

**PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Year Ended September 30, 2013
*(With Summarized Financial Information
for the year ended September 30, 2012)*

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

SPECIAL-PURPOSE FINANCIAL STATEMENTS,
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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS.....	4
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	5
SPECIAL-PURPOSE BALANCE SHEET – AGENCY FUND	6
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS.....	7
REQUIRED SUPPLEMENTARY INFORMATION	
SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	16
SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – COURT FUND (BUDGETARY BASIS)	17
SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – PUBLIC RECORDS MODERNIZATION FUND	18
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	19
OTHER FINANCIAL INFORMATION	
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND	20
OTHER REPORTS	
INDEPENDENT AUDITOR'S 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 <i>GOVERNMENT AUDITING STANDARDS</i>	21
MANAGEMENT LETTER ON INTERNAL CONTROL AND STATE REPORTING REQUIREMENTS.....	25

INDEPENDENT AUDITOR'S REPORT

The Honorable Ken Burke
Clerk of the Circuit Court
Pinellas County, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court (Clerk) of Pinellas County, Florida (County), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's special-purpose financial statements as listed in the table of contents.

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 opinions 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.

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

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the special-purpose financial statements were prepared for the purpose of complying with the financial reporting provisions of Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General*, and are not intended to be a complete presentation of the financial position of the Clerk as of September 30, 2013, and the changes in financial position thereof for the year then ended, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended. Our opinions are not modified with respect to this matter.

As discussed in Note 1, the special-purpose financial statements present only the Clerk and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2013, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Report on Summarized Comparative Information

The financial statements of the Clerk as of September 30, 2012, were audited by other auditors whose report dated March 29, 2013, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 16–18 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special-purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the special-purpose financial statements. Such missing information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special-purpose financial statements in an appropriate operational, economic, or historical context. Our opinions on the special-purpose financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Clerk's special-purpose financial statements. The statement of changes in assets and liabilities – agency fund on page 20 is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements.

The statement of changes in assets and liabilities – agency fund on page 20 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of changes in assets and liabilities – agency fund on page 20 is fairly stated, in all material responses, in relation to the special-purpose financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Clerk, the Board of County Commissioners of Pinellas County, Florida, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2014 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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's internal control over financial reporting and compliance.



Crowe Horwath LLP

Tampa, Florida
March 19, 2014

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE BALANCE SHEET –
GOVERNMENTAL FUNDS

September 30, 2013

(With Summarized Financial Information for the Year Ended September 30, 2012)

	General	Court	Public Records	Totals	
	Fund	Fund	Modernization Fund	2013	2012
ASSETS					
Cash	\$ 3,041,391	\$ 5,664,812	\$ 4,993,906	\$ 13,700,109	\$ 10,436,324
Investments	-	67	-	67	67
Due from Pinellas County, Florida Constitutional Officers	37,269	-	-	37,269	4,691
Due from Pinellas County, Florida Board of County Commissioners	117,474	28,285	53,489	199,248	341,114
Due from State of Florida	198,423	-	-	198,423	217,167
Due from other governments	2,842	-	-	2,842	50,619
Accounts receivable	14	2,890	23	2,927	4,724
Prepaid items	187,856	-	11,903	199,759	15,666
	<u>187,856</u>	<u>-</u>	<u>11,903</u>	<u>199,759</u>	<u>15,666</u>
Total assets	<u>\$ 3,585,269</u>	<u>\$ 5,696,054</u>	<u>\$ 5,059,321</u>	<u>\$ 14,340,644</u>	<u>\$ 11,070,372</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,137,630	\$ 61,715	\$ 260,220	\$ 1,459,565	\$ 691,304
Accrued liabilities	434,086	554,238	7,970	996,294	737,119
Due to Pinellas County, Florida Constitutional Officers	1,370	-	-	1,370	1,750
Due to Pinellas County, Florida Board of County Commissioners	1,791,915	502	2,549	1,794,966	2,500,631
Due to other governments	23	1,418,017	-	1,418,040	467
Deposits	32,389	3,661,582	-	3,693,971	3,674,529
Total liabilities	<u>3,397,413</u>	<u>5,696,054</u>	<u>270,739</u>	<u>9,364,206</u>	<u>7,605,800</u>
Fund balances:					
Nonspendable:					
Prepaid items	187,856	-	11,903	199,759	15,666
Spendable:					
Restricted	-	-	4,776,679	4,776,679	3,448,906
Total fund balances	<u>187,856</u>	<u>-</u>	<u>4,788,582</u>	<u>4,976,438</u>	<u>3,464,572</u>
Total liabilities and fund balances	<u>\$ 3,585,269</u>	<u>\$ 5,696,054</u>	<u>\$ 5,059,321</u>	<u>\$ 14,340,644</u>	<u>\$ 11,070,372</u>

See accompanying notes to special-purpose financial statements.

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended September 30, 2013
(With Summarized Financial Information for the Year Ended September 30, 2012)

	General Fund	Court Fund	Public Records Modernization Fund	Totals	
				2013	2012
Revenues:					
Charges for services	\$ 5,563,277	\$ 5,502,746	\$ 2,169,925	\$ 13,235,948	\$ 6,153,935
Intergovernmental	836,925	-	-	836,925	907,837
Fines and forfeitures	-	1,350,997	1,163,298	2,514,295	1,197,032
Interest income	665	3,340	223	4,228	3,225
Miscellaneous revenue	6,982	4,756	264	12,002	30,742
Court revenue appropriated from State	-	17,833,719	-	17,833,719	22,461,321
Total revenues	<u>6,407,849</u>	<u>24,695,558</u>	<u>3,333,710</u>	<u>34,437,117</u>	<u>30,754,092</u>
Expenditures:					
General government:					
Salaries and benefits	11,127,234	21,295,311	114,000	32,536,545	31,561,275
Operating expenditures	3,155,866	1,997,362	744,975	5,898,203	6,548,050
Capital outlay	612,786	9,550	1,113,487	1,735,823	823,365
Distribution of excess court revenue to the State	-	1,424,620	-	1,424,620	-
Total expenditures	<u>14,895,886</u>	<u>24,726,843</u>	<u>1,972,462</u>	<u>41,595,191</u>	<u>38,932,690</u>
Excess (deficiency) of revenues over (under) expenditures	(8,488,037)	(31,285)	1,361,248	(7,158,074)	(8,178,598)
Other financing sources (uses):					
Transfers in:					
Pinellas County, Florida Board of County Commissioners appropriations	9,543,020	-	-	9,543,020	9,901,260
Transfers out:					
Distribution of excess appropriations to Pinellas County, Florida Board of County Commissioners	(873,080)	-	-	(873,080)	(796,501)
Total other financing sources (uses)	<u>8,669,940</u>	<u>-</u>	<u>-</u>	<u>8,669,940</u>	<u>9,104,759</u>
Net change in fund balances	181,903	(31,285)	1,361,248	1,511,866	926,161
Fund balances – beginning of year	5,953	31,285	3,427,334	3,464,572	2,538,411
Fund balances – end of year	<u>\$ 187,856</u>	<u>\$ -</u>	<u>\$ 4,788,582</u>	<u>\$ 4,976,438</u>	<u>\$ 3,464,572</u>

See accompanying notes to special-purpose financial statements.

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE BALANCE SHEET – AGENCY FUNDS
September 30, 2013
(With Summarized Financial Information for the Year Ended September 30, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 30,051,470	\$ 22,913,988
Investments	1,101	1,098
Accounts receivable	3,959	654,969
Due from other governments	<u>29,886</u>	<u>23,801</u>
Total assets	<u>\$ 30,086,416</u>	<u>\$ 23,593,856</u>
LIABILITIES		
Due to other governments	\$ 5,148,059	\$ 6,393,365
Deposits	<u>24,938,357</u>	<u>17,200,491</u>
Total liabilities	<u>\$ 30,086,416</u>	<u>\$ 23,593,856</u>

See accompanying notes to special-purpose financial statements.

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Pinellas County, Florida, Clerk of the Circuit Court (Clerk) is an elected constitutional officer as provided for by the Constitution of the State of Florida. Pursuant to Section 129, Florida Statutes, the Clerk's budget for the General Fund is submitted to the Pinellas County, Florida, Board of County Commissioners (Board) for approval. The Public Records Modernization Fund budget is approved by the Clerk. Additionally, the Court Fund budget is submitted to the Clerk of Court Operations Corporation of the State of Florida for approval. The restricted fund balance represents resources for use by the Court Fund and Public Records Modernization Fund and is restricted by specific state statutes.

Measurement Focus, Basis of Accounting, and Basis of Presentation: These special-purpose financial statements include the general fund, special revenue funds, and agency fund of the Clerk. The accompanying special-purpose financial statements were prepared for the purposes of complying with Section 218.39, Florida Statutes, and Chapter 10.557(3), Rules of the Auditor General for Local Governmental Entity Audits. Certain prior-year financial statement amounts have been reclassified to conform to the current year's presentation.

Chapter 10.556(5), *Rules of the Auditor General for Local Governmental Entity Audits*, requires the Clerk's financial statements to present only fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Clerk as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance current liabilities of the fiscal year).

For this purpose, the Clerk considers revenues to be available if they are collected within 60 days after the end of the current period. Charges for services, interest income, and other revenue are recognized as they are earned and become measurable and available to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized as expenditures to the extent they have matured. The appropriations from the Board are the primary source of funds considered to be susceptible to accrual. Capital outlays expended in the governmental funds are capitalized in the basic financial statements of the Board rather than in the governmental funds of the Clerk.

The Clerk utilizes the following major governmental funds.

General Fund – The General Fund is a major fund used to account for all revenues and expenditures applicable to the general operations of the Clerk, which are not accounted for in another fund. All operating revenue, which is not specifically restricted or designated as to use, is recorded in the General Fund.

Court Fund – This major special revenue fund is used to account for court related functions as mandated by Section 28.37, *Florida Statutes*.

(Continued)

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Records Modernization Fund – This major special revenue fund is mandated by Section 28.24(12)(d), *Florida Statutes*, to be held in trust by the Clerk and used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the Clerk.

The Clerk's General Fund activity is funded through service charges for recording instruments and documents into the official records and through transfers in from the Board. Section 218.36(1), *Florida Statutes*, provides that the amount by which revenues and transfers exceed annual expenditures be remitted to the Board within 31 days following the fiscal year for which the funding was provided. The amount of this distribution is recorded as a liability and as a transfer out (other financing use) in the accompanying special-purpose financial statements.

The Court Fund activity is funded by fees authorized by *Florida Statutes*, for maintaining the County and Circuit Court records, and collecting the fines and fees assessed by the courts. Through June 30, 2013, these fees were considered state funds and were to be remitted by the Clerk to the Department of Revenue for deposit into the Clerks of the Court Trust Fund within the Justice Administrative Commission. In turn, the Clerk received 1/12th of the approved budget monthly from the State to fund court-related operations for the State fiscal year of July 1 through June 30. The excess of revenues collected over expenditures for the state fiscal year ended June 30 was required to be returned to the State for deposit in its General Revenue Fund. Effective July 1, 2013, the court-related fees are retained by the Clerk to be used exclusively for funding court-related operations of the Clerk of the Circuit Court. The excess of revenues collected over expenditures as of the end of the fiscal year are required to be returned to the State for deposit in its General Revenue Fund.

The Public Records Modernization Fund is funded by a portion of recording fees and an additional amount is collected pursuant to Section 28.24(12)(e), *Florida Statutes*, and used exclusively for funding court-related technology needs. 10% of all court-related fines collected by the Clerk are also deposited into this fund to be used exclusively for additional Clerk court-related operational needs and program enhancements.

Additionally, the Clerk of the Circuit Court reports the following fund type:

Fiduciary Funds – Agency Fund – These funds are used to account for assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations or have a measurement focus.

Cash and Cash Equivalents: Cash and cash equivalents are defined for financial reporting purposes as any liquid investment with original maturities of three months or less.

Investments: Investments are carried at fair value. The Clerk invested funds during the fiscal year with the Local Government Surplus Funds Trust Fund, which is carried at amortized cost. The fair value of the Clerk's position in the trust is the same as the value of the trust shares. The Local Government Surplus Funds Trust Fund met the criteria to be a "2a7-like" pool, as defined in GASB 31, Certain Investments and External Investment Pools, and is permitted to report investments at amortized cost. A 2a7-like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the regulations set forth in the SEC's Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

(Continued)

PINELLAS COUNTY, FLORIDA
 CLERK OF THE CIRCUIT COURT
 NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
 September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Thus, this pool operates essentially as a money market fund and is not categorized as to custodial risk according to the criteria set forth in GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, and GASB Statement No. 40, Deposit and Investment Risk Disclosures.

Prepaid Items: Certain payments to vendors reflect costs related to future periods and are reported as prepaid items in the fund financial statements.

Compensated Absences: All full-time employees of the Clerk are entitled to annual vacation and sick leave with pay. The employees are generally allowed to accumulate vacation leave up to a maximum of three years' leave. Prior to December 24, 1994, sick leave was accumulated with no maximum. Beginning December 24, 1994, employees no longer accrue sick leave. Upon termination, the employee is paid for up to one-half of accumulated sick leave, depending on length of service, and all of the accumulated vacation. Vacation and sick leave payments are included in operating costs when the payments are made to the employees. The Clerk does not and is not legally required to accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds of the Clerk but rather is reported in the basic financial statements of the Board.

Use of Estimates: The preparation of these special-purpose financial statements is in conformity with Section 218.39, Florida Statutes, and Chapter 10.557(3), Rules of the Auditor General for Local Governmental Entity Audits, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from the required estimates.

Financial Information for 2012: The special-purpose financial statements include certain prior-year summarized comparative information in total but not by major fund. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Clerk's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

NOTE 2 - CASH AND INVESTMENTS

As of September 30, 2013 and 2012, the carrying value of the Clerk of the Circuit Court's cash and investments was as follows:

<u>Type</u>	<u>2013</u>	<u>2012</u>	<u>Credit Rating</u>
Cash on hand	\$ 47,600	\$ 42,600	N/A
Demand deposits	43,703,979	33,307,712	N/A
Local Government Surplus Funds Trust Fund:			
Florida PRIME	1143	1,098	AAAm
Fund B	25	67	Unrated
Total cash and investments	<u>\$ 43,752,747</u>	<u>\$ 33,351,477</u>	
 <u>Financial Statement Presentation</u>			
Governmental funds	\$ 13,700,176	\$ 10,436,391	
Agency funds	<u>30,052,571</u>	<u>22,915,086</u>	
	<u>\$ 43,752,747</u>	<u>\$ 33,351,477</u>	

(Continued)

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk: At September 30, 2013, the Clerk's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Section 280, *Florida Statutes*. Under this Section, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

Credit Risk: The Clerk's investment policy is guided by 1) Section 219.075, *Florida Statutes*, regarding the deposit of funds received and the investment of surplus funds, and 2) Sections 219.075 and 218.415, *Florida Statutes*, authorizing investments in the Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized statistical rating organization; direct obligations of the United States Treasury; federal agencies and instrumentalities; or interest-bearing time deposits or savings accounts in banks organized under the laws of the State of Florida, national banks organized under the laws of the United States and doing business and situated in the State of Florida, savings and loan associations, which are under State supervision, or in federal savings and loan associations located in the State of Florida or organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law.

At September 30, 2013, the Clerk's investments were with the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. Standard & Poor's issued an AAAm rating on Fund A, now known as Florida PRIME, which is the highest rating category for a government investment pool fund. Fund B is unrated.

NOTE 3 - ACCOUNTS PAYABLE

Accounts payable in the Governmental Funds result from transactions with various vendors. Funds due to Pinellas County are amounts due to the Board and other constitutional officers. Other due to amounts are amounts due to governmental entities other than the County. Deposits are funds held in trust that are due to the citizenry or their authorized representatives.

NOTE 4 - CAPITAL ASSETS

Capital assets used in governmental fund type operations are capitalized in the basic financial statements of the Board rather than in the governmental funds of the Clerk. Upon acquisition, such assets are recorded as expenditures in the governmental funds of the Clerk and capitalized at cost in the basic financial statements of the Board. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date received. The Clerk maintains custodial responsibility for the capital assets used by the office. No depreciation has been provided on capital assets in these special-purpose financial statements. However, depreciation expense on these assets is recorded in the basic financial statements of the Board.

(Continued)

PINELLAS COUNTY, FLORIDA
 CLERK OF THE CIRCUIT COURT
 NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
 September 30, 2013

NOTES 5 - FUND BALANCES

The Clerk accounts for its fund balances pursuant to GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this statement, fund balances are classified as either spendable or nonspendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the use of funds. The Clerk's fund balances are categorized as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form or legally or contractually required to be maintained intact. The Clerk's prepaid items that are not in spendable form fall into this category.

Restricted fund balances are spendable fund balances that are constrained for specific purposes, which are externally imposed by laws or regulations. The fund balances of the Court and Public Records Modernization Trust Funds can only be used for purposes as authorized by Florida Statutes.

The fund balance categories shown on the Special-Purpose Balance Sheet-Governmental Funds are as follows at September 30, 2013:

	General Fund	Court Fund	Public Records Modernization Fund	Total
Nonspendable	\$ 187,856	\$ -	\$ 11,903	\$ 199,759
Spendable – restricted	<u>-</u>	<u>-</u>	<u>4,776,679</u>	<u>4,776,679</u>
	<u>\$ 187,856</u>	<u>\$ -</u>	<u>\$ 4,788,582</u>	<u>\$ 4,976,438</u>

NOTE 6 - ACCUMULATED COMPENSATED ABSENCES

The following is a summary of changes in general long-term liabilities, which are reflected in the basic financial statements of the Board of County Commissioners:

	October 1, 2012	Additions	Retirements	September 30, 2013	Due within One year
Accrued compensated absences	<u>\$2,152,328</u>	<u>\$2,300,343</u>	<u>\$ 2,012,004</u>	<u>\$ 2,440,667</u>	<u>\$ 2,012,004</u>
	October 1, 2011	Additions	Retirements	September 30, 2012	Due within One year
Accrued compensated Absences	<u>\$ 2,197,617</u>	<u>\$ 2,076,163</u>	<u>\$ 2,121,452</u>	<u>\$ 2,152,328</u>	<u>\$2,121,452</u>

These long-term liabilities are not reported in the special-purpose financial statements of the Clerk, since they have not matured.

(Continued)

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2013

NOTE 7 - EMPLOYEE RETIREMENT PLAN

Substantially all full-time employees of the Clerk are eligible to participate in the State of Florida Retirement System (System), a cost-sharing, multiple-employer defined benefit plan administered by the State of Florida, Division of Retirement. The System is a defined benefit plan for all state, and participating county, district school board, community college, and university employees (Pension Plan). The System also offers eligible employees participation in an alternative defined contribution plan (Investment Plan). The Clerk participates in the Elected State Officers' Class. Contribution rates are established statewide for all participating governmental units. Accordingly, the actuarial information and related disclosures attributable to the Clerk's employees are not determinable. Employees participating in the Pension Plan who retire at or after age 62 with 6 years of credited service, or with 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials for each year of credited service times their average final compensation. Final average compensation is the employee's average of the five highest consecutive fiscal years of salary earned during credited service. Vested employees may retire before age 62 and receive benefits that are reduced 5% for each year prior to normal retirement age. Employees participating in the Investment Plan are vested after one year of service with no age requirements. The System also provides death and disability benefits. Benefits are established by Section 121, *Florida Statutes* and Chapter 22B, Florida Administrative Code.

The Deferred Retirement Option Program (DROP) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the System, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for a system employer. The participation in the program does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit (in the same amount determined at retirement, plus annual cost-of-living increases).

The System publishes an annual report that provides 10-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. This report may be obtained by writing to Division of Retirement, Research, Education, and Policy Section, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, or by calling (877) 377-1737 or by accessing their internet site at:

http://dms.myflorida.com/dms2/human_resource_support/retirement/publications/system_information/annual_reports

The Clerk is required to contribute an actuarially determined rate. The contribution requirements of the Clerk are established and may be amended by the State of Florida. The contribution rates are established by fiscal year, beginning each July 1. The contribution rates by job class were as follows: elected county officers 11.14%, regular 4.91%, senior management 6.27%, and DROP employees 4.42% from October 1, 2011 through June 30, 2012; elected county officers 10.23%, regular 5.18%, senior management 6.30%, and DROP employees 5.44% from July 1, 2012 through June 30, 2013; and elected county officers 33.03%, regular 6.95%, senior management 18.31%, and DROP employees 12.84% from July 1, 2013 through September 30, 2013. The Clerk's contributions to the plan for the years ended September 30, 2013, 2012, and 2011 were \$1,373,359, \$1,141,689, and \$2,177,854, respectively, equal to the required contributions for each year. This represents 6.15%, 5.03%, and 9.36% of covered payroll, respectively. Effective July 1, 2011, employees participating in the plan are required to contribute 3% of their eligible earnings to the plan.

(Continued)

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2013

NOTE 8 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN

Plan Description: The Clerk participates in a single-employer defined benefit healthcare plan that covers eligible retirees and their dependents of the Board of County Commissioners, all Constitutional Officers with the exception of the Sheriff, and the Planning Council and their dependents. The Board administers the plan and establishes the benefits. The healthcare plan does not issue a stand-alone financial report; however, additional actuarial information regarding the plan as a whole is disclosed in the notes to the financial statements of Pinellas County.

The County pays a percentage of the premium for medical and dental insurance for the former employees with at least 10 years of service who retired prior to October 1, 2004, equivalent to that paid for active employees. For non-Medicare eligible retirees, employees enrolled in DROP and those within 5 years of normal FRS retirement prior to October 1, 2004, with 10 years of service, the County will continue funding at the same level as active employees. For employees not part of the previously mentioned groups who retire on or after October 1, 2004, a health insurance subsidy based on length of service will be provided. The subsidy will range from 25% of the premium for 10 years of service, increasing by 3.33% per year of service to 75% for 25 years or more, calculated on the single premium of the lowest cost plan.

Funding Policy: The contribution requirements of the plan members and the employers are established and may be amended by the County. The plans are financed on a pay-as-you-go basis. Participating agencies contribute an additional amount per each active employee to fund retiree health care. The Clerk contributed \$1,970,850 to the plan during the fiscal year to fund OPEB benefits.

The annual other postemployment benefit cost for both plans is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. An actuarial valuation on the plan as a whole was performed as of October 1, 2011. The notes to the financial statements and required supplemental information of the County disclose additional information regarding the OPEB plan as a whole.

NOTE 9 - RELATED-PARTY TRANSACTIONS

The Clerk of the Circuit Court incurred costs and charges from the Board of County Commissioners during the fiscal years ended September 2013 and 2012 for various services as follows:

	<u>2013</u>	<u>2012</u>
Health insurance	\$ 6,760,919	\$ 6,298,628
Risk financing	60,010	406,420
Information technology	1,413,010	2,786,670
Fleet charges	<u>41,422</u>	<u>36,253</u>
Total charges	<u>\$ 8,275,361</u>	<u>\$ 9,527,971</u>

(Continued)

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2013

NOTE 9 - RELATED-PARTY TRANSACTIONS

During 2013 and 2012, the Board provided funding to the Clerk that amounted to \$9,543,020 and \$9,901,260, respectively. At September 30, 2013 and 2012, the Clerk had a receivable due from other county constitutional officers of \$37,269 and \$4,691, respectively, payables due to other Constitutional Officers of \$1,370 and \$1,750, respectively, and a receivable due from the Board of County Commissioners of \$199,248 and \$341,114, respectively. Additionally, at September 30, 2013 and 2012, the Clerk had amounts due to the Board as follows:

	<u>2013</u>	<u>2012</u>
Distribution of excess appropriations	\$ 873,080	\$ 796,501
Amounts due for various services	308,722	1,168,356
Government funds payable to Board	1,181,802	1,964,857
Amounts held on behalf of the Board	<u>613,164</u>	<u>535,774</u>
Total due to Board of County Commissioners	<u>\$ 1,794,966</u>	<u>\$ 2,500,631</u>

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss, including, but not limited to, general liability, property and casualty, auto and physical damage, and workers' compensation. The County is substantially self-insured and accounts for and finances its risks of uninsured loss through an internal service fund. All liabilities associated with these self-insured risks are reported in the basic financial statements of the Board. During the fiscal years ended September 30, 2013 and 2012, the Clerk was charged \$60,010 and \$406,420, respectively, by the County for participation in the risk management program.

Under this self-insured program, the County provided coverage for up to \$1.5 million per claim for workers' compensation prior to March 1st, 2013. From March 1st, 2013 forward the County provided coverage for up to \$2.0 million per accident. Coverage is provided to meet the statutory requirements of Section 440, *Florida Statutes*. The County has also purchased outside excess coverage for up to \$15 million per occurrence or claim with a \$30 million aggregate for various liability claims under the self-insured risk management program prior to March 1st 2013. From March 1st forward, the excess coverage is \$15 million per occurrence or claim and in the aggregate. Negligence claims in excess of the statutory limits set in Section 768.28, *Florida Statutes*, which provide for limited sovereign immunity of \$200,000/\$300,000 per occurrence, can only be recovered through an act of the State Legislature. Effective July 1, 2011, the Clerk acquired outside insurance coverage for worker's compensation claims only. All claims incurred prior to July 1, 2011 for worker's compensation are still covered by the County's risk management program. There have been no other significant changes in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in any of the last three years.

The County is also self-insured for medical and dental claims covering all of its employees and their eligible dependents. As required by Section 112.0801, *Florida Statutes*, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. No excess insurance coverage has been acquired for these claims. An actuarial valuation is performed each year to estimate the amounts needed to pay prior and future claims and to establish reserves.

(Continued)

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2013

NOTE 11 - CLAIMS AND CONTINGENCIES

Litigation: The Clerk is involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operation. In the opinion of the Clerk and legal counsel, the range of potential recoveries or liabilities will not materially affect the special-purpose financial statements of the Clerk.

Grants: Grant funds received by the Clerk are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of the Clerk. In the opinion of management, disallowed costs, if any, would be immaterial to the special-purpose financial statements of the Clerk.

REQUIRED SUPPLEMENTARY INFORMATION

PINELLAS COUNTY, FLORIDA
 CLERK OF THE CIRCUIT COURT
 SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
 Year ended September 30, 2013

	Budget		Actual	Variance with Final Budget – Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 4,223,590	\$ 5,138,590	\$ 5,563,277	\$ 424,687
Intergovernmental revenue	1,000,000	938,546	836,925	(101,621)
Interest income	2,330	2,330	665	(1,665)
Miscellaneous revenue	-	-	6,982	6,982
Total revenues	<u>5,225,920</u>	<u>6,079,466</u>	<u>6,407,849</u>	<u>328,383</u>
Expenditures:				
General government:				
Salaries and benefits	11,423,350	11,366,089	11,127,234	238,855
Operating expenditures	3,138,740	3,608,197	3,155,866	452,331
Capital outlay	206,850	648,200	612,786	35,414
Total expenditures	<u>14,768,940</u>	<u>15,622,486</u>	<u>14,895,886</u>	<u>726,600</u>
Excess (deficiency) of revenues over (under) expenditures	(9,543,020)	(9,543,020)	(8,488,037)	1,054,983
Other financing sources (uses):				
Transfers in:				
Pinellas County, Florida Board of County Commissioners appropriations	9,543,020	9,543,020	9,543,020	-
Transfers out:				
Distribution of excess appropriations to Pinellas County, Florida Board of County Commissioners	-	-	(873,080)	(873,080)
Total other financing sources	<u>9,543,020</u>	<u>9,543,020</u>	<u>8,669,940</u>	<u>(873,080)</u>
Net change in fund balances	-	-	181,903	181,903
Fund balances – beginning of year	-	-	5,953	5,953
Fund balances – end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,856</u>	<u>\$ 187,856</u>

See accompanying notes to required supplementary information.

PINELLAS COUNTY, FLORIDA
 CLERK OF THE CIRCUIT COURT
 SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – COURT FUND
 (BUDGETARY BASIS)
 Year ended September 30, 2013

	Budget		Actual	Variance with Final Budget – Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ -	\$ 4,241,410	\$ 5,502,746	\$ 1,261,336
Fines and forfeitures	-	1,124,650	1,350,997	226,347
Interest income	-	-	3,340	3,340
Miscellaneous revenue	-	-	4,756	4,756
Court revenue appropriated from State	<u>17,228,614</u>	<u>17,911,481</u>	<u>17,833,719</u>	<u>(77,762)</u>
Total revenues	<u>17,228,614</u>	<u>23,277,541</u>	<u>24,695,558</u>	<u>1,418,017</u>
Expenditures:				
General government:				
Salaries and benefits	16,209,187	21,295,374	21,295,311	63
Operating expenditures	1,019,428	2,003,903	1,997,362	6,541
Capital outlay	-	9,550	9,550	-
Distribution of excess court revenue to the State	-	-	1,424,620	(1,424,620)
Total expenditures	<u>17,228,615</u>	<u>23,308,827</u>	<u>24,726,843</u>	<u>(1,418,016)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>(31,286)</u>	<u>(31,285)</u>	<u>1</u>
Net change in fund balances	-	(31,286)	(31,285)	1
Fund balances – beginning of year	<u>-</u>	<u>31,285</u>	<u>31,285</u>	<u>-</u>
Fund balances – end of year	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>

See accompanying notes to required supplementary information.

PINELLAS COUNTY, FLORIDA
 CLERK OF THE CIRCUIT COURT
 SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – PUBLIC MODERNIZATION FUND
 Year ended September 30, 2013

	Budget		Actual	Variance with Final Budget – Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,587,330	\$ 1,587,330	\$ 2,169,925	\$ 582,595
Fines and forfeitures	1,153,220	1,153,220	1,163,298	10,078
Interest income	50	50	223	173
Miscellaneous revenues	-	-	264	264
Total revenues	<u>2,740,600</u>	<u>2,740,600</u>	<u>3,333,710</u>	<u>593,110</u>
Expenditures:				
General government:				
Salaries and benefits	334,850	334,850	114,000	220,850
Operating expenditures	1,272,900	1,408,900	744,975	663,925
Capital outlay	496,850	1,360,850	1,113,487	247,363
Total expenditures	<u>2,104,600</u>	<u>3,104,600</u>	<u>1,972,462</u>	<u>1,132,138</u>
Excess (deficiency) of revenues over (under) expenditures	636,000	(364,000)	1,361,248	1,725,248
Other financing sources (uses):				
Reserves	(4,007,401)	(3,007,401)	-	3,007,401
Total other financing sources (uses)	<u>(4,007,401)</u>	<u>(3,007,401)</u>	<u>-</u>	<u>3,007,401</u>
Net change in fund balances	(3,371,401)	(3,371,401)	1,361,248	4,732,649
Fund balances – beginning of year	<u>3,371,401</u>	<u>3,371,401</u>	<u>3,427,334</u>	<u>55,933</u>
Fund balances – end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,788,582</u>	<u>\$ 4,788,582</u>

See accompanying notes to required supplementary information.

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2013

NOTE 1 - BUDGETARY PROCESS

Florida Statutes Sections 129.021 and 129.03 govern the preparation, adoption, and administration of the Clerk's annual budget. The budget of the Clerk (to the extent of his function as ex-official Clerk to the Board) is prepared for the general fund, which is submitted to and approved by the Board. The Clerk also prepares the budget related to his recording function based on anticipated fees.

Effective July 1, 2009 through June 30, 2013, pursuant to Section 28.36, *Florida Statutes*, a balanced court-related budget had to be prepared for the last quarter of the county fiscal year and the first three quarters of the next county fiscal year and submitted to the Corporation by August 17, administratively housed within the Justice Administrative Commission of the State, for review and approval. The statewide total appropriation for the 2010–2011 state fiscal year was set in the General Appropriations Act. The Corporation determined the amount of each Clerk's budget, but the statewide total of such amounts may not exceed the amount listed in the General Appropriations Act. Until June 30, 2013, the state fiscal year, the Corporation shall release appropriations to each Clerk quarterly and the amount released will be based on the performance of the Clerk in the preceding quarter.

Effective July 1, 2013, pursuant to Section 28.36, *Florida Statutes*, a balanced court-related budget had to be prepared on or before August 15 and submitted to the Clerk of Court Operations Corporation (Corporation) of the State of Florida. If the Clerk of the Circuit Court estimates that projected revenues are insufficient to meet anticipated expenditures the Clerk of the Circuit Court is required to report the revenue deficit to the Corporation. Once the Corporation verifies the revenue deficit, the Clerk of the Circuit Court can increase fees up to the maximum amounts specified by law to resolve the deficit. If a revenue deficit is still projected, a request can be submitted to release funds from the Department of Revenue Clerks of Court Trust Fund.

Budgets for the general fund and public records modernization fund are prepared on a basis consistent with accounting principles generally accepted in the United States of America. The annual budget serves as the legal authorization for expenditures. Any subsequent amendments to the Clerk's budget funded by the Board must be approved by the Board, and any subsequent amendments of the Court Fund budget must be approved by the Corporation. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end. Budgetary control is maintained at each respective fund level. Budgetary changes within each respective fund are made at the discretion of the Clerk.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the fiscal year, whenever legally authorized.

OTHER FINANCIAL INFORMATION

PINELLAS COUNTY, FLORIDA
 CLERK OF THE CIRCUIT COURT
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
 Year ended September 30, 2013

Trust Fund	Balance September 30, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2013</u>
ASSETS				
Cash and cash equivalents	\$ 22,913,988	\$ 204,611,936	\$ 197,474,454	\$ 30,051,470
Investments	1,098	1,101	1,098	1,101
Accounts receivable	654,969	3,959	654,969	3,959
Due from other governments	<u>23,801</u>	<u>29,886</u>	<u>23,801</u>	<u>29,886</u>
 Total assets	 <u>\$ 23,593,856</u>	 <u>\$ 204,646,882</u>	 <u>\$ 198,154,322</u>	 <u>\$ 30,086,416</u>
LIABILITIES				
Due to other governments	\$ 6,393,365	\$ 131,346,448	\$ 132,591,754	\$ 5,148,059
Deposits	<u>17,200,491</u>	<u>65,349,490</u>	<u>57,611,624</u>	<u>24,938,357</u>
 Total liabilities	 <u>\$ 23,593,856</u>	 <u>\$ 196,695,938</u>	 <u>\$ 190,203,378</u>	 <u>\$ 30,086,416</u>

OTHER REPORTS

INDEPENDENT AUDITOR'S 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 Ken Burke
Clerk of the Circuit Court
Pinellas 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 special-purpose financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court (Clerk) of Pinellas County, Florida (County), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's special-purpose financial statements, and have issued our report thereon dated March 19, 2014. As discussed in Note 1, the special-purpose financial statements were prepared for the purpose of complying with the financial reporting provisions of Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General*, and are not intended to be a complete presentation of the financial position of the Clerk as of September 30, 2013, and the changes in financial position thereof for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended. Additionally, as discussed in Note 1, the special-purpose financial statements present only the Clerk and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2013, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Clerk's internal control over financial reporting (internal control) 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 the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Clerk's special-purpose 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses and items 2013-001 and 2013-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's special-purpose financial statements are free from 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 special-purpose 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*.

The Clerk's Response to the Findings

The Clerk's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Clerk's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely 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 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.



Crowe Horwath LLP

Tampa, Florida
March 19, 2014

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted	None

SECTION II - CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Significant Deficiencies

Finding No. 2013-001 – Cash Reconciliations

Criteria:	Bank reconciliations should reconcile the balance per the bank statement to the general ledger.
Condition:	During fiscal year ended September 30, 2013, the Clerk implemented the MUNIS financial accounting software system. Subsequent to the implementation of the new software, the bank reconciliation process for the agency fund cash accounts revealed a unreconciled difference in the cash accounts between the bank statement balance and the general ledger balance. As of the year-end financial statement date, this unreconciled difference was not able to be resolved and identified.
Effect:	The balance of cash reported in the financial statements was potentially overstated by approximately \$100,000; however, the Clerk was not able to identify the nature of the unreconciled difference.
Cause:	Due to the implementation of the new MUNIS financial reporting system, various report formats changed; however, procedures used in the bank reconciliation processes were still designed with the old financial reporting system model. Due to the timing of the implementation of MUNIS, the Clerk was still in the process of implementing new procedures as a result of MUNIS and the bank reconciliation procedures were still in the process of being reviewed. Consequently, new procedures needed to be developed to work with the new reporting formats to assist in properly identify all reconciling items.
Recommendation:	We recommend that the Clerk continue to develop new internal control procedures in the MUNIS environment related to the cash reconciliations to ensure all cash activity and reconciling items are identified.
Management's Response:	Management is continuing to implement new internal controls and business processes to ensure the cash reconciliation process is completed monthly and in a timely manner. A program has been developed to match all transactions posted to the MUNIS cash account to the daily bank download. A daily report will be available alerting management of any exceptions.

PINELLAS COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2013

SECTION II - CURRENT YEAR FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2013-002 – Information Technology Systems Segregation of Duties

Criteria: There should be appropriate segregation of duties for employees with financial statement reporting responsibilities that also have access to system applications as administrators.

Condition: We noted that three employees with financial statement reporting responsibilities also have access to system applications as administrators.

Effect: While no inappropriate activity was noted, the access combinations increase the risk of inappropriate activity.

Cause: The cause appears to be an error in the assignment of administrator rights without the use of manual controls.

Recommendation: We recommend that management ensure that users with application administrator responsibilities to financially significant applications do not also have financial reporting responsibilities or consider implementing manual controls to mitigate this risk.

Management's Response: Management is currently working with the Clerk's Technology Staff to review MUNIS user roles. Roles will be updated to ensure segregation of duties. Staff members that currently have administrator roles and financial reporting roles will no longer have both roles in the future.

SECTION III - PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None reported for the year ended September 30, 2012.

MANAGEMENT LETTER ON INTERNAL CONTROL
AND STATE REPORTING REQUIREMENTS

The Honorable Ken Burke
Clerk of the Circuit Court
Pinellas County, Florida

We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court (Clerk) of Pinellas County, Florida (County) as of and for the year ended September 30, 2013, and have issued our report thereon dated March 19, 2014. We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1, the special-purpose financial statements are prepared by the Clerk on the basis of the financial reporting provisions of Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Florida.

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 10.557(3), *Rules of the Florida Auditor General*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 19, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.557(3), *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with the audit performed by other auditors, we did not have any such findings.
 - Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, nothing came to our attention that caused us to believe that the Clerk failed to comply with Section 218.415, *Florida Statutes*, insofar as they related to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Clerk's noncompliance with Section 218.415, *Florida Statutes*, insofar as they relate to accounting matters.
 - Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such findings.
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- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. The Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk did not include any component units.
- Section 10.554(1)(i)7., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk of the Courts complied with the requirements of Sections 28.35 and 28.36, *Florida Statutes*. In connection with our audit, nothing came to our attention that caused us to believe that the Clerk failed to comply with Sections 28.35 and 28.36, *Florida Statutes*, insofar as they related to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Clerk's noncompliance with Sections 28.35 and 28.36, *Florida Statutes*, insofar as they relate to accounting matters.

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, *Rules of the Auditor General*. Accordingly, this management letter is not suitable for any other purpose.



Crowe Horwath LLP

Tampa, Florida
March 19, 2014