b>                                |                     |  |   |
| Transfer from Board of County<br>Commissioners                       | 1,599,476           | -  | 1,599,476                               |
| Transfer to Board of County<br>Commissioners                         | (543,852)           | -  | (543,852)                               |
| Lease purchase proceeds  | -                   | 178,325  | 178,325                                 |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>1,055,624</u>    | <u>178,325</u>                                   | <u>1,233,949</u>                        |
| <b>Net change in fund balance</b>                                    | 231,111             | (322,875)  | (91,764)                                |
| <b>Fund balances - October 1, 2011</b>                               | <u>99,691</u>       | <u>1,156,122</u>                                 | <u>1,255,813</u>                        |
| <b>Fund balances - September 30, 2012</b>                            | <u>\$ 330,802</u>   | <u>\$ 833,247</u>                                | <u>\$ 1,164,049</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, 2012**

|  | Budgeted Amounts         |                    | Actual Amounts           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------|--------------------------|---|
|  | Original                 | Final              |                          |   |
| <b>Revenues</b>  |                          |                    |                          |   |
| Intergovernmental  | \$ 6,110,752             | \$ 7,797,077       | \$ 7,726,584             | \$ (70,493)   |
| Charges for services   | 1,128,200                | 1,326,350          | 1,324,068                | (2,282)   |
| Interest   | -                        | 377                | 450                      | 73  |
| Miscellaneous  | 2,650                    | 7,513              | 9,720                    | 2,207   |
| <b>Total Revenues</b>  | <u>7,241,602</u>         | <u>9,131,317</u>   | <u>9,060,822</u>         | <u>(70,495)</u>   |
| <b>Expenditures</b>  |                          |                    |                          |   |
| General government   | 2,443,677                | 2,234,027          | 2,233,628                | 399   |
| Court related  | 6,062,876                | 7,906,303          | 7,505,511                | 400,792   |
| Capital outlay   | -                        | 146,302            | 146,196                  | 106   |
| <b>Total Expenditures</b>  | <u>8,506,553</u>         | <u>10,286,632</u>  | <u>9,885,335</u>         | <u>401,297</u>  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(1,264,951)</u>       | <u>(1,155,315)</u> | <u>(824,513)</u>         | <u>330,802</u>  |
| <b>Other financing sources (uses)</b>                                |                          |                    |                          |   |
| Transfer from Board of County<br>Commissioners                       | 1,599,476                | 1,599,476          | 1,599,476                | -   |
| Transfer to Board of County<br>Commissioners                         | -                        | (543,852)          | (543,852)                | -   |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>1,599,476</u>         | <u>1,055,624</u>   | <u>1,055,624</u>         | <u>-</u>  |
| <b>Net change in fund balance</b>                                    | 334,525                  | (99,691)           | 231,111                  | 330,802   |
| Fund balances - October 1, 2011                                      | 99,691                   | 99,691             | 99,691                   | -   |
| <b>Fund balances - September 30, 2012</b>                            | <u><u>\$ 434,216</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 330,802</u></u> | <u><u>\$ 330,802</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, 2012**

|  | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|-------------------|---|
|  | Original         | Final       |                   |   |
| <b>Revenues</b>  |                  |             |                   |   |
| Charges for services   | \$ 440,000       | \$ 440,000  | \$ 516,315        | \$ 76,315   |
| Fines and forfeitures  | 371,700          | 371,700     | 387,788           | 16,088  |
| Interest   | 1,470            | 1,470       | 930               | (540)   |
| Miscellaneous  | -                | -           | 61,211            | 61,211  |
|  |                  |             |                   |   |
| Total Revenues   | 813,170          | 813,170     | 966,244           | 153,074   |
| <b>Expenditures</b>  |                  |             |                   |   |
| Current:   |                  |             |                   |   |
| Court related  | 1,205,940        | 1,044,883   | 849,534           | 195,349   |
| Capital outlay   | 223,274          | 514,799     | 482,791           | 32,008  |
| Debt service:  |                  |             |                   |   |
| Principal  | 83,105           | 118,416     | 118,416           | -   |
| Interest   | 12,439           | 16,703      | 16,703            | -   |
|  |                  |             |                   |   |
| Total Expenditures   | 1,524,758        | 1,694,801   | 1,467,444         | 227,357   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (711,588)        | (881,631)   | (501,200)         | 380,431   |
| Other financing sources                                      |                  |             |                   |   |
| Lease purchase proceeds                                      | -                | -           | 178,325           | 178,325   |
|  |                  |             |                   |   |
| Net changes in fund balance                                  | (711,588)        | (881,631)   | (322,875)         | 558,756   |
| Fund balance - October 1, 2011                               | 711,588          | 881,631     | 1,156,122         | 274,491   |
| Fund balance - September 30, 2012                            | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ 833,247</u> | <u>\$ 833,247</u>                                       |

See accompanying notes to financial statements.



**Clerk of Circuit Court  
St. Lucie County, Florida  
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND  
September 30, 2012**

**Assets**

|                            |                                |
|----------------------------|--------------------------------|
| Cash and investments       | \$ 8,454,794                   |
| Interest receivable        | 567                            |
| Due from other governments | <u>4,875</u>                   |
| <br>Total Assets           | <br><u><u>\$ 8,460,236</u></u> |

**Liabilities**

|                          |                                |
|--------------------------|--------------------------------|
| Due to other governments | \$ 2,768,159                   |
| Agency funds on hand     | <u>5,692,077</u>               |
| <br>Total Liabilities    | <br><u><u>\$ 8,460,236</u></u> |

See accompanying notes to financial statements.

**Clerk of Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012**

**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.

**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, 2012**

**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 modified 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 the 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 is determined on June 30<sup>th</sup> each year to coincide with the State fiscal year under the provisions of Chapter 28.36(1), Florida Statutes. Therefore, any excess amount as of September 30 is presented as fund balance on the general fund financial statements.

**Clerk of Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012**

**Note 1 - Summary of Significant Accounting Policies – Continued**

**Fund Financial Statements**

The Clerk implemented the Governmental Accounting Standards Board Statement 54 - Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The Clerk has various policies governing the fund balance classifications.

**Restricted Fund Balance –** This category includes amounts that have externally imposed restrictions or restrictions imposed by laws.

**Fund Balance Spending Hierarchy -** For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**Note 2 - Cash and Investments**

**A. Deposits**

As of September 30, 2012, the total carrying amount of the deposits with qualified public depositories was \$5,637,830 and the bank balance was \$6,586,963. All deposits are insured by federal depository insurance and are collateralized under the provisions of Chapter 280, Florida Statutes.

**B. Investments**

**Custodial Credit Risk Deposits**

As of September 30, 2012, the Clerk had \$5,104,510 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.

**Clerk of Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012**

**Note 2 - Cash and Investments – Continued**

**B. Investments - Continued**

Concentration of Credit Risk

Section 218.401(17), Florida Statutes, limits 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 the 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 the Circuit Court for the fiscal years ended September 30, 2012, 2011 and 2010 were \$309,228, \$590,603, and \$639,285 respectively, which is equal to the required contribution each year. The employee contribution portion for the years ended September 30, 2012 and 2011 were \$173,995 and \$47,265, respectively.

**Clerk of Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012**

**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. 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 \$1,534,983 for the year ended September 30, 2012. 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, 2012, was \$713,861 as compared to \$763,402, the balance at September 30, 2011.

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, 2012, lease expenditures totaled \$16,284. Further minimum lease payments for operating leases are as follows:

| <u>Year Ended</u> | <u>Amount</u>    |
|-------------------|------------------|
| 2013              | \$ 12,529        |
| 2014              | 3,795            |
| 2015              | <u>2,475</u>     |
| Total             | <u>\$ 18,799</u> |

**Clerk of Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012**

**Note 7 – Capital Leases**

The Clerk has entered into two non-cancellable software licenses purchase agreement with Pioneer Technology Group, L.L.C. These lease agreements qualify as a capital leases 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 a carrying value of \$510,825. Due to the complication of the implementation process, the software is estimated to be fully implemented in January 2013; therefore, the depreciation expense was not recognized for the fiscal year ended September 30, 2012. The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2012 were as follows:

| Year Ending September 30,               | Governmental<br>Activities |
|---|----------------------------|
| 2013                                    | \$ 190,386                 |
| 2014                                    | 134,788                    |
| Total minimum lease payments            | 325,174                    |
| Less: amount representing interest      | (17,291)                   |
| Present value of minimum lease payments | \$ 307,883                 |

**SUPPLEMENTARY INFORMATION**



**Clerk of Circuit Court  
St. Lucie County, Florida  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
September 30, 2012**

|                          | Balance<br>October 1,<br>2011 | Additions             | Deletions             | Balance<br>September 30,<br>2012 |
|--------------------------|-------------------------------|-----------------------|-----------------------|----------------------------------|
| <b>Assets</b>            |                               |                       |                       |                                  |
| Cash and investments     | \$ 5,585,281                  | \$ 103,458,223        | \$ 100,588,710        | \$ 8,454,794                     |
| Interest receivable      | -                             | 567                   | -                     | 567                              |
| Due from other funds     | -                             | 4,875                 | -                     | 4,875                            |
| <b>Total Assets</b>      | <b>\$ 5,585,281</b>           | <b>\$ 103,463,665</b> | <b>\$ 100,588,710</b> | <b>\$ 8,460,236</b>              |
| <b>Liabilities</b>       |                               |                       |                       |                                  |
| Due to other governments | \$ 2,085,729                  | \$ 56,488,896         | \$ 55,806,466         | \$ 2,768,159                     |
| Agency funds on hand     | 3,499,552                     | 46,974,769            | 44,782,244            | 5,692,077                        |
| <b>Total Liabilities</b> | <b>\$ 5,585,281</b>           | <b>\$ 103,463,665</b> | <b>\$ 100,588,710</b> | <b>\$ 8,460,236</b>              |

**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, 2012



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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 the financial statements of the Clerk of the Circuit Court as of and for the year ended September 30, 2012, and have issued our report thereon dated February 28, 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 of the Circuit Court is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Clerk of the Circuit Court'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 of the Circuit Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk of the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants, P.A.

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*.

This report is intended solely for the information and use of Management, the Clerk of the Circuit Court, others within the entity and the Auditor General, State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants, P.A.  
Fort Pierce, Florida

February 28, 2013

**MANAGEMENT LETTER**

Clerk of the Circuit Court  
St. Lucie County, Florida

September 30, 2012



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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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, 2012, and have issued our report thereon dated February 28, 2013.

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 February 28, 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. 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, 4 and 5.) require that we address in the Management Letter. If 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 did not discover any of the above items that require disclosure.

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

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.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

February 28, 2013