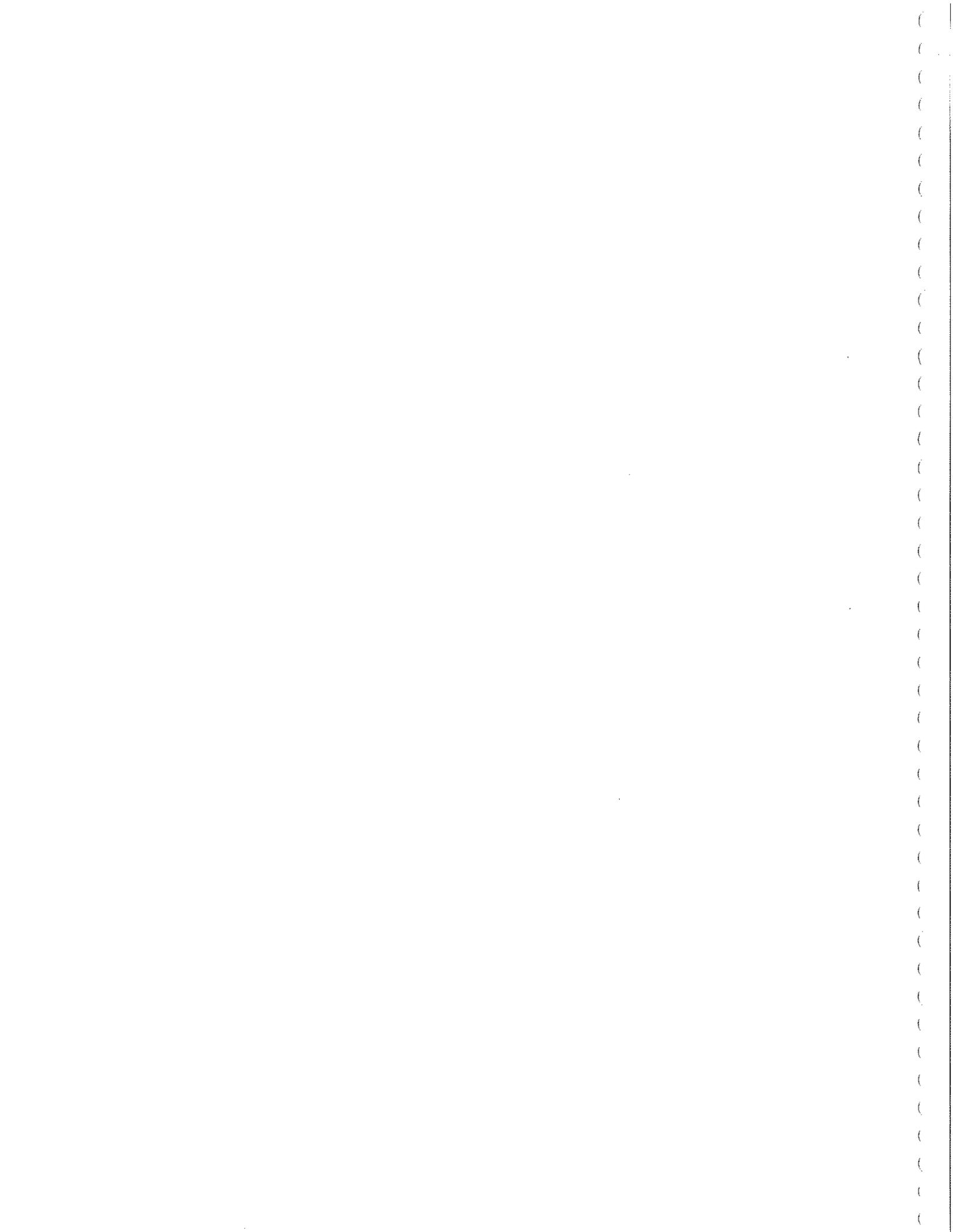
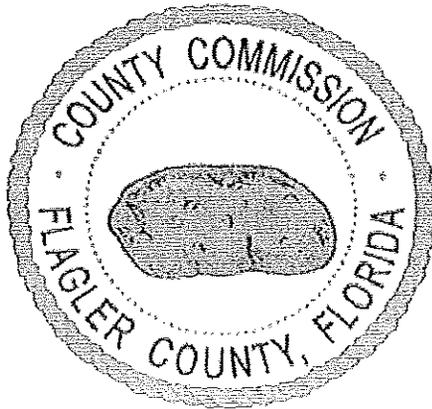


CLERK OF THE CIRCUIT COURT
FLAGLER COUNTY, FLORIDA
SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007



CLERK OF THE CIRCUIT COURT
FLAGLER COUNTY, FLORIDA
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SEPTEMBER 30, 2007

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Partners:

John R. Hopkins
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James S. LaHam
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INDEPENDENT AUDITOR'S REPORT

The Honorable Gail Wadsworth
Flagler County Clerk of the Circuit Court
Flagler County, Florida



We have audited the accompanying special-purpose financial statements of the major fund and the aggregate remaining fund information of the Flagler County Clerk of the Circuit Court, as of and for the year ended September 30, 2007, which collectively comprise the Flagler County Clerk of the Circuit Court's special-purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the Flagler County Clerk of the Circuit Court's management. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

As discussed in Note 1, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation of the financial position of Flagler County, Florida and the result of its operation's in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information the Flagler Count Clerk of the Circuit Court, as of September 30, 2007, and the changes in financial position and, and the respective budgetary comparison for the General, Court General, Court Technology, and Records Modernization 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, June 30, 2008, on our consideration of the Flagler County Clerk of the Circuit Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

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The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

June 30, 2008
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

ASSETS	General Fund	Court General	Court Technology	Records Modernization	Total Governmental Funds
Cash and cash equivalents	\$ 1,003,905	\$ 187,516	\$ 745,222	\$ 266,000	\$ 2,202,643
Accounts receivable	16,585	988	-	-	17,573
Due from other funds	141,708	26,512	18,341	6,078	192,639
Due from Board of County Commissioners	121,830	-	-	-	121,830
Due from other governments	79,964	171,462	-	-	251,426
Other assets	5,890	-	-	-	5,890
TOTAL ASSETS	<u>\$ 1,369,882</u>	<u>\$ 386,478</u>	<u>\$ 763,563</u>	<u>\$ 272,078</u>	<u>\$ 2,792,001</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 266,314	\$ 10,464	\$ 87,709	\$ 77,175	\$ 441,662
Due to other funds	45,904	141,901	-	3	187,808
Due to Board of County Commissioners	28,922	190,007	434,188	-	653,117
Due to other governments	573,023	44,106	-	-	617,129
Deferred revenue	76,705	-	-	-	76,705
Deposits	379,014	-	-	-	379,014
TOTAL LIABILITIES	<u>1,369,882</u>	<u>386,478</u>	<u>521,897</u>	<u>77,178</u>	<u>2,355,435</u>
 Fund balances:					
Unreserved-undesignated	-	-	241,666	194,900	436,566
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,369,882</u>	<u>\$ 386,478</u>	<u>\$ 763,563</u>	<u>\$ 272,078</u>	<u>\$ 2,792,001</u>

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

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES- GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Court General	Court Technology	Records Modernization	Total Governmental Funds
REVENUES:					
Intergovernmental	\$ -	\$ 41,328	\$ -	\$ -	\$ 41,328
Charges for services	1,212,155	1,751,383	391,203	124,735	3,479,476
Miscellaneous revenue	519,038	23,184	2,190	1,115	545,527
TOTAL REVENUES	1,731,193	1,815,895	393,393	125,850	4,066,331
EXPENDITURES:					
Current:					
General government					
Personal services	1,726,507	-	-	-	1,726,507
Operating expenses	266,964	-	-	146,620	413,584
Capital outlay	66,489	-	-	14,893	81,382
Court related					
Personal services	-	1,363,477	-	-	1,363,477
Operating expenses	21,233	415,263	244,627	-	681,123
Capital outlay	-	1,546	580,858	-	582,404
TOTAL EXPENDITURES	2,081,193	1,780,286	825,485	161,513	4,848,477
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(350,000)	35,609	(432,092)	(35,663)	(782,146)
OTHER FINANCING SOURCES (USES):					
Transfers in- Board of County Commissioners	350,000	200,000	-	-	550,000
Reversion to other governments	-	(108,664)	-	-	(108,664)
Reversion to Board of County Commissioners	-	(188,720)	-	-	(188,720)
TOTAL OTHER FINANCING SOURCES (USES)	350,000	(97,384)	-	-	252,616
NET CHANGE IN FUND BALANCE	-	(61,775)	(432,092)	(35,663)	(529,530)
FUND BALANCES, BEGINNING OF YEAR	-	61,775	673,758	230,563	966,096
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 241,666	\$ 194,900	\$ 436,566

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

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES- BUDGET and ACTUAL- GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 1,492,500	\$ 1,211,500	\$ 1,212,155	\$ 655
Miscellaneous revenue	340,000	540,200	519,038	(21,162)
TOTAL REVENUES	<u>1,832,500</u>	<u>1,751,700</u>	<u>1,731,193</u>	<u>(20,507)</u>
EXPENDITURES:				
Current:				
General government				
Personal services	2,150,000	2,198,200	1,726,507	471,693
Operating expenses	252,500	178,600	266,964	(88,364)
Capital outlay	-	2,200	66,489	(64,289)
Court related				
Operating expenses	-	23,500	21,233	2,267
TOTAL EXPENDITURES	<u>2,402,500</u>	<u>2,402,500</u>	<u>2,081,193</u>	<u>321,307</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(570,000)</u>	<u>(650,800)</u>	<u>(350,000)</u>	<u>300,800</u>
OTHER FINANCING SOURCES (USES):				
Transfers in- Board of County Commissioners	350,000	350,000	350,000	-
Transfers in- other funds	220,000	300,800	-	(300,800)
TOTAL OTHER FINANCING SOURCES (USES)	<u>570,000</u>	<u>650,800</u>	<u>350,000</u>	<u>(300,800)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES- BUDGET and ACTUAL- COURT GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>			Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES:				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 41,328	\$ (18,672)
Charges for services	2,012,035	1,976,917	1,751,383	(225,534)
Miscellaneous revenue	-	1,600	23,184	21,584
TOTAL REVENUES	<u>2,072,035</u>	<u>2,038,517</u>	<u>1,815,895</u>	<u>(222,622)</u>
EXPENDITURES:				
Current:				
Personal services	1,252,786	1,366,086	1,363,477	2,609
Operating expenses	378,913	414,713	415,263	(550)
Capital outlay	-	1,100	1,546	(446)
TOTAL EXPENDITURES	<u>1,631,699</u>	<u>1,781,899</u>	<u>1,780,286</u>	<u>1,613</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>440,336</u>	<u>256,618</u>	<u>35,609</u>	<u>(221,009)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in- Board of County Commissioners	200,000	200,000	200,000	-
Reversion to other governments	(336,133)	(163,615)	(108,664)	54,951
Reversion to Board of County Commissioners	(200,000)	(188,800)	(188,720)	80
TOTAL OTHER FINANCING SOURCES (USES)	<u>(336,133)</u>	<u>(152,415)</u>	<u>(97,384)</u>	<u>55,031</u>
NET CHANGE IN FUND BALANCE	104,203	104,203	(61,775)	(165,978)
FUND BALANCES, BEGINNING OF YEAR	<u>61,775</u>	<u>61,775</u>	<u>61,775</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 165,978</u>	<u>\$ 165,978</u>	<u>\$ -</u>	<u>\$ (165,978)</u>

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

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES- BUDGET and ACTUAL- COURT TECHNOLOGY
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 440,000	\$ 440,000	\$ 391,203	\$ (48,797)
Miscellaneous revenue		-	2,190	2,190
TOTAL REVENUES	<u>440,000</u>	<u>440,000</u>	<u>393,393</u>	<u>(46,607)</u>
EXPENDITURES:				
Current:				
Court related				
Operating expenses	-	229,000	244,627	(15,627)
Capital outlay	-	581,400	580,858	542
TOTAL EXPENDITURES	<u>-</u>	<u>810,400</u>	<u>825,485</u>	<u>(15,085)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>440,000</u>	<u>(370,400)</u>	<u>(432,092)</u>	<u>(61,692)</u>
NET CHANGE IN FUND BALANCE	440,000	(370,400)	(432,092)	(61,692)
FUND BALANCES, BEGINNING OF YEAR	<u>673,758</u>	<u>673,758</u>	<u>673,758</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,113,758</u>	<u>\$ 303,358</u>	<u>\$ 241,666</u>	<u>\$ (61,692)</u>

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

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES- BUDGET and ACTUAL- RECORDS MODERNIZATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

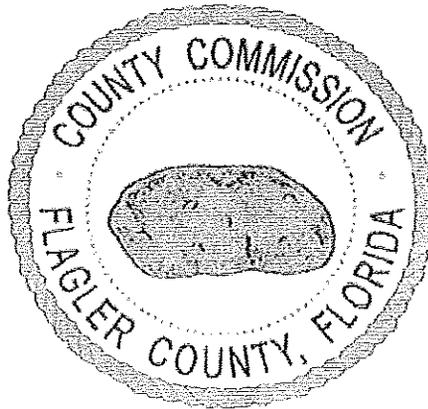
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 140,000	\$ 140,000	\$ 124,735	\$ (15,265)
Miscellaneous revenue	-	-	1,115	1,115
TOTAL REVENUES	<u>140,000</u>	<u>140,000</u>	<u>125,850</u>	<u>(14,150)</u>
EXPENDITURES:				
Current:				
General government				
Operating expenses	48,500	107,000	146,620	(39,620)
Capital outlay	25,000	15,000	14,893	107
TOTAL EXPENDITURES	<u>73,500</u>	<u>122,000</u>	<u>161,513</u>	<u>(39,513)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>66,500</u>	<u>18,000</u>	<u>(35,663)</u>	<u>(53,663)</u>
NET CHANGE IN FUND BALANCE	66,500	18,000	(35,663)	(53,663)
FUND BALANCES, BEGINNING OF YEAR	<u>230,563</u>	<u>230,563</u>	<u>230,563</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 297,063</u>	<u>\$ 248,563</u>	<u>\$ 194,900</u>	<u>\$ (53,663)</u>

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

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
 SEPTEMBER 30, 2007

ASSETS	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,658,843
Accounts receivable	520
Due from other funds	196
Due from Board of County Commissioners	352,731
 Total Assets	 <u>\$ 2,012,290</u>
 LIABILITIES:	
Accounts payable	\$ 9,705
Due to other funds	5,027
Due to Board of County Commissioners	28,617
Due to constitutional officers	688
Due to other governments	91,572
Deposits	1,876,681
 Total liabilities	 <u>\$ 2,012,290</u>

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



CLERK OF THE CIRCUIT COURT
FLAGLER COUNTY, FLORIDA
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

(1) Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies of the Flagler County Clerk of the Circuit Court (the Clerk).

(a) Reporting Entity – The Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units an amendment of GASB Statement 14", which establishes standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations.

The Clerk, as established by Article VIII of the Constitution of the State of Florida, is an elected official of the County. Although the Clerk's Office is operationally autonomous from the Board of County Commissioners (the Board), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Clerk is reported as a part of the primary government of Flagler County, Florida. The Clerk's special purpose financial statements do not intend to reflect the financial position or the results of operations of Flagler County, Florida, taken as a whole.

These special purpose financial statements of the Clerk are issued separately to comply with Section 10.557(5) *Rules of the Auditor General for Local Governmental Entity Audits*, pursuant to Section 218.39(2), *Florida Statutes*.

The financial activities of the Clerk, as a constitutional officer, are included in the basic financial statements of Flagler County, Florida.

(b) Measurement Focus, Basis of Accounting, and Basis of Presentation – Fund financial statements report detailed information about the Clerk. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. For the year ended September 30, 2007, the Clerk reported the General, Court General, Court Technology and Records Modernization as major funds.

Governmental Funds

Governmental funds are accounted for using the flow of current financial resources measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The Clerk reports the following governmental funds:

General Fund – The General Fund of the Clerk is used to account for all financial resources which are generated from operations of the Clerk's Office, appropriations from the Board of County Commissioners, and any other resources not required to be accounted for in another fund.

CLERK OF THE CIRCUIT COURT
FLAGLER COUNTY, FLORIDA
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

(1) **Summary of Significant Accounting Policies:** (Continued)

Court General – The Court General Fund of the Clerk is used to account for all financial resources that are generated from court operations of the Clerk's Court Divisions. Said resources are to be used specifically as noted in FS 28.35 (4(a)).

Court Technology – The Court Technology Fund of the Clerk is used to account for certain revenues that are to be used exclusively as noted in FS 28.24 for court related functions in accordance with FS 29.008.

Records Modernization– The Records Modernization Fund of the Clerk is used to account for certain revenue that is to be "held in trust by the clerk and used exclusively for equipment and maintenance of equipment , personnel training and technical assistance in modernizing the public records system in the office." FS 28.24 (12)(d).

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance liabilities of the current fiscal year). For this purpose, the Clerk considers revenues to be available if they are collected within 60 days of the end of the current period except for the amount due from the Department of Revenue which extends beyond this period. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized as expenditures to the extent they have matured.

Interest income and other revenue are recognized as they are earned and become measurable and available to pay liabilities of the current period.

Chapter 218, Florida Statutes provide that the amount by which the General Fund revenue and transfers exceed annual expenditures be remitted to the Board of County Commissioners immediately following the fiscal year for which the funding was provided or following the fiscal year during which other revenue was recognized. The amount of this distribution is recorded as a liability and as other financing uses in the accompanying financial statements.

Section 28.37, Florida Statutes, provides that the cumulative excess of all fees, service charges, court costs and fines over the amount needed to meet approved court related expenditures of the Court General Fund be remitted to the Florida Department of Revenue on or before January 1 for the preceding county fiscal year.

Capital outlays expended in governmental fund operations are capitalized in the basic financial statements of Flagler County, Florida rather than in the governmental funds of the Clerk.

Additionally, the Clerk reports the following fund types:

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

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

(1) Summary of Significant Accounting Policies: (Continued)

(c) Cash and Cash Equivalents – The Clerk's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from acquisition date.

(d) Compensated Absences – Earned leave time is determined by employees' length of service. Vacation and sick leave payments are included in operating costs when the payments are made to the employees. The Clerk does not, nor is she legally required to accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds but rather is reported in the basic financial statements of Flagler County, Florida.

(e) Use of Estimates – The preparation of financial statements in accordance with GAAP, requires management to make estimates and assumptions that effect the reporting amounts of assets and liabilities at the date of the financial statements, and the reporting amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

(2) Budgets and Budgetary Accounting:

The preparation, adoption, and amendment of the budget are governed by Chapter 129, Florida Statutes. The fund is the legal level of control.

An annual budget is legally adopted for the General Fund, the Records Modernization Fund and the Court Technology Fund. Budgetary data presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments.

A budget was adopted for the Court General Fund and approved by the Florida Clerk of Courts Operations Corporation.

(4) Changes in Capital Assets:

A summary of changes in capital assets for the Clerk as reported as part of the basic financial statements of Flagler County, Florida is as follows:

	Balance October 1, 2006	Additions	Deletions	Balance September 30, 2007
Governmental activities:				
Equipment	\$ 2,231,767	\$ 244,465	(\$509,003)	\$ 1,967,229
Less: accumulated depreciation	(1,373,298)	(421,415)	509,003	(1,285,710)
Total governmental activities capital assets, net	\$ 479,467	\$(176,950)	\$ -	\$ 681,519

For the year ended September 30, 2007, depreciation expense of \$421,415 was charged to the general government function in the basic financial statements of Flagler County, Florida.

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

(3) Changes in Long-Term Liabilities:

The Clerk estimates \$147,000 due within one year. A summary of changes in the Clerk's long-term liabilities as reported in the basic financial statements of Flagler County, Florida follows:

	<u>Balance</u> <u>October 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2007</u>
Compensated Absences	\$ 162,087	\$ 233,069	\$ 210,934	\$ 184,222

(4) Pension Plans:

Defined Benefit Pension Plan – The Clerk participates in the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing multiple-employer public employee retirement system administered by the State of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, *Florida Statutes*, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The Pension Plan 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:

State of Florida Department of Administration
 Division of Retirement
 Cedars Executive Center, Building C
 2639 North Monroe Street
 Tallahassee, Florida 32399-1560

The Pension Plan provides vesting of benefits after six years of credible service. Regular members are eligible for normal retirement after six years of service and attaining age sixty-two, or thirty year of service regardless of age. Early retirement may be taken any time after completion of six years of service; however, there is a five percent benefit reduction for each year prior to normal retirement. Generally, membership is compulsory for all full-time and part-time employees, except for elected county officials who may elect not to participate in the Florida Retirement System. Retirement coverage is employee noncontributory. The employer pays all contributions. The contribution rates are as follows:

	<u>October 1, 2006 -</u> <u>June 30, 2007</u>	<u>July 1, 2007 -</u> <u>September 30,</u> <u>2007</u>
Regular Employees	9.85%	9.85%
Elected County Officials	16.53%	16.53%
Senior Management	13.12%	13.12%
Deferred Retirement Option Programs Employees	10.91%	10.91%

CLERK OF THE CIRCUIT COURT
FLAGLER COUNTY, FLORIDA
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

(4) Pension Plans: (Continued)

The contribution rate of current year covered payroll is 10.74 percent. For the years ended September 30, 2007, 2006, and 2005, total contributions were \$253,251, \$172,399, and \$137,996, respectively. The Clerk made actual contributions equal to the actuarially determined required contributions each year.

Defined Contribution Pension Plan – As of June 1, 2002, the Florida Retirement System offers members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the State of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, *Florida Statutes*, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

The Investment Plan provides for vesting of benefits after one year of credible service. Employees may make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2002. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by “buying back” into the Pension Plan. Retirement coverage is employee noncontributory. The employer pays all contributions. The rates for the Investment Plan are the same as the Pension Plan.

For the year ended September 30, 2007, seventeen employees of the Clerk were participating in the Investment Plan and the remaining employees were participating in the Pension Plan.

(5) Deposits:

At fiscal year end, the carrying amount of the Clerk’s deposits and bank balances were \$3,860,786 and \$3,818,623, respectively. Bank balances are insured up to \$100,000 by the Federal Depository Insurance Corporation (FDIC). Any balance in excess of FDIC insurance is covered by collateral held by the Clerk’s custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Public Deposits Act, Chapter 280, of the *Florida Statutes*.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

CLERK OF THE CIRCUIT COURT
 FLAGLER COUNTY, FLORIDA
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

(6) Interfund Balances:

These balances represent loans between the borrower and the lender funds. These resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. At September 30, 2007, interfund balances consisted of:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 141,708	\$ 45,904
Special revenue funds:		
Records Modernization	6,078	3
Court General	26,512	141,901
Court Technology	18,341	-
Agency funds:		
Child Support	196	5,027
Totals	\$ 192,835	\$ 192,835

(7) Due From/To Entities of Flagler County:

At September 30, 2007, the amounts due from/to entities of Flagler County consist of the following:

<u>General Fund</u>	
Board of County Commissioners	\$ 121,830
<u>Agency Funds</u>	
Board of County Commissioners	352,731
Due from entities of Flagler County	\$ 474,561
<u>General Fund</u>	
Board of County Commissioners	\$ 28,922
<u>Court General Fund</u>	
Board of County Commissioners	190,007
<u>Court Technology Fund</u>	
Board of County Commissioners	434,188
<u>Agency Funds</u>	
Sheriff	688
Board of County Commissioners	28,617
Due to entities of Flagler County	\$ 682,422

There were no reversion of excess revenues from the General Fund to the Board of County Commissioners.

CLERK OF THE CIRCUIT COURT
FLAGLER COUNTY, FLORIDA
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

(8) Risk Management:

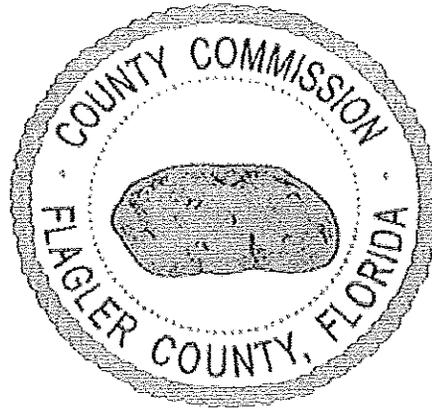
The Clerk participates in the Flagler County risk management program. The Board of County Commissioners maintains a Group Medical Benefit Internal Service Fund for life and health insurance. During the current year, the Clerk remitted \$859,173 to the Board for insurance coverage. Information regarding the program's coverage, self-insurance reserves and program administration can be found in the special purpose financial statements of the Flagler County Board of County Commissioners for the year ended September 30, 2007.

(9) Commitments and Contingencies:

A termination of benefits contract is in existence at September 30, 2007 which agrees to pay the employee a lump sum cash payment equal to twelve months aggregate gross salary plus pension benefits and accumulated unpaid leave time. This contract is valid for twenty years from its inception, dated July 16, 2007. As of September 30, 2007 no liability has been recorded.

(10) Excess Expenditures over Appropriations:

The Court Technology fund had expenditures over appropriations mainly due to an oversight of an accounts payable transaction ascertained during the audit review process.



Partners:

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James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss
Philip J. Hayes
Brian L. Nemeroff

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

The Honorable Gail Wadsworth
Flagler County Clerk of the Circuit Court
Flagler County, Florida



We have audited the special-purpose financial statements of each major fund, and the aggregate remaining fund information of the Flagler County Clerk of the Circuit Court, as of and for the year ended September 30, 2007, which collectively comprise the Flagler County Clerk of the Circuit Court's special-purpose financial statements and have issued our report thereon dated June 30, 2008. 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 Flagler County Clerk of the Circuit Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Flagler County Clerk of the Circuit Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Flagler County Clerk of the Circuit Court's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Flagler County Clerk of the Circuit Court's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Flagler County Clerk of the Circuit Court's special-purpose financial statements that is more than inconsequential will not be prevented or detected by the Flagler County Clerk of the Circuit Court's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the special-purpose financial statements will not be prevented or detected by the Flagler County Clerk of the Circuit Court's internal control.

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Our consideration of internal control over financial reporting 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Flagler County Clerk of the Circuit Court's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a matter that we reported to management of Flagler County, Florida in a separate letter dated June 30, 2008.

Flagler County Clerk of the Circuit Court's response to the finding identified in our audit is described in a separate letter. We did not audit Flagler County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others with in the entity, 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.

June 30, 2008
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss
Philip J. Hayes
Brian L. Nemeroff

MANAGEMENT LETTER

The Honorable Gail Wadsworth
Flagler County Clerk of the Circuit Courts
Flagler County, Florida.

We have audited the special-purpose financial statements of the Clerk of the Circuit Court of Flagler County, Florida (the "Clerk of the Circuit Court") as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated June 30, 2008.

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. We have issued our Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report, which is dated June 30, 2008, 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 otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, 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 findings and recommendations made 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 of the Circuit Court 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, accounting procedures, and internal controls. 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 and grant agreements or abuse that have an effect on the special-purpose financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.



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- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the special-purpose financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred and would have an immaterial effect on the special-purpose financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the special-purpose financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the special-purpose financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. The Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Clerk of the Circuit Court.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35, Florida Statutes, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with all of the budget and performance standards pursuant to Section 28.35, Florida Statutes, with the exception of the item described at 07-01.

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

June 30, 2008
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**Flagler County Clerk of the Circuit Court
Management Recommendations from Current Year
September 30, 2007**

07-1 Interest Revenue Allocation

Criteria: Pursuant to Section 28.35, Florida Statutes the Clerk is required to include interest earned on state court revenues in the calculation of excess income.

Condition: The interest on state court revenues was not recorded in the correct fund.

Effect: An adjustment of \$21,485 was required to reallocate the interest revenue earned on state revenues to the appropriate funds. As a result of this adjustment, the Clerk was required to submit excess revenues to the state court system after the January 1, 2008 deadline.

Auditors' recommendation: Management should institute a policy whereby interest earned on state court revenues is reported and included in the calculation of excess income.



GAIL WADSWORTH, Clerk of the Circuit Court

1769 East Moody Blvd., Building #1 • Bunnell, Florida 32110

Website: www.flaglerclerk.com

June 25, 2008

David W. Martin, CPA
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

I have reviewed the Independent Auditors' Report, special purpose financial statements and management letter of the Flagler County Clerk of the Circuit Court as of and for the year ended September 30, 2007.

I was pleased to note the special purpose financial statements received an unqualified opinion, in addition to the report on compliance and internal control over financial reporting indicating no instances of noncompliance or matters involving internal control requiring additional reporting.

The management letter recommendation, 07-01 Interest Revenue Allocation, regarding State Courts interest revenue allocation and its inclusion in the calculation of excess income to the State has been implemented.

Sincerely,

Gail Wadsworth
Clerk of Courts

