

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

**ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2010**

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
**ANNUAL FINANCIAL REPORT**  
TABLE OF CONTENTS  
Year Ended September 30, 2010

**FINANCIAL SECTION**

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide/Fund Financial Statements:	
Statement of Net Assets and Governmental Funds Balance Sheet	10
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Special Revenue Funds	13
Statement of Fiduciary Net Assets – Agency Funds	14
Notes to the Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress – Other Post Employment Benefits Plan	27

**COMPLIANCE SECTION**

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	28
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	30
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	33
INDEPENDENT AUDITOR’S MANAGEMENT LETTER	34

## **FINANCIAL SECTION**



## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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, 2010, which collectively comprise the Clerk's basic financial statements, as 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 misstatement. 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, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the general fund and special revenue funds 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 our report dated December 17, 2010 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

*Moore Stephens Lovelace, P.A.*

Certified Public Accountants

Orlando, Florida  
December 17, 2010

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2010



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, 2010.

**Financial Highlights**

The assets of the Clerk exceeded its liabilities at the end of the fiscal year by \$9,822,881 (net assets). Of this amount, \$1,481,717 was invested in capital assets, \$9,581,400 was restricted, and \$1,240,236 was obligated to meet the ongoing obligations for accrued compensated absences. The Clerk's total net assets decreased by \$857,866 for the fiscal year ended September 30, 2010. As of the close of the fiscal year, the Clerk's governmental funds reported combined ending fund balances of \$9,581,400. This is a decrease of \$719,004 from 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 recordkeeping, 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  
For The Year Ended September 30, 2010

**Overview of the Financial Statements - Continued**

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

- Maintains custody and control of all court files.
- Attends court sessions.
- 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 lawsuit.
- Administers oaths.
- Compiles and reports statistical and financial data.

Functions of the Clerk as relates 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 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  
For The Year Ended September 30, 2010

**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 four governmental funds, the General Fund and three special revenue funds for the Public Records Modernization Trust Fund. The Public Records Modernization Trust Fund was established under Florida Statute 28.24. This trust fund has been expanded to hold three distinct revenue streams. Three separate special revenue funds have been established to enhance the tracking of distinct elements.

Modernization Trust Fund – Public Records Modernization:

The Clerk collects either a \$1.00 service charge or .50 cent service charge on certain recorded documents for the Modernization Trust Fund – Public Records, pursuant to Florida Statute 28.24(12)(d). 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.

Modernization Trust Fund – Court Technology:

The Clerk collects a \$1.90 service charge on certain recorded documents for the Modernization Trust Fund – Court Technology, pursuant to Florida Statute 28.24(12)(e). This fund must be used exclusively for the court-related technology needs of the Clerk.

Modernization Trust Fund – 10% Court Related:

The fund receives 10% of all court-related fines, pursuant to F.S. 28.37(2), and the fund is to be used for court-related operational needs and program enhancements.

The General Fund and the three special revenue funds are presented as major funds. The 10% Court Related fund does not meet the general requirements of a major fund, but it is included because the Clerk believes that its presentation is of particular interest to the users of the financial statements.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2010

**Overview of the Financial Statements - Continued**

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 Funds. 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 statements 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 14 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 15 of this report.

**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 \$9,822,880 at the end of the fiscal year.

CLERK'S NET ASSETS – Governmental Activities

	2010	2009
Current and other assets	\$ 12,525,194	\$ 12,989,576
Capital assets	1,481,717	1,650,192
Total assets	14,006,911	14,639,768
Long-term liabilities	1,240,236	1,269,849
Other liabilities	2,943,794	2,689,172
Total liabilities	4,184,030	3,959,021
Net Assets:		
Invested in capital assets	1,481,717	1,650,192
Restricted	9,581,400	10,300,404
Unrestricted (deficit)	(1,240,236)	(1,269,849)
<b>TOTAL NET ASSETS</b>	<b>\$ 9,822,881</b>	<b>\$ 10,680,747</b>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2010

**Government-wide Financial Analysis - Continued**

CLERK'S CHANGES IN NET ASSETS – Governmental Activities

	2010	2009
<b>Revenues</b>		
Operating grants	\$ 714,108	\$ 602,215
Subsidy from County Council	1,852,284	1,956,140
Appropriation from State of Florida	11,989,185	3,638,854
Charges for services	3,404,938	12,036,918
Interest	5,212	83,188
Miscellaneous revenues	25,773	22,446
Total revenues	17,991,500	18,339,761
<b>Expenditures</b>		
General government	4,407,179	4,392,103
Court operations	12,197,277	12,825,079
Total expenditures	16,604,456	17,217,182
Increase in net assets before transfers	1,387,044	1,122,579
Transfers	(2,244,910)	(2,303,230)
Increase in net assets	( 857,866)	(1,180,651)
Net assets – October 1	10,680,747	11,861,398
Net assets – September 30	\$ 9,822,881	\$ 10,680,747

The funds restricted for the Modernization Trust Funds accounted for \$9,581,400 of the net assets. The Clerk's investment in capital assets was \$1,481,717 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 \$522,869 of office and computer equipment during the fiscal year.

There is a deficit in the unrestricted net assets category of \$1,240,236. This amount represents amounts not due within one year and is comprised of \$997,127 in accrued compensated absences and \$243,109 in Other Post Employment Benefits (OPEB) liability. 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 due represents accrued and unpaid sick leave and vacation leave for employees who are currently employed by the Clerk. The Clerk grants postemployment healthcare benefits to its employees after they retire. The balance due represents the unfunded actuarial accrued liability for past service costs. The Clerk is following a pay-as-you-go method for funding the OPEB liability.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2010

**Government-wide Financial Analysis - Continued**

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 will cause operating deficits in future periods.

The Clerk is required under Section 218.36 of the Florida Statutes to submit to the County of Volusia, all excess fees from general government operations by October 31<sup>st</sup> 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 no substantial differences between the original budget and final amended budget.

The Clerk is required to prepare a separate budget for court-related revenues and expenditures, which is reviewed by the Florida Clerks of Court Operations Corporation and submitted to the Legislature and the Supreme Court by December 1 each year. The actual court-related revenues were \$16,874 more than the approved budget. The expenditures were \$1,303,732 less than the approved budget. The main reason why the actual revenues from court-related functions were greater than projected was that an additional appropriation was given for foreclosure case backlog. The expenditures were less than the budgeted amounts because of spending decisions related to the operational needs of the Clerk's office. There was a particular concern over an administrative fee charged to the State of Florida's Clerk of Court Trust Fund. The trust fund had received advances from the State General Revenue Fund and was charged an 8% administrative fee, pursuant to Section 215.20(1) of the Florida Statutes. Each Clerk was potentially responsible for payment of some portion of this fee, which amounted to approximately \$37.5 million. The Legislature passed House Bill 5401, which allowed \$18.6 million of the fee to be appropriated from the State Courts Revenue Trust Fund. The remainder was paid from the Clerk of Court Trust Fund and no reductions to the individual Clerk's budget appropriations were necessary.

For the general government portion of the budget, the fees were \$266,934 higher than expected. This was due to an increase in federal grant revenues and higher-than-expected recording fees. The general government expenditures were \$657,370 lower than the budgeted amount because the Clerk changed spending decisions based on the operational needs of the office.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2010

**Economic Factors and Next Year's Budgets**

Various factors were considered in preparing the budget for the 2011 fiscal year. The Clerk currently sees an environment that does not indicate growth in state revenues or in the housing market for the coming fiscal year. The general government revenues are expected to be flat.

**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, 2010

	<b>General Fund</b>	<b>Modernization Trust Fund Public Records Modernization</b>	<b>Modernization Trust Fund Court Technology</b>	<b>Modernization Trust Fund 10% Court Related</b>	<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Assets</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,420,680	\$ 4,613,592	\$ 4,410,516	\$ 557,292	\$ 12,002,080	\$ -	\$ 12,002,080
Accounts receivable	3,335	-	-	-	3,335	-	3,335
Due from County Council	4,641	-	-	-	4,641	-	4,641
Due from other governments	150,546	-	-	-	150,546	-	150,546
Prepays and other assets	364,592	-	-	-	364,592	-	364,592
Capital assets, net	-	-	-	-	-	1,481,717	1,481,717
<b>Total Assets</b>	<b>\$ 2,943,794</b>	<b>\$ 4,613,592</b>	<b>\$ 4,410,516</b>	<b>\$ 557,292</b>	<b>\$ 12,525,194</b>	<b>1,481,717</b>	<b>14,006,911</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 109,775	\$ -	\$ -	\$ -	\$ 109,775	-	109,775
Accrued liabilities	586,937	-	-	-	586,937	-	586,937
Accrued compensated absences:							
Current portion	380,749	-	-	-	380,749	-	380,749
Long-term portion	-	-	-	-	-	997,127	997,127
OPEB liability	-	-	-	-	-	243,109	243,109
Due to County Council	924,304	-	-	-	924,304	-	924,304
Due to other governments	372,565	-	-	-	372,565	-	372,565
Deposits	569,464	-	-	-	569,464	-	569,464
<b>Total Liabilities</b>	<b>2,943,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,943,794</b>	<b>1,240,236</b>	<b>4,184,030</b>
<b>FUND BALANCES / NET ASSETS</b>							
Fund balances:							
Reserved for public record modernization	-	4,613,592	4,410,516	557,292	9,581,400	9,581,400	-
Unreserved	-	-	-	-	-	-	-
Total fund balances	-	4,613,592	4,410,516	557,292	9,581,400	9,581,400	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,943,794</b>	<b>\$ 4,613,592</b>	<b>\$ 4,410,516</b>	<b>\$ 557,292</b>	<b>\$ 12,525,194</b>		
Net assets:							
Invested in capital assets						1,481,717	1,481,717
Restricted						9,581,400	9,581,400
Unrestricted (deficit)						(1,240,236)	(1,240,236)
<b>Total Net Assets</b>						<b>\$ 9,822,881</b>	<b>\$ 9,822,881</b>

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, 2010

	<b>General Fund</b>	<b>Modernization Trust Fund Public Records Modernization</b>	<b>Modernization Trust Fund Court Technology</b>	<b>Modernization Trust Fund 10% Court Related</b>	<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Activities</b>
<b>Revenues</b>							
General government:							
Operating grants	\$ 714,108	\$ -	\$ -	\$ -	\$ 714,108	\$ -	\$ 714,108
Subsidy from County Council	1,852,284	-	-	-	1,852,284	-	1,852,284
Charges for services	2,103,821	226,308	-	-	2,330,129	-	2,330,129
Interest	463	369	-	-	832	-	832
Miscellaneous revenues	25,773	-	-	-	25,773	-	25,773
Court operations:							
Appropriation from State of Florida	11,989,185	-	-	-	11,989,185	-	11,989,185
Charges for services	-	-	620,082	454,727	1,074,809	-	1,074,809
Interest	-	-	4,360	20	4,380	-	4,380
Total Revenues	<u>16,685,634</u>	<u>226,677</u>	<u>624,442</u>	<u>454,747</u>	<u>17,991,500</u>	<u>-</u>	<u>17,991,500</u>
<b>Expenditures / Expenses</b>							
General government:							
Programs and operations	3,745,448	-	-	-	3,745,448	(29,613)	3,715,835
Depreciation	-	-	-	-	-	691,344	691,344
Capital outlay	26,697	-	-	-	26,697	(26,697)	-
Court operations:							
Programs and operations	10,648,858	-	1,548,419	-	12,197,277	-	12,197,277
Capital outlay	19,721	-	476,451	-	496,172	(496,172)	-
Total Expenditures / Expenses	<u>14,440,724</u>	<u>-</u>	<u>2,024,870</u>	<u>-</u>	<u>16,465,594</u>	<u>138,862</u>	<u>16,604,456</u>
Excess (deficiency) of revenues over expenditures	2,244,910	226,677	(1,400,428)	454,747	1,525,906	(138,862)	1,387,044
<b>Other Financing Sources / Uses</b>							
Transfers - County Council	(924,304)	-	-	-	(924,304)	-	(924,304)
Transfers - Florida Department of Revenue	(1,320,606)	-	-	-	(1,320,606)	-	(1,320,606)
Total Other Financing Sources/Uses	<u>(2,244,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,244,910)</u>	<u>-</u>	<u>(2,244,910)</u>
Excess (deficiency) of revenues over expenditures and transfers out	-	226,677	(1,400,428)	454,747	(719,004)	719,004	-
Change in net assets	-	-	-	-	-	(857,866)	(857,866)
<b>Fund Balances / Net Assets</b>							
Beginning of the year	-	4,386,915	5,810,944	102,545	10,300,404	380,343	10,680,747
End of the year	<u>\$ -</u>	<u>\$ 4,613,592</u>	<u>\$ 4,410,516</u>	<u>\$ 557,292</u>	<u>\$ 9,581,400</u>	<u>\$ 241,481</u>	<u>\$ 9,822,881</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  
For The Year Ended September 30, 2010

	<b>General Fund</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues</b>			
General government:			
Operating grants	\$ 587,458	\$ 587,458	\$ 714,108
Subsidy from County Council	1,852,284	1,852,284	1,852,284
Charges for services	1,962,349	1,962,349	2,103,821
Interest	4,000	4,000	463
Miscellaneous revenues	23,424	23,424	25,773
Court operations:			
Appropriation from State of Florida	11,972,311	11,972,311	11,989,185
<b>Total Revenues</b>	<b>16,401,826</b>	<b>16,401,826</b>	<b>16,685,634</b>
<b>Expenditures / Expenses</b>			
General government:			
Programs and operations	4,329,515	4,339,374	3,745,448
Capital outlay	100,000	90,141	26,697
Court operations:			
Programs and operations	11,972,311	11,950,452	10,648,858
Capital outlay	-	21,859	19,721
<b>Total Expenditures / Expenses</b>	<b>16,401,826</b>	<b>16,401,826</b>	<b>14,440,724</b>
Net change in fund balance	-	-	2,244,910
Transfers - County Council	-	-	(924,304)
Transfers - Florida Department of Revenue	-	-	(1,320,606)
Fund Balance at Beginning of Year	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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 - MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended September 30, 2010

	Special Revenue Fund Modernization Trust Fund Public Records Modernization			Special Revenue Fund Modernization Trust Fund Court Technology			Special Revenue Fund Modernization Trust Fund 10% Court Related		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
	Budget	Budget	Amounts	Budget	Budget	Amounts	Budget	Budget	Amounts
<b>Revenues</b>									
General government:									
Charges for services	\$ 300,000	\$ 300,000	\$ 226,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	40,000	40,000	369	-	-	-	-	-	-
Court operations:									
Charges for services	-	-	-	500,000	1,000,000	620,082	204,751	204,751	454,727
Interest	-	-	-	40,000	170,000	4,360	7,000	7,000	20
Total Revenues	<u>340,000</u>	<u>340,000</u>	<u>226,677</u>	<u>540,000</u>	<u>1,170,000</u>	<u>624,442</u>	<u>211,751</u>	<u>211,751</u>	<u>454,747</u>
<b>Expenditures / Expenses</b>									
General government:									
Programs and operations	40,000	40,000	-	-	-	-	-	-	-
Court operations:									
Programs and operations	-	-	-	900,000	1,613,000	1,548,419	200,000	200,000	-
Capital outlay	-	-	-	300,000	1,140,000	476,451	-	-	-
Total Expenditures / Expenses	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>1,200,000</u>	<u>2,753,000</u>	<u>2,024,870</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	300,000	300,000	226,677	(660,000)	(1,583,000)	(1,400,428)	11,751	11,751	454,747
Fund Balance at Beginning of Year	<u>3,754,332</u>	<u>3,754,332</u>	<u>4,386,915</u>	<u>6,361,612</u>	<u>6,133,612</u>	<u>5,810,944</u>	<u>-</u>	<u>-</u>	<u>102,545</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 4,054,332</u></u>	<u><u>\$ 4,054,332</u></u>	<u><u>\$ 4,613,592</u></u>	<u><u>\$ 5,701,612</u></u>	<u><u>\$ 4,550,612</u></u>	<u><u>\$ 4,410,516</u></u>	<u><u>\$ 11,751</u></u>	<u><u>\$ 11,751</u></u>	<u><u>\$ 557,292</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, 2010

**ASSETS**

Cash and cash equivalents	\$ 10,623,626
Accounts receivable	<u>25,572</u>
<b>Total Assets</b>	<u>10,649,198</u>

**LIABILITIES**

Accounts payable	78,288
Due to County Council	388,862
Due to other governments	3,200,875
Deposits	<u>6,981,173</u>
<b>Total Liabilities</b>	<u>10,649,198</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  
For The Year Ended September 30, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The County of Volusia, Florida (the “County”), implemented a County Home Rule Charter on 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 496,000 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 (“CAFR”) of the County of Volusia, Florida, because of their inter-relationship. 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 CAFR 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. Two of the three special revenue funds meet the requirements to be classified as a major fund. The special revenue fund Modernization Trust Fund 10% Court Related does not meet the general requirements of a major fund, but it is included with the major funds because its presentation is of particular interest to the users of the financial statements. 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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

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.

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 three Special Revenue Funds: Modernization Trust Fund Public Records Modernization, Modernization Trust Fund Court Technology and the Modernization Trust Fund 10% Court Related.

Fiduciary Fund Type

Agency Funds – 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: Court Registry, Documentary Stamps and Intangible Tax, Fine and Forfeiture, Miscellaneous Deposits, Juror and Witness Payments, and Tax Deed Sales.

**D. Capital Assets**

Capital assets purchased in the General Fund and special revenue funds 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 CAFR. Depreciation has been provided on fixed assets

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**D. Capital Assets - Continued**

using the straight-line method over the estimated useful life of five years for office furniture, fixtures and equipment.

**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 1<sup>st</sup> preceding the fiscal year of the budget.
- (3) The Clerk was required to submit a budget for court-related revenues and expenditures (for functions elaborated in Section 28.36 of the Florida Statutes) for the State of Florida fiscal year ending June 30, 2012 by October 1, 2010. The budget was submitted to the Florida Clerks of Court Operations Corporation in accordance with Section 28.36 of the Florida Statutes. The corporation must then review the budget requests and make recommendations to the Legislature and the Supreme Court by December 1.
- (4) 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.
- (5) The Clerk must request approval from the Florida Clerks of Court Operations Corporation in order to amend the court-related budget. Budgetary control is at the total revenue and expenditure level.
- (6) 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 October 31<sup>st</sup> after the close of the fiscal year, in accordance with Section 218.36 of the Florida Statutes.
- (7) The Clerk must remit to the State of Florida General Revenue Fund the unexpended appropriations (state appropriations received in excess of the approved budgeted expenditures) within 45 days after the State fiscal year end of June 30.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Budgets and Budgetary Accounting - Continued**

- (8) Formal budgetary integration is employed as a management control device during the year for the Clerk's General Fund and Special Revenue Funds. Appropriations lapse at the close of the fiscal year.
- (9) The budgets for the Clerk's General and Special Revenue Funds 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 six years of service, employees are entitled to 50% of unused accrued sick leave upon termination up to 480 hours.

A liability for unused accrued annual leave and sick leave is reported in the General Fund for the estimated current portion of these compensated 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. During 2006, the estimated liability was paid. The results of the time study have not yet been accepted by the federal agency.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

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

**A. Statement of Net Assets**

The ending governmental fund balances were \$9,581,400. The total net assets were \$9,822,881. The difference of \$241,481 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	\$ 9,581,400
Capital assets used in governmental activities are not financial resources and are not reported in the funds	1,481,717
Long-term portion of liabilities not due and payable in current period and, therefore, not reported in the funds:	
Accrued compensated absences	(997,127)
OPEB Liability	<u>(243,109)</u>
Total net assets	<u>\$ 9,822,881</u>

**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 \$357,834.

Excess (deficiency) of revenues over expenditures and transfers out	\$ (719,004)
Depreciation expense	(686,013)
Net disposals of capital assets	(5,331)
Capital outlay expenditures and contributed capital	522,869
Decrease in long-term compensated absences	115,948
Increase in OPEB Liability	<u>(86,335)</u>
Change in net assets	<u>\$ (857,866)</u>

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 3 – CASH AND INVESTMENTS**

Deposits

Deposits consist of demand accounts (interest and non-interest bearing). All deposits are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 per bank. For amounts over this limit, the Florida Public Deposit Act (the Act) requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral, as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of FDIC insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The Clerk had no interest rate risk as of September 30, 2010.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. The Clerk's investment policy does not specifically address custodial credit risk. The entire amount of the bank balance of deposits is covered by federal depository insurance or collateral with the State of Florida under the Florida Security for Public Deposits Act. The Act established guidelines for qualification and participation by banks and savings associations, and procedures for the administration of the collateral requirements. Under the Act, Clerk deposits in qualified depositories are totally insured.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 4 – CAPITAL ASSETS**

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

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Equipment	\$ 5,962,860	\$ 522,869	\$ 301,523	\$ 6,184,206
Less accumulated depreciation	4,312,668	686,013	296,192	4,702,489
Total capital assets, net of accumulated depreciation	<u>\$ 1,650,192</u>	<u>\$ (163,144)</u>	<u>\$ 5,331</u>	<u>\$ 1,481,717</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, 2009	Additions	Deletions	Balance September 30, 2010
Accrued compensated absences	<u>\$ 1,479,024</u>	<u>\$ -</u>	<u>\$ 101,148</u>	\$ 1,377,876
Less current portion				<u>380,749</u>
Long-term portion				<u>\$ 997,127</u>

**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, 10-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.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 6 – RETIREMENT SYSTEM – Continued**

Beginning July 1, 2002, the FRS became one plan with two options, a defined-benefit option known as the FRS Pension Plan and an alternative defined-contribution option known as the FRS Investment Plan. The FRS Pension Plan provides for vesting of benefits after six years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age.

The FRS Investment Plan is a participant-directed 401(a) program selected by employees in lieu of participation in the defined-benefit option of the FRS. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Members are vested after completing one year of creditable service.

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, 2010, as follows (contribution rates are in agreement with the actuarially determined rates):

	Period	
	10/1/09 to 6/30/10	7/1/10 to 9/30/10
<u>Regular Class</u> – Members not qualifying for other classes.	9.85%	10.77%
<u>Senior Management Service Class</u> – Members of senior management who do not elect the optional annuity retirement program.	13.12%	14.57%
<u>Elected State Officer (includes County Officials)</u> – Members duly elected by popular vote in a general election.	16.53%	18.64%
<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 their employment.	10.91%	12.25%

The contribution rate as a percentage of current-year covered payroll is 10.34%. For the years ended September 30, 2010, 2009, and 2008, the total contributions were \$988,327, \$1,003,642, and \$1,018,312, respectively. The Clerk made 100% of its required contributions each year.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 7 – TRANSACTIONS WITH PRIMARY GOVERNMENT**

During the current year, the Clerk recorded fees from services provided to the County of Volusia, Florida in the amount \$57,142. 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 governments. 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.

**NOTE 9 – RESERVED FUND BALANCES, RESTRICTED AND UNRESTRICTED NET ASSETS**

Special Revenue Funds – Reserved Fund Balance

Reserves of fund balances of governmental funds represent portions of the fund balances that are not available to be appropriated for expenditures or which have been segregated for specific future uses. The fund balance reserved in governmental funds at September 30, 2010, is stated on the face of the balance sheet for governmental funds.

Restricted Net Assets – Governmental Activities

The balance of restricted net assets in the governmental funds represents funds for public records modernization purposes and are restricted by enabling legislation.

Unrestricted Net Assets – Deficit

Unrestricted net assets - deficit represents accrued compensated absences of the Clerk, which are not due within one year. The excess fee calculation is based upon the fund financial statements and does not permit the Clerk to accumulate net assets in the general fund to pay long-term accrued compensated absences of the Clerk's governmental activities.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN**

Plan Description

The Clerk’s postemployment healthcare plan, Clerk of the Circuit Court – Volusia County Postemployment Healthcare Plan, is a single-employer, defined-benefit healthcare plan. It provides medical and dental insurance benefits to eligible retirees and their spouses. Chapter 112.0801 of the Florida Statutes requires the Clerk to extend the same coverage to retirees that it offers to current employees at a premium cost of no more than the premium cost applicable to active employees. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the Clerk are established and may be amended by the Clerk. The required contribution is based on projected pay-as-you-go financing requirements.

For the fiscal year ended September 30, 2010, the total current premiums for health insurance were \$2,592,829. The Clerk contributed \$2,639,858 to the plan for current premiums. Plan members receiving benefits contributed \$28,794, or approximately 1.09% of the premiums through their required contributions. Plan members are required to contribute \$439.16 each month for Florida Health Care HMO retiree-only coverage, or \$851.97 for additional spouse or child coverage. The Triple Option retiree-only coverage requires a monthly payment of \$529.15 for retiree-only coverage, or \$1,026.55 for additional spouse or child coverage. For dental coverage, the retiree amounts are \$16.00 monthly for retiree only, or \$36.99 for additional spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

The Clerk’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). This amount is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Clerk’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk’s net OPEB obligation.

Annual required contribution	\$ 99,882
Interest on net OPEB obligation	6,271
Adjustments of annual required contribution	<u>(5,435)</u>
Annual OPEB Cost	100,718
Contributions made	<u>(14,385)</u>
Increase in net OPEB obligation	86,333
Net OPEB obligation – beginning of year	<u>156,776</u>
Net OPEB obligation – end of year	<u><u>\$ 243,109</u></u>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN - Continued**

The Clerk’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The fiscal year ended September 30, 2008 was the initial year for implementation of GASB Statement 45.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/08	\$ 96,425	17.24%	\$ 79,803
9/30/09	102,000	24.71%	156,776
9/30/10	100,718	14.28%	243,109

Funded Status and Funding Progress

As of October 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial value of assets was zero. The actuarial accrued liability was \$966,546. The covered payroll (annual payroll of active employees covered by the plan) was \$9,553,371. The unfunded actuarial accrued liability as a percentage of covered payroll was 10.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2009 actuarial valuation, the entry age actuarial cost method was used. The amortization method was level percentage of projected payroll with closed period. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses). The projected salary increases range from 4.00% to 8.38% per year. These rates include a 3.0%

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2010

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN - Continued**

inflation assumption. The payroll growth assumption was 4.0%. The annual healthcare cost trend rate of 11% initially was reduced by decrements to an ultimate trend rate of 5% after ten years. The remaining amortization period at October 1, 2009 was 30 years.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Funding Progress

Other Post Employment Benefits Plan

Actuarial Valuation Date (a)	Actuarial Value of Assets (b)	Actuarial Accrued Liability (AAL) (c)	Unfunded AAL (UAAL) (c-b)	Funded Ratio (b/c)	Covered Payroll (d)	UAAL as a % of Covered Payroll ((c-b) / d)
10/1/2007	\$ -	\$ 593,823	\$ 593,823	0.0%	\$ 9,740,605	6.1%
10/1/2008*	-	873,314	873,314	0.0%	9,600,640	6.0
10/1/2009	-	966,546	966,546	0.0%	9,553,371	10.1

\*- 2008 was estimated

## **COMPLIANCE SECTION**



**MOORE STEPHENS  
LOVELACE, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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, 2010, and issued our report thereon dated December 17, 2010. 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 as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Clerk's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

***Compliance and Other Matters***

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, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Clerk's management in a separate letter dated December 17, 2010, in accordance with the Rules of the Auditor General, Section 10.550.

This report is intended solely for the information and use of the Clerk and management, others within the entity, the State of Florida Auditor General, and federal and state awarding 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  
December 17, 2010



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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, 2010. 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, 2010.

***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, but not for the purpose of expressing an opinion on the effectiveness of the Clerk’s internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clerk’s internal control over compliance.

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

***Internal Control Over Compliance - Continued***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Clerk, management, the federal awarding agency and the State of Florida Auditor General 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  
December 17, 2010

**Clerk of the Circuit Court  
County of Volusia, Florida**  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended September 30, 2010

<u>Agency/Program</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass Through:			
Florida Department of Revenue:			
Child Support Enforcement Title IV-D	93.563	CD-364	\$ <u>714,108</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>714,108</u></b>

**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.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended September 30, 2010

**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
- Significant deficiency(ies)? \_\_\_\_\_ 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
- Significant deficiency(ies)? \_\_\_\_\_ 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**

**Name of Federal Program or Cluster**

93.563

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? \_\_\_\_\_ Yes   X   No

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None

**Section IV—Status of Prior Year Audit Findings**

No findings were reported in the prior year over federal financial assistance programs.



## INDEPENDENT AUDITOR'S 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, 2010, and have issued our report thereon dated December 17, 2010.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have also issued our Report of Independent Certified Public Accountants on Compliance and Internal Control over Financial Reporting, our Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to Each Major Program and on Internal Control in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 17, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- 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 significant findings and recommendations made in the preceding annual financial audit report. There were no significant findings and recommendations reported in the preceding annual financial audit report.
- 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, we determined that the Clerk complied with Section 218.415, Florida Statutes.
- 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 recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with the requirements of Section 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Clerk, management and the State of Florida Auditor General 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  
December 17, 2010