

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

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2005

Clerk of the Circuit Court
County of Volusia, Florida
ANNUAL FINANCIAL REPORT
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FINANCIAL SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk"), a component unit of the County of Volusia, Florida, as of and for the year ended September 30, 2005, which collectively comprise the Clerk's basic financial statements, listed in the table of contents. These financial statements are the responsibility of the Clerk's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk, as of September 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2006 on our consideration of Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

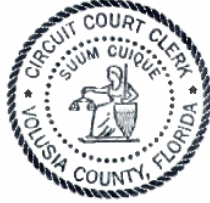
The management's discussion and analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Moore Stephens Lovelace, P.A.

Certified Public Accountants

Orlando, Florida
February 10, 2006

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005



As management of the Clerk of the Circuit Court in Volusia County, Florida, (the "Clerk") we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Clerk for the year ended September 30, 2005.

Financial Highlights

The assets of the Clerk exceeded its liabilities at the end of the fiscal year by \$6,661,978 (net assets). Of this amount, \$1,849,661 was invested in capital assets, \$5,461,444 was restricted and \$649,127 was obligated to meet the ongoing obligations for accrued compensated absences. The Clerk's total net assets increased by \$2,912,172 for the fiscal year ended September 30, 2005. As of the close of the fiscal year, the Clerk's governmental funds reported combined ending fund balances of \$5,461,444. This is an increase of \$2,733,112 over the prior year.

Overview of the Financial Statements

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

Government-wide Financial Statements:

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

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

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Overview of the Financial Statements - Continued

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

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

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

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

Fund Financial Statements:

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

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Overview of the Financial Statements - Continued

Governmental Funds:

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

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

Fiduciary Funds:

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

The fiduciary funds financial statement can be found on page 11 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 12 of this report.

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of financial position. In the case of the Clerk, assets exceeded liabilities by \$6,661,978 at the end of the fiscal year.

CLERK'S NET ASSETS – Governmental Activities

	2005	2004
Current and other assets	\$ 9,890,239	\$ 4,869,541
Capital assets	1,849,661	1,461,453
Total assets	11,739,900	6,330,994
Long-term liabilities	649,127	439,979
Other liabilities	4,428,795	2,141,209
Total liabilities	5,077,922	2,581,188
Net Assets:		
Invested in capital assets	1,849,661	1,461,453
Restricted	5,461,444	2,728,332
Unrestricted	(649,127)	(439,979)
TOTAL NET ASSETS	\$ 6,661,978	\$ 3,749,806

CLERK'S CHANGES IN NET ASSETS – Governmental Activities

	2005	2004
Revenues		
Operating grants	\$ 450,643	\$ 630,331
Subsidy from County Council	1,451,802	3,961,157
Charges for services	18,671,437	11,733,082
Interest	203,845	105,103
Miscellaneous revenues	28,593	26,124
Total revenues	20,806,320	16,455,797
Expenditures		
General government	4,557,598	12,366,450
Court operations	10,952,993	2,666,014
Total expenditures	15,510,591	15,032,464
Increase in net assets before transfers	5,295,729	1,423,333
Transfers	(2,383,557)	(885,373)
Increase in net assets	2,912,172	537,960
Net assets – October 1	3,749,806	3,211,846
Net assets – September 30	\$ 6,661,978	\$ 3,749,806

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Government-wide Financial Analysis - Continued

The funds restricted for the Public Records Modernization Trust Fund accounted for \$5,461,444 of the net assets. The Clerk collects an additional service charge on certain recorded documents for this fund pursuant to Florida Statute 28.24 (12) (d) and (e). The fund must be used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the Clerk.

The Clerk's investment in capital assets was \$1,849,661 at the end of the fiscal year. This amount reflects the Clerk's investment in office and computer equipment which are used to provide services to the citizens of Volusia County. Consequently, these assets are not available for future spending. The Clerk purchased \$889,531 of office and computer equipment during the fiscal year. The Clerk also acquired \$188,185 in office equipment from the County of Volusia under Florida Statute 29.008.

There is a deficit in the unrestricted net assets category of \$649,127. This amount represents accrued compensated absences of the Clerk which are not due within one year. It is the Clerk's policy to grant all full-time and provisional employees annual leave based upon the number of years of employment with the Clerk. Unused annual leave accrued is payable upon termination, retirement or through an attendance incentive plan. The amount of the deficit represents the amount that was accrued sick leave and vacation leave for employees who are currently employed by the Clerk. These amounts are expected to be paid out over a number of years from current operating resources. The Clerk does not anticipate that the payments for accrued leave will cause operating deficits in future periods.

As a fee officer, the Clerk is required under Florida Statute 218.36 to submit to the County of Volusia, all excess fees from general government operations by October 31st after the close of the fiscal year. The excess fee calculation is based upon the fund financial statements, therefore, the Clerk does not have the opportunity to accumulate net assets in the general fund to pay the accrued compensated absences.

General Fund Budgetary Highlights

The General Fund is the chief operating fund of the Clerk. There were substantial differences between the original budget and final amended budget. The primary reason for these differences was the change in fee structure brought about by State constitutional amendments to Article V relating to the court system.

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

General Fund Budgetary Highlights - Continued

The Clerk is required to adopt a separate budget for court-related revenues and expenditures which is approved by the Florida Clerks of Court Operations Corporation. The actual court-related revenues were \$1,539,867 less than the approved budget. The expenditures and budgeted reserve were \$1,016,841 less than the approved budget. A budget amendment request has been filed with the Florida Clerks of Court Operations Corporation to have the shortfall of \$523,026 reimbursed by the Department of Revenue Clerks of the Court Trust Fund. There were two main reasons why the actual revenues from court-related functions were significantly lower than projected. Revenues from surety bond forfeitures were lower than projected because the method for recognizing these revenues was uncertain at the time the budget was prepared. The case filings were lower than expected and this resulted in lower revenues for filing fees. The Clerk believes that the hurricanes experienced in Volusia County from July through September of 2004 contributed to the decline in case filings. The Clerk was able to keep expenditures under the budgeted amounts by making changes in spending decisions related to the operational needs of the Clerk's office.

For the general government portion of the budget, the recording fees were higher than expected. Therefore, this portion of the budget was amended as necessary to reflect the increased fee revenues and the resulting changes in spending decisions related to capital assets and other operational needs of the Clerk's office.

Economic Factors and Next Year's Budgets

Various factors were considered in preparing the budget for the 2006 fiscal year. The Clerk currently enjoys a favorable economic environment and local indicators point to continued stability. The strength of the housing and time-share condominium industries in Volusia County coupled with low mortgage interest rates is the largest factor contributing to stable revenues in the general government operations of the Clerk.

The court operations are expected to continue operating at a deficit in the 2006 fiscal year. The Clerk is retaining all court-related fines, fees, service charges and costs. The projected revenue deficit has been approved by the Florida Clerks of Court Operations Corporation and certified by the Department of Revenue. The projected deficit will be funded from the Department of Revenue Clerks of the Court Trust Fund.

Requests for Information

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

Clerk of the Circuit Court
County of Volusia, Florida
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
September 30, 2005

	General Fund	Special Revenue Fund	Total	Adjustments (Note 2)	Statement of Net Assets
ASSETS					
Cash and cash equivalents	\$ 3,609,594	\$ 5,461,444	\$ 9,071,038	\$ -	\$ 9,071,038
Accounts receivable	23,521	-	23,521	-	23,521
Due from County Council	5,711	-	5,711	-	5,711
Due from other governments	767,814	-	767,814	-	767,814
Prepays and other assets	22,155	-	22,155	-	22,155
Capital assets, net	-	-	-	1,849,661	1,849,661
Total Assets	\$ 4,428,795	\$ 5,461,444	\$ 9,890,239	1,849,661	11,739,900
LIABILITIES					
Accounts payable	\$ 59,543	-	\$ 59,543	-	59,543
Accrued liabilities	410,607	-	410,607	-	410,607
Accrued compensated absences:					
Current portion	313,355	-	313,355	-	313,355
Long-term portion	-	-	-	649,127	649,127
Due to County Council	3,175,923	-	3,175,923	-	3,175,923
Due to other governments	369,266	-	369,266	-	369,266
Deposits	100,101	-	100,101	-	100,101
Total Liabilities	4,428,795	-	4,428,795	649,127	5,077,922
FUND BALANCES / NET ASSETS					
Fund balances:					
Reserved for public record modernization	-	5,461,444	5,461,444	5,461,444	-
Unreserved	-	-	-	-	-
Total Fund balances	-	5,461,444	5,461,444	5,461,444	-
Total Liabilities and Fund Balances	\$ 4,428,795	\$ 5,461,444	\$ 9,890,239		
Net assets:					
Invested in capital assets				1,849,661	1,849,661
Restricted				5,461,444	5,461,444
Unrestricted (Deficit)				(649,127)	(649,127)
Total Net Assets				\$ 6,661,978	\$ 6,661,978

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

Clerk of the Circuit Court
County of Volusia, Florida
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended September 30, 2005

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues					
General government:					
Subsidy from County Council	\$ 1,451,802	\$ -	\$ 1,451,802	\$ -	\$ 1,451,802
Charges for services	6,018,303	2,698,936	8,717,239	-	8,717,239
Interest	130,042	73,803	203,845	-	203,845
Miscellaneous revenues	3,467	-	3,467	-	3,467
Court operations:					
Operating grants	450,643	-	450,643	-	450,643
Charges for services	9,954,198	-	9,954,198	-	9,954,198
Miscellaneous revenues	25,126	-	25,126	-	25,126
Total Revenues	<u>18,033,581</u>	<u>2,772,739</u>	<u>20,806,320</u>	<u>-</u>	<u>20,806,320</u>
Expenditures / Expenses					
General government:					
Programs and operations	3,601,492	39,627	3,641,119	209,148	3,850,267
Depreciation	-	-	-	707,331	707,331
Capital outlay	1,095,539	-	1,095,539	(1,095,539)	-
Court operations:					
Programs and operations	10,952,993	-	10,952,993	-	10,952,993
Depreciation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures / Expenses	<u>15,650,024</u>	<u>39,627</u>	<u>15,689,651</u>	<u>(179,060)</u>	<u>15,510,591</u>
Excess (deficiency) of revenues over expenditures	2,383,557	2,733,112	5,116,669	179,060	5,295,729
Other Financing Sources / Uses					
Transfers - County Council	(3,094,767)	-	(3,094,767)	-	(3,094,767)
Transfers - County Council	188,184	-	188,184	-	188,184
Transfers - Clerk of Court Conference	523,026	-	523,026	-	523,026
Total Other Financing Sources/Uses	<u>(2,383,557)</u>	<u>-</u>	<u>(2,383,557)</u>	<u>-</u>	<u>(2,383,557)</u>
Excess of revenues over expenditures and transfers out	-	2,733,112	2,733,112	(2,733,112)	-
Change in net assets	-	-	-	2,912,172	2,912,172
Fund Balances / Net Assets					
Beginning of the year	<u>-</u>	<u>2,728,332</u>	<u>2,728,332</u>	<u>1,021,474</u>	<u>3,749,806</u>
End of the year	<u>\$ -</u>	<u>\$ 5,461,444</u>	<u>\$ 5,461,444</u>	<u>\$ 1,200,534</u>	<u>\$ 6,661,978</u>

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

Clerk of the Circuit Court
County of Volusia, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND SPECIAL REVENUE FUND
For the Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
GENERAL FUND			
Revenues			
General government:			
Operating grants	\$ -	\$ -	\$ -
Subsidy from County Council	1,451,802	1,451,802	1,451,802
Charges for services	3,954,500	5,427,000	6,018,303
Interest	75,000	75,000	130,042
Miscellaneous revenues	5,000	5,000	3,467
Court operations:			
Operating grants	500,000	500,000	450,643
Charges for services	11,396,600	11,396,600	9,954,198
Miscellaneous revenues	73,234	73,234	25,126
Total Revenues	<u>17,456,136</u>	<u>18,928,636</u>	<u>18,033,581</u>
Expenditures / Expenses			
General government:			
Programs and operations	3,213,319	3,749,319	3,601,492
Capital outlay	-	936,500	1,095,539
Court operations:			
Programs and operations	11,851,321	11,851,321	10,952,993
Capital outlay	-	-	-
Total Expenditures / Expenses	<u>15,064,640</u>	<u>16,537,140</u>	<u>15,650,024</u>
Net change in fund balance	2,391,496	2,391,496	2,383,557
Transfers - County Council	(2,272,983)	(2,272,983)	(3,094,767)
Transfers - County Council	-	-	188,184
Transfers - Clerk of Court Conference	-	-	523,026
Budgeted Reserve - Court Operations	(118,513)	(118,513)	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
SPECIAL REVENUE FUND			
Revenues			
Charges for services	\$ 460,000	\$ 460,000	\$ 2,698,936
Interest	20,000	20,000	73,803
Transfers from fund balance	77,800	77,800	-
Total Revenues	<u>557,800</u>	<u>557,800</u>	<u>2,772,739</u>
Expenditures			
General government:			
Programs and operations	150,000	150,000	39,627
Capital outlay	407,800	407,800	-
Total Expenditures	<u>557,800</u>	<u>557,800</u>	<u>39,627</u>
Net change in fund balance	-	-	2,733,112
Fund Balance at Beginning of Year	2,728,332	2,728,332	2,728,332
Fund Balance at End of Year	<u><u>\$ 2,728,332</u></u>	<u><u>\$ 2,728,332</u></u>	<u><u>\$ 5,461,444</u></u>

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

Clerk of the Circuit Court
County of Volusia, Florida
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2005

ASSETS

Cash and cash equivalents	\$ 20,064,307
Accounts receivable	36,097
Due from other governments	23,069
Total Assets	<u>20,123,473</u>

LIABILITIES

Accounts payable	707,304
Due to County Council	503,380
Due to other governments	3,175,909
Deposits	15,736,880
Total Liabilities	<u>20,123,473</u>

NET ASSETS

\$ -

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

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The County of Volusia, Florida implemented a County Home Rule Charter January 1, 1971 as provided by Section 125.60 of the Laws of Florida. The County operates under an elected County Council (7 members) and provides services to its more than 484,080 residents in many areas, including law enforcement, community enrichment and development, and human services.

Section 503 of the Charter specifically excludes the office of the Clerk of the Circuit Court (the “Clerk”) and its related activities as it is a separate governmental unit governed by the Constitution and Laws of Florida. The Clerk’s annual financial report does not include the financial statements of the County Council Charter government (the “County of Volusia, Florida”) representing the County Council, Supervisor of Elections, Sheriff and Property Appraiser.

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

B. Government-wide and fund financial statements

The government-wide financial statements report information on all of the non-fiduciary activities of the Clerk. Fund financial statements are presented for the Clerk’s general and special revenue funds. Both of these funds are considered to be major funds. The Clerk does not engage in any business-type activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate financial statements are provided for fiduciary funds, even though they are excluded from the government-wide financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

Governmental Funds Types

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

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The Clerk has one Special Revenue Fund: the Public Records Modernization Trust Fund.

Fiduciary Fund Type

Agency Funds – The agency funds are used to account for assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. The Clerk has seven agency funds. A separate financial statement is provided for agency funds. They are excluded from the government-wide financial statements. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Clerk's agency funds are: Documentary Stamps and Intangible Tax, Foreclosures and Other Court Deposits, Fines and Forfeitures, Uniform Support, Court Registry, Juror and Witness Payroll Advance, and Tax Deed Sales.

D. Capital Assets

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

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Budgets and Budgetary Accounting

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

- (1) Section 218.35 of the Florida Statutes requires the Clerk, as a fee officer, to establish an annual budget reflecting resources available and functions for which funds are to be expended.
- (2) The proposed budget is to be filed with the Clerk of the County Council by September 1st preceding the fiscal year of the budget.
- (3) The Clerk must submit a budget for court-related revenues and expenditures (for functions elaborated in Section 28.35(4) of the Florida Statutes) by August 1st to the Florida Clerks of Court Operations Corporation in accordance with Section 28.36 of the Florida Statutes. The proposed budget may include a contingency reserve not to exceed 10 percent of the total budget. The corporation must then certify to the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Department of Revenue by October 15th of each year, the amount of the proposed budget certified for each Clerk.
- (3) The Clerk can amend the general government budget (recorded in the General Fund) as deemed necessary during the year. Budgetary control is at the total revenue and expenditure level.
- (4) The Clerk must request approval from the Florida Clerk of Court Operations Corporation in order to amend the court-related budget. Budgetary control is at the total revenue and expenditure level.
- (5) The Clerk must remit to the General Fund of the County of Volusia, Florida the excess revenues over expenditures for general government operations in the Clerk's General Fund. This must be done by December 31st after the close of the fiscal year in accordance with Section 218.36 of the Florida Statutes.
- (6) The Clerk must remit to the State of Florida General Revenue Fund the cumulative excess of all court-related revenues over the amounts needed to meet the approved budgeted expenditures. This must be done by January 1 after the close of the fiscal year in accordance with Section 28.37 of the Florida Statutes.
- (7) Formal budgetary integration is employed as a management control device during the year for the Clerk's General Fund and Special Revenue Fund. Appropriations lapse at the close of the fiscal year.

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

E. Budgets and Budgetary Accounting - Continued

- (8) The budgets for the Clerk's General and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles.

F. Cash and cash equivalents

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

G. Compensated Absences

It is the Clerk's policy to grant all full-time and provisional employees annual leave based upon the number of years of employment with the Clerk. Annual leave may be accrued up to a maximum of 270 hours. Unused annual leave accrued is payable upon termination or retirement. Sick leave is accumulated at the rate of one working day per calendar month of continuous employment. After five years of service, employees are entitled to 20% of unused accrued sick leave upon termination up to 192 hours. Employees who retire under the provisions of the Florida Retirement System are entitled to 50% of unused accrued sick leave upon termination up to 480 hours. A liability for these amounts is reported in the general fund for the estimated current portion of uncompensated absences.

H. Grants

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

A federal audit report issued by the Administration for Children and Families to the Florida Department of Revenue contains certain findings relating to costs submitted for reimbursement. To address this finding, the federal agency determined that the results of a time study would be used to retrospectively determine if additional amounts are owed to the Clerks or if repayment must be made to the federal office. The Clerk participated in the study and prepared revised reimbursement invoices for the period from July 1, 1998 to June 30, 2005. The recasting resulted in an estimated expenditure and related liability of \$369,266 being recorded in the fiscal year ended September 30, 2005. The results of the time study have not yet been accepted by the federal agency.

The estimated amount due for the revised invoices was allocated between court operations and general government operations because the grant revenues prior to July 1, 2004 relate to revenues that occurred before Article V changes to the Clerk's operations. The amount of contra-revenue for general government was \$289,077. The amount of contra-revenue for court operations was \$80,189.

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

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

A. Statement of Net Assets

The difference between ending governmental fund balances and total net assets was \$1,200,534. This is primarily due to the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Ending fund balances	\$ 5,461,444
Capital assets used in governmental activities are not financial resources and are not reported in the funds	1,849,661
Long-term portion of accrued compensated absences are not due and payable in the current period and therefore not reported in the funds	<u>(649,127)</u>
Total net assets	<u>\$ 6,661,978</u>

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

B. Statement of Activities

“Total Expenditures” for governmental funds differs from “Total Expenses” for governmental activities. Adjustments were made to include depreciation expense, eliminate capital outlay expenditures and record the increase in long-term compensated absences on the statement of activities. When capital assets that are to be used in governmental activities are purchased, the resources expended for those assets are reported as expenditures in governmental funds. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These items resulted in a net difference between “excess revenues over expenditures and transfers out” and “change in net assets” of \$179,060.

Excess revenues over expenditures and transfers out	\$2,733,112
Depreciation expense	(678,920)
Net disposals of capital assets	(28,411)
Increase in long-term compensated absences	(209,148)
Capital outlay expenditures and contributed capital	<u>1,095,539</u>
Change in net assets	<u>\$ 2,912,172</u>

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits consist of demand accounts (interest and non-interest bearing). All deposits are entirely insured by federal depository insurance or by the multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida.

Investments

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

NOTE 4 – CAPITAL ASSETS

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

	Balance October 1, 2004	Additions	Deletions	Balance September 30, 2005
Equipment	\$ 5,023,698	\$ 1,095,539	\$ 592,349	\$ 5,526,888
Less accumulated depreciation	3,562,245	678,920	563,938	3,677,227
Total capital assets, net of accumulated depreciation	<u>\$ 1,461,453</u>	<u>\$ 416,619</u>	<u>\$ 28,411</u>	<u>\$ 1,849,661</u>

NOTE 5 – CHANGES IN LONG-TERM DEBT

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

	Balance October 1, 2004	Additions	Deletions	Balance September 30, 2005
Accrued compensated absences	<u>\$ 819,371</u>	<u>\$ 143,111</u>	<u>\$</u>	\$ 962,482
Less current portion				<u>313,355</u>
Long-term portion				<u>\$ 649,127</u>

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

NOTE 6 – RETIREMENT SYSTEM

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

Funding Policy – The FRS has four classes of membership which are applicable to the Clerk with descriptions and contribution rates in effect during the period ended September 30, 2005 as follows (contribution rates are in agreement with the actuarially determined rates):

	<u>10/1/04 to 6/30/05</u>	<u>Period</u> <u>7/1/05 to 9/30/05</u>
<u>Regular Class</u> – Members not qualifying for other classes.	7.39%	7.83%
<u>Senior Management Service Class</u> – Members of senior management who do not elect the optional annuity retirement program.	9.37%	10.45%
<u>Elected State Officer (includes County Officials)</u> – Members duly elected by popular vote in a general election.	15.23%	15.23%
<u>Deferred Retirement Option Program (DROP)</u> Members who meet the criteria are allowed to defer the receipt of benefits, allowing them to accumulate and earn interest within the FRS Trust Fund, while the member continues his employment.	9.11%	9.33%

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2005

NOTE 6 – RETIREMENT SYSTEM - Continued

The contribution rate as a percentage of current year covered payroll is 7.79%. For the years ending September 30, 2005, 2004 and 2003, total contributions were \$720,241, \$677,784, and \$521,571 respectively. The Clerk made 100% of its required contributions each year.

NOTE 7 – TRANSACTIONS WITH PRIMARY GOVERNMENT

During the current year, the Clerk recorded fees from services provided to the County of Volusia in the amount of \$55,392.37. This amount has been included in the charges for services in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual in the General Fund.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Intergovernmental Grants

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time. As discussed in Note 1 – Section H Grants, a determination of recalculated grant invoices is pending at this time.

COMPLIANCE SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk") as of and for the year ended September 30, 2005, and issued our report thereon dated February 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grants and contracts, 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 that are required to be reported under *Government Auditing Standards*.

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

Moore Stephens Lovelace, P.A.
Certified Public Accountants

Orlando, Florida
February 23, 2006



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

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the financial statements of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk"), as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated February 10, 2006.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also issued our independent auditors' report on compliance and internal control over financial reporting. Disclosures in that report, which is dated February 10, 2006, should be considered in conjunction with this management letter.

The Rules of the Auditor General (Section 10.554(1) (h) 1.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls, whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The prior year findings were resolved to our satisfaction.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.

The Rules of Auditor General (Section 10.554(1) (h) 4.) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be reported.

The Rules of the Auditor General (Section 10.554 (1) (h) 7.) require that the management letter include a statement as to whether or not the Clerk complied with: a) the budget certified by the Florida Clerk of Courts Operations Corporation pursuant to Section 28.35, Florida Statutes and b) the performance standards developed and certified pursuant to Section 28.35, Florida Statutes. The results of our audit disclosed no items requiring disclosure related to compliance with the budget certification standard above. Our testing of the compliance with the performance standards revealed the following:

1. Criminal traffic citations were again included within the County Criminal projected case number totals. Actual totals for the last quarter of fiscal 2005 were reported as part of the County Criminal actual case counts and then reflected separately as well. Thus, these actual cases were counted twice.

Management Response:

The reporting of the criminal traffic citations within the projected numbers in both Criminal County and Traffic Uniform Traffic Citation cases was based on a decision to count in both categories. The activity of processing from case filing through final disposition for criminal traffic Uniform Traffic Citation cases is actually maintained in two separate systems. This is necessary to facilitate the reporting and judicial requirements as a result of limited system capabilities. The double count is a reflection of the actual work performed by Clerk's staff. The Clerk has amended the Case Tracking Report for the first quarter of 2007 to reflect correct case counts for Criminal traffic citations. We will strive to report correct case counts on all future reports.

2. Actual case counts for each of the quarters could not be traced back to supporting documentation maintained by the Clerk's office. Most variances were small; however the reported Civil Traffic case count for the fourth quarter was over 650 cases lower than the actual case count. In addition, meaningful explanations for variances between the projected and actual case counts reported could not be provided.

Management Response:

At the time of each reporting period, various and conflicting instructions had been received as to what case activities should or should not be counted on the reports. This caused much confusion about what to report and resulted in clerical errors as to the tracking of numbers reported. The discrepancies for the Civil Traffic actual case count for the fourth quarter appears to be a simple error in transferring of numbers. Projections on case counts were based on actual counts for the previous year. The impact on caseload of three major hurricanes, a Presidential visit, and several law enforcement deaths could hardly be foreseen when the projections were made. We believe that the variance in projection versus actual is largely attributable to these factors.

3. The collection rate criteria for reporting were not implemented by the Clerk's Criminal Court Division until September 2005. These reporting mechanisms were required to be in place by June 2005.

Management Response:

The initial instructions received for the Collection Rate Report did not require reporting until 2006. An FACC Advisory Bulletin dated May 19, 2005 states that: "Collections for each control group will be reported at the end of one year... Reports are due to the CCOC 20 days after each assessment control group has met the one-year reporting period." The first control group was identified as April 1, 2005 to June 30, 2005. In July of 2005, it was announced that the first report would be due July 20, 2005 for the reporting period of April 1, 2005 to June 30, 2005. Because of this short notice, the appropriate changes to the criminal system could not be completed, tested, and implemented until September 2005.

No other instances of non compliance were noted during our testing.

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

Moore Stephens Lovelace, P.A.
Certified Public Accountants

Orlando, Florida
February 10, 2006



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

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2005. The Clerk's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Clerk's management. Our responsibility is to express an opinion on the Clerk's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Clerk's compliance with those requirements.

In our opinion, the Clerk complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005.

Internal Control Over Compliance

The management of the Clerk is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Clerk's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

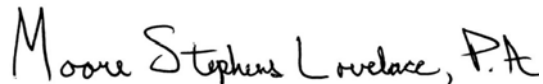
Internal Control Over Compliance - Continued

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weakness.

Schedule of Expenditures of Federal Awards

We have audited the compliance of the Clerk with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2005. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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


Certified Public Accountants

Orlando, Florida
February 10, 2006

**Clerk of the Circuit Court
County of Volusia, Florida**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2005

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness (es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted. _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133. _____ Yes X No

Identification of major programs:

CFDA Numbers

93.563

Name of Federal Program or Cluster

HHS Child Support Enforcement Title IV-D

Dollar threshold used to distinguish between type A and type B programs: _____ \$ 300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

**Clerk of the Circuit Court
County of Volusia, Florida**
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2005

Agency/Program	CFDA #	Grant #	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass Through:	93.563	CC-364	<u>\$ 530,832</u>
Florida Department of Revenue:			
Child Support Enforcement Title IV-D			
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 530,832</u></u>

NOTE 1

Grant revenue and expenditures are recorded in accordance with accounting principles generally accepted in the United States of America. Grant revenues are recognized only when allowable program costs have been incurred. This revenue recognition criteria for grants is applied to all funds. In addition, grant revenues are recognized in governmental funds when the availability criteria has been met.

NOTE 2

The Clerk's expenditures of state financial assistance did not exceed \$500,000 during the current fiscal year and therefore the Clerk is not subject to the Florida Single Audit requirements.

NOTE 3

The grant revenues are reported at \$450,643 on the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances. The difference of \$80,189 is due to a repayment of grant monies for the current fiscal year.