

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

FINANCIAL STATEMENTS

Year Ended September 30, 2015

C O N T E N T S

	<u>Page Number</u>
 <i>Financial Section</i>	
Independent Auditor's Report	1
Financial Statements	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4
Statement of Fiduciary Assets and Liabilities – Agency Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Budget and Actual – General Fund	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Budget and Actual – Public Records Modernization Trust Fund	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund – Budget and Actual – Public Records Information Technology Fund	8
Notes to Financial Statements	9
 <i>Supplementary Information</i>	
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	17
 <i>Internal Control and Compliance Section</i>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Accountant's Report	21
Independent Auditor's Management Letter	22
Schedule of Current and Prior Year Findings and Recommendations	24



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

Report on the Financial Statements

We have audited the accompanying financial statements of the Osceola County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clerk's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Clerk as of September 30, 2015, the respective changes in financial position, and the respective budgetary comparisons for the General Fund, Public Records Modernization Trust Fund, and Public Records Information Technology Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Osceola County, Florida, as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental 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 other 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 States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 11, 2016

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2015

	General Fund	Public Records Modernization Trust Fund	Public Records Information Technology Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 1,668,276	\$ 3,294,439	\$ 871,926	\$ 5,834,641
Due from other funds	45,090	-	-	45,090
Due from other county units	2,147	-	-	2,147
Due from other governments	50,377	-	-	50,377
Prepays	5,144	-	-	5,144
Total assets	\$ 1,771,034	\$ 3,294,439	\$ 871,926	\$ 5,937,399
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 74,160	\$ 31,722	\$ -	\$ 105,882
Accrued liabilities	329,066	-	-	329,066
Due to other county units	714,816	-	-	714,816
Due to other governments	478,300	-	-	478,300
Due to other funds	-	25,092	-	25,092
Unearned revenue	174,692	-	-	174,692
Total liabilities	1,771,034	56,814	-	1,827,848
Fund balances:				
Nonspendable	5,144	-	-	5,144
Restricted for records modernization	-	3,237,625	-	3,237,625
Restricted for information technology	-	-	871,926	871,926
Unassigned	(5,144)	-	-	(5,144)
Total fund balances	-	3,237,625	871,926	4,109,551
Total liabilities and fund balances	\$ 1,771,034	\$ 3,294,439	\$ 871,926	\$ 5,937,399

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS**

Year Ended September 30, 2015

	<u>General Fund</u>	<u>Public Records Modernization Trust Fund</u>	<u>Public Records Information Technology Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental	\$ 9,657,825	\$ -	\$ -	\$ 9,657,825
Fees, fines and service charges	2,988,558	570,638	738,503	4,297,699
Investment earnings	-	8,501	3,644	12,145
Miscellaneous	35,518	-	-	35,518
Total revenues	<u>12,681,901</u>	<u>579,139</u>	<u>742,147</u>	<u>14,003,187</u>
Expenditures				
Current				
General government:				
Personal services	9,467,258	-	-	9,467,258
Operating	1,496,082	131,021	-	1,627,103
Capital outlay	36,842	228,379	-	265,221
Total expenditures	<u>11,000,182</u>	<u>359,400</u>	<u>-</u>	<u>11,359,582</u>
Excess of revenues over expenditures	<u>1,681,719</u>	<u>219,739</u>	<u>742,147</u>	<u>2,643,605</u>
Other financing sources (uses)				
Transfers in	1,069,571	-	-	1,069,571
Transfers out:				
Osceola County Board of County Commissioners	(701,363)	-	-	(701,363)
Interfund	-	(331,067)	(738,504)	(1,069,571)
Remittances to Florida Department of Revenue	(2,049,927)	-	-	(2,049,927)
Total other financing sources (uses)	<u>(1,681,719)</u>	<u>(331,067)</u>	<u>(738,504)</u>	<u>(2,751,290)</u>
Net change in fund balances	-	(111,328)	3,643	(107,685)
Fund balances, at beginning of year	-	3,348,953	868,283	4,217,236
Fund balances, at end of year	<u>\$ -</u>	<u>\$ 3,237,625</u>	<u>\$ 871,926</u>	<u>\$ 4,109,551</u>

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS

September 30, 2015

Assets

Cash	\$ 12,409,895
Accounts receivable	148,794
Total assets	<u>\$ 12,558,689</u>

Liabilities

Due to other funds	\$ 19,998
Due to other county units	393,610
Due to other governments	1,279,703
Deposits	10,865,378
Total liabilities	<u>\$ 12,558,689</u>

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL -
GENERAL FUND**

Year Ended September 30, 2015

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 7,395,444	\$ 7,022,309	\$ 9,657,825	\$ 2,635,516
Fees, fines and service charges	3,967,410	3,954,202	2,988,558	(965,644)
Miscellaneous	-	-	35,518	35,518
Total revenues	<u>11,362,854</u>	<u>10,976,511</u>	<u>12,681,901</u>	<u>1,705,390</u>
Expenditures				
Current				
General government:				
Personal services	9,486,686	9,241,755	9,467,258	(225,503)
Operating	1,680,228	1,539,291	1,496,082	43,209
Capital outlay	195,940	195,465	36,842	158,623
Total expenditures	<u>11,362,854</u>	<u>10,976,511</u>	<u>11,000,182</u>	<u>(23,671)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,681,719</u>	<u>1,681,719</u>
Other financing sources (uses)				
Transfers in	-	-	1,069,571	1,069,571
Transfers out:				
Osceola County Board of County Commissioners	-	-	(701,363)	(701,363)
Interfund	-	-	-	-
Remittances to Florida Department of Revenue	-	-	(2,049,927)	(2,049,927)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,681,719)</u>	<u>(1,681,719)</u>
Net change in fund balances	-	-	-	-
Fund balances, at beginning of year	-	-	-	-
Fund balances, at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL -
PUBLIC RECORDS MODERNIZATION TRUST FUND**

Year Ended September 30, 2015

	Public Records Modernization Trust Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees, fines and service charges	\$ -	\$ -	\$ 570,638	\$ 570,638
Investment earnings	-	-	8,501	8,501
Total revenues	<u>-</u>	<u>-</u>	<u>579,139</u>	<u>579,139</u>
Expenditures				
Current				
General government:				
Operating	-	-	131,021	(131,021)
Capital outlay	-	-	228,379	(228,379)
Total expenditures	<u>-</u>	<u>-</u>	<u>359,400</u>	<u>(359,400)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>219,739</u>	<u>219,739</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out:				
Interfund	(331,067)	(331,067)	(331,067)	-
Total other financing sources (uses)	<u>(331,067)</u>	<u>(331,067)</u>	<u>(331,067)</u>	<u>-</u>
Net change in fund balances	(331,067)	(331,067)	(111,328)	219,739
Fund balances, at beginning of year	<u>-</u>	<u>-</u>	<u>3,348,953</u>	<u>3,348,953</u>
Fund balances, at end of year	<u>\$ (331,067)</u>	<u>\$ (331,067)</u>	<u>\$ 3,237,625</u>	<u>\$ 3,568,692</u>

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL -
PUBLIC RECORDS INFORMATION TECHNOLOGY FUND**

Year Ended September 30, 2015

	<u>Public Records Information Technology Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Fees, fines and service charges	\$ -	\$ -	\$ 738,503	\$ 738,503
Investment earnings	-	-	3,644	3,644
Total revenues	<u>-</u>	<u>-</u>	<u>742,147</u>	<u>742,147</u>
Expenditures				
Current				
General government:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>742,147</u>	<u>742,147</u>
Other financing sources (uses)				
Transfers out:				
Interfund	<u>(738,503)</u>	<u>(738,503)</u>	<u>(738,504)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>(738,503)</u>	<u>(738,503)</u>	<u>(738,504)</u>	<u>(1)</u>
Net change in fund balances	(738,503)	(738,503)	3,643	742,146
Fund balances, at beginning of year	<u>-</u>	<u>-</u>	<u>868,283</u>	<u>868,283</u>
Fund balances, at end of year	<u>\$ (738,503)</u>	<u>\$ (738,503)</u>	<u>\$ 871,926</u>	<u>\$ 1,610,429</u>

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

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

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Osceola County (the “County”) is a political subdivision of the State of Florida located in the central portion of the state. The County was established under Article VIII, Section (1), *Constitution of the State of Florida*. The County operates under a Home Rule Charter.

The Clerk of the Circuit Court (the “Clerk”) is an elected Constitutional Officer of the County. For financial statement and reporting purposes, the Clerk is a separate constitutional officer, as provided by Chapter 218, Florida Statutes. However, the Clerk does not meet the definition of a legally separate organization and is not considered to be a component unit. Accordingly, the Clerk is considered to be part of the primary government of the County and the financial activities of the Clerk are included as such in the County’s annual financial report, along with the other Constitutional Officers and the Osceola County Board of County Commissioners (the “Board”). The financial statements contained herein represent the financial transactions of the Clerk only. There are no component units for the Clerk to consider for inclusion in the fund financial statements.

The Clerk is a fee officer whose operating budget is funded solely from fees, fines, and service charges relating to various statutory court and non-court services provided by the office. No funds are received from the Board other than applicable fees.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

These financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (“GASB”) and are presented to comply with the requirements of Section 218.39, Florida Statutes, and Section 10.557(3) of the *Rules of the Auditor General for Local Governmental Entity Audits*.

Fund Accounting

The financial activities of the Clerk are recorded in separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, 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.

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

The purpose of the Clerk's various funds are categorized and described as follows:

Governmental Fund Types:

General Fund

The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Clerk that are not required either legally or by accounting principles generally accepted in the United States of America to be accounted for in another fund. The General Fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources, rather than upon net income determination).

Special Revenue Funds

Public Records Modernization Trust Fund – This fund accounts for the proceeds of specific revenue sources pursuant to Florida Statute 28.24(12)(d), that are legally restricted to expenditures for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the Clerk's public records systems.

Public Records Information Technology Fund – This fund accounts for the proceeds of specific revenue sources pursuant to Florida Statute 28.24(12)(e), that are legally restricted to expenditures for court-related technology needs.

Fiduciary Fund Type:

Agency Funds – The Agency Funds account for the assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. A statement of net assets is presented for the Agency Fund. However, a statement of changes in net assets is not presented since there are no operations in the Agency Fund, only assets and liabilities.

Basis of Accounting

Basis of accounting refers to the method by which revenues and expenditures are recognized in the accounts and reported in the fund financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Governmental Funds and Agency Funds are maintained on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they are received in cash or when they are considered both measurable and available and, as such, are susceptible to accrual. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Clerk considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. The following major revenues are considered susceptible to accrual: intergovernmental revenue, charges for services, and interest earned. Intergovernmental revenue, consisting of a cost reimbursement grant, is recognized as revenue as the related expenditures are incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

During the 2009 legislative session, the Florida Legislature reduced statewide funding for clerks' budgets. The Legislature changed any future budget to a State fiscal year of July 1 to June 30. The Clerk's funding process was also changed to an appropriation from the State of Florida (the "State"), rather than the existing revenue model. All court revenues will be collected and disbursed monthly to the State. The fiscal year for the Clerk continues to be from October 1 to September 30, and any unexpended appropriation for the Clerk's budget is rolled into the subsequent State's fiscal year.

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes. Formal budgetary integration is employed as a management control device during the year for the Clerk's General Fund. Appropriations lapse at the close of the fiscal year to the extent they have not been expended, except for the Clerk's funds, which lapse at the end of the State's fiscal year on June 30. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

Section 218.35 of the Florida Statutes provides the budget requirements for county fee officers and refers to budget requirements of Section 28.36 of the Florida Statutes for court-related functions of the Clerk. The budget must be balanced and segregated by funds. The proposed budget is required to be filed with the county governing authority by September 1 preceding the fiscal year of the budget. Subsequent balanced budget amendments relating to non-court operations may be approved by the Clerk.

Section 28.36 of the Florida Statutes requires the Clerk to prepare a separate budget for the court-related functions of the Clerk. Only those functions specified by Section 28.35(3)(a) of the Florida Statutes may be funded from court-related fees, service charges, court costs, and fines retained by the Clerk. The proposed budget is filed with the Clerk's Operations Corporation (the "Corporation") by October 1 preceding the fiscal year of the budget, in the format required by the Corporation. The Corporation verifies that the proposed budget is limited to court-related functions. Section 28.36 also defines the maximum annual budget permitted. With the 2009 legislative changes, the Corporation submits a legislative budget request for all clerks that will result in an appropriation by the Florida Legislature.

Increases to the court functions budget must be submitted to and approved by the Corporation. Transfers of approved budget funds between accounts and appropriation categories (personal services, operating expenses, capital outlay, and non-operating) may be approved by the Clerk.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect the Clerk's original adopted budget and the final budget with all amendments approved by the Clerk or the Corporation. Budgetary authority is exercised at the fund level. Revenues and expenditures for the Public Records Modernization Trust Fund and the Public Records Information Technology Fund were budgeted in the current year in the General Fund. Expenditures for the Public Records Modernization Trust Fund are authorized on a five-year budget in the Public Records Modernization Trust Fund Report. The amounts included in the budgetary comparison statement reflect actual amounts spent in the current year. The total amounts available to be budgeted for the Public Records Modernization Trust Fund and the Public Records Information Technology Fund for the current year were \$495,000 and \$1,324,637, respectively.

Investments

Investments in external investment pools that follow Securities and Exchange Commission ("SEC") Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Capital Assets

Capital assets purchased in the Governmental Fund Types are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Clerk is reported to and recorded by the Board as capital assets, at cost, in the statement of net assets in the government-wide financial statements of the County. The Clerk maintains custodial responsibility for the capital assets used by the Clerk.

Compensated Absences

Employees accrue vacation leave based on their employment date or seniority date and length of employment. They may accrue from 12 to 22.5 days of vacation per year. Annual leave in excess of 30 days is forfeited on December 31 following the end of the fiscal year. Employees are not paid for vacation leave in lieu of taking a vacation. An employee is paid for earned vacation leave only upon separation of employment.

Employees earn one day of sick leave for each month of employment. Upon separation, employees who have at least 20 years of continuous service will be paid for all accrued hours of sick leave. Employees with less than 20 years and two or more years of continuous service will be paid for all hours in excess of 40 hours.

The Clerk uses the vesting method to calculate the liability for compensated absences. The Clerk does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the statement of net assets in the government-wide financial statements of the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers In and Out

The Clerk collects fees pursuant to Section 28.24(12)(e), Florida Statutes, that are legally restricted to expenditures for court-related information technology needs. These fees are accounted for in a special revenue fund. The amount needed to fund the General Fund's court-related information technology expenditures is recorded as a transfer in by the General Fund and as a transfer out by the special revenue fund on the financial statements of the Clerk. Unexpended amounts are transferred back to the special revenue fund at the end of the fiscal year.

In accordance with Section 218.36, Florida Statutes, all general fund non-court-related revenues in excess of non-court-related expenditures during the fiscal year are distributed to the Board within 31 days following the end of the fiscal year. Accordingly, such amounts are recorded as liabilities due to other county units and as transfers out to the Board on the financial statements of the Clerk.

Fund Balance

In accordance with accounting principles generally accepted in the United States of America, the Clerk classified governmental fund balances as follows:

Nonspendable Fund Balance - represents fund balance that is (a) not in a spendable form, such as prepaid items and inventories, or (b) legally or contractually required to be maintained intact, such as an endowment. There was a \$5,144 nonspendable fund balance at September 30, 2015.

Restricted Fund Balance - consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources. There was \$3,237,625 restricted fund balance for the Special Revenue Public Modernization Trust Fund and \$871,926 for the Special Revenue Fund Public Records Information Technology Fund at September 30, 2015.

Unassigned Fund Balance - represents the residual classification or fund balance and includes all spendable amounts not contained within the other classifications of the General Fund. There was a (\$5,144) unassigned fund balance at September 30, 2015.

NOTE 2 – CASH AND INVESTMENTS

As of September 30, 2015, the Clerk had the following in cash and investments:

	<u>Carrying Amount</u>
Cash on Hand	\$ 13,060
Deposits in Qualified Public Depositories	16,091,002
Florida PRIME	<u>2,140,474</u>
Total Cash and Investments	<u>\$ 18,244,536</u>

NOTE 2 – CASH AND INVESTMENTS (*Continued*)

Credit Risk

The Clerk's investment practices are governed by Section 218.415(17), Florida Statutes, and include the following investments:

1. The Florida PRIME (formerly the Local Government Surplus Trust Funds Investment Pool) administered by the State Board of Administration, or any authorized intergovernmental investment pool;
2. SEC-registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories; and
4. Direct obligations of the U.S. Treasury.

The Clerk does not have an investment policy that would further limit its investment choices.

Florida PRIME is administered by the Florida State Board of Administration ("SBA"). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the *Florida Administrative Code*, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General, performs the operational audit of the activities and investments of the SBA. The fair value of the Clerk's position in the pool approximates the value of pool shares. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standards and Poor's. The weighted average days to maturity of the Florida PRIME at September 30, 2015, are between 20 and 60 days.

As of September 30, 2015, the Clerk's Public Records Special Revenue Funds had \$2,140,474 invested in Pool A.

The SBA issues separate financial statements that may be obtained from its website, <https://www.sbafla.com/prime>, or by calling (850) 488-4406.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the government's deposits may not be returned to it or the organization may not be able to recover the value of its investments that are in possession of an outside party.

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories.

The Clerk's deposits are, therefore, considered fully insured or collateralized. Bank balances at September 30, 2015 were \$21,128,169.

NOTE 3 – EMPLOYEES’ RETIREMENT AND BENEFIT PLANS

Retirement Plan

The Clerk’s employees participate in the Florida Retirement System (“FRS”), a multiple-employer, cost-sharing, defined-benefit retirement system, administered by the Florida Department of Administration. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the state of Florida.

For financial reporting purposes, the Clerk is deemed to be part of the primary government of Osceola County, Florida. Effective October 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. A liability, if any, related to the Clerk’s proportionate share of the FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of Osceola County, Florida for the fiscal year ended September 30, 2015.

Funding Policy

The contributions paid for the years ended September 30, 2015 through 2013, were \$628,874, \$575,334, and \$414,725, respectively, which is equal to the required contribution for each year.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to \$195,505, \$171,150, and \$180,328 for the fiscal years ended September 30, 2013 through 2015, respectively, which were equal to the required contribution for each fiscal year.

NOTE 4 – LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities of the Clerk is as follows:

	Balance			Balance
	October 1, 2014	Additions	Retirements	September 30, 2015
Liability for compensated absences	\$ 473,272	\$ 786,682	\$ 775,137	\$ 484,817

Of the \$484,817 liability for accrued compensated absences, management estimates that \$322,839 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since they are not payable from available resources at September 30, 2015. As discussed in Note 1, they are reported in the statement of net assets in the government-wide financial statements of the County.

NOTE 5 – OTHER POST-EMPLOYMENT BENEFITS

The Clerk participates in the County’s plan covering other post-employment benefits. For a detailed plan description and any liability for employees of the Clerk, see the Osceola County, Florida Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015.

NOTE 6 – RISK MANAGEMENT

Osceola County maintains a self-insured risk management program that provides for coverage of risks of loss related to workers’ compensation claims. This fund is administered by a third-party administrator. The Clerk makes payments to the County based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2015 was \$17,182. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at September 30, 2015 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 45,090	\$ -
Public Modernization Trust		25,092
Fiduciary:		
Other Civil	-	19,998
Total all funds	<u>\$ 45,090</u>	<u>\$ 45,090</u>

The General Fund carries a \$19,998 balance due from the Other Civil Agency Fund, which is not expected to be repaid within the subsequent fiscal year. The balance was created as a result of the General Fund providing a cash reserve for the Other Civil Agency Fund’s returned checks for child support payments. Additionally, the Public Modernization Trust Fund had a wire transfer due to General Funds to be repaid within the subsequent fiscal year.

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The Clerk has evaluated subsequent events through March 11, 2016, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS**

Year Ended September 30, 2015

	<u>Balance September 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2015</u>
Recording Agency Fund				
Assets:				
Cash	\$ 5,076,904	\$ 50,817,446	\$ (51,043,910)	\$ 4,850,440
Due from other county units	7,966	-	(7,966)	-
Accounts receivable	120,934	24,061,140	(24,100,535)	81,539
Total assets	<u>\$ 5,205,804</u>	<u>\$ 74,878,586</u>	<u>\$ (75,152,411)</u>	<u>\$ 4,931,979</u>
Liabilities:				
Due to other county units	\$ 66,734	\$ 4,959,122	\$ (4,955,279)	\$ 70,577
Due to other governments	846,620	39,749,257	(40,091,075)	504,802
Deposits	4,292,450	6,554,314	(6,490,164)	4,356,600
Total liabilities	<u>\$ 5,205,804</u>	<u>\$ 51,262,693</u>	<u>\$ (51,536,518)</u>	<u>\$ 4,931,979</u>
Fine & Forfeiture Agency Fund				
Assets:				
Cash	\$ 1,387,037	\$ 18,342,055	\$ (18,413,101)	\$ 1,315,991
Accounts receivable	39,717	7,175,089	(7,173,639)	41,167
Total assets	<u>\$ 1,426,754</u>	<u>\$ 25,517,144</u>	<u>\$ (25,586,740)</u>	<u>\$ 1,357,158</u>
Liabilities:				
Due to other county units	\$ 322,052	\$ 4,325,068	\$ (4,324,167)	\$ 322,953
Due to other governments	583,632	6,593,184	(6,651,213)	525,603
Deposits	521,070	1,152,466	(1,164,934)	508,602
Total liabilities	<u>\$ 1,426,754</u>	<u>\$ 12,070,718</u>	<u>\$ (12,140,314)</u>	<u>\$ 1,357,158</u>
County Circuit/Civil Agency Fund				
Assets:				
Cash	\$ 330,851	\$ 5,441,156	\$ (5,573,197)	\$ 198,810
Accounts receivable	16,082	4,027,287	(4,032,038)	11,331
Total assets	<u>\$ 346,933</u>	<u>\$ 9,468,443</u>	<u>\$ (9,605,235)</u>	<u>\$ 210,141</u>
Liabilities:				
Due to other county units	\$ 350	\$ 280,607	\$ (280,877)	\$ 80
Due to other governments	201,670	2,414,492	(2,427,254)	188,908
Deposits	144,913	24,912	(148,672)	21,153
Total liabilities	<u>\$ 346,933</u>	<u>\$ 2,720,011</u>	<u>\$ (2,856,803)</u>	<u>\$ 210,141</u>

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS (Continued)**

Year Ended September 30, 2015

	<u>Balance September 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2015</u>
Bond Holding Agency Fund				
Assets:				
Cash	\$ 373,407	\$ 1,026,584	\$ (1,037,593)	\$ 362,398
Accounts receivable	860	-	(860)	-
Total assets	<u>\$ 374,267</u>	<u>\$ 1,026,584</u>	<u>\$ (1,038,453)</u>	<u>\$ 362,398</u>
Liabilities:				
Due to other governments	\$ 32,542	\$ 100	\$ (32,641)	\$ 1
Deposits	341,725	1,025,625	(1,004,953)	362,397
Total liabilities	<u>\$ 374,267</u>	<u>\$ 1,025,725</u>	<u>\$ (1,037,594)</u>	<u>\$ 362,398</u>
Tax Deeds Agency Fund				
Assets:				
Cash	<u>\$ 27,837</u>	<u>\$ 4,541,104</u>	<u>\$ (4,568,941)</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	\$ 27,837	\$ -	\$ (27,837)	\$ -
Total liabilities	<u>\$ 27,837</u>	<u>\$ -</u>	<u>\$ (27,837)</u>	<u>\$ -</u>
Other Civil Agency Fund				
Assets:				
Cash	\$ 5,472,112	\$ 36,816,537	\$ (36,607,030)	\$ 5,681,619
Accounts receivable	14,170	844	(255)	14,759
Total assets	<u>\$ 5,486,282</u>	<u>\$ 36,817,381</u>	<u>\$ (36,607,285)</u>	<u>\$ 5,696,378</u>
Liabilities:				
Due to other funds	\$ 57,583	\$ 643,707	\$ (681,927)	\$ 19,363
Due to other governments	50,355	918,159	(908,125)	60,389
Deposits	5,378,344	37,010,034	(36,771,752)	5,616,626
Total liabilities	<u>\$ 5,486,282</u>	<u>\$ 38,571,900</u>	<u>\$ (38,361,804)</u>	<u>\$ 5,696,378</u>
Total				
Assets:				
Cash	\$ 12,668,148	\$ 116,984,882	\$ (117,243,772)	\$ 12,409,258
Accounts receivable	191,763	35,264,360	(35,307,327)	148,796
Due from other county units	7,966	-	(7,966)	-
Total assets	<u>\$ 12,867,877</u>	<u>\$ 152,249,242</u>	<u>\$ (152,559,065)</u>	<u>\$ 12,558,054</u>
Liabilities:				
Due to other funds	\$ 57,583	\$ 643,707	\$ (681,927)	\$ 19,363
Due to other county units	389,136	9,564,797	(9,560,323)	393,610
Due to other governments	1,742,656	49,675,192	(50,138,145)	1,279,703
Deposits	10,678,502	45,767,351	(45,580,475)	10,865,378
Total liabilities	<u>\$ 12,867,877</u>	<u>\$ 105,651,047</u>	<u>\$ (105,960,870)</u>	<u>\$ 12,558,054</u>



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Osceola County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated March 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of current and prior year findings and recommendations as items 2015-001 and 2013-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of current and prior year findings and recommendations as items 2015-002, 2013-003 and 2013-008 to be significant deficiencies.

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

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*.

Clerk's Response to Findings

The Clerk's responses to the findings identified in our audit are described in the accompanying schedule of current and prior years' findings and recommendations. The Clerk's responses were not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We noted certain other matters that we reported to management in a separate letter dated March 11, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 11, 2016



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

We have examined the Osceola County, Florida Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Sections 28.35, 28.36, 61.181 and 218.415, Florida Statutes, during the year ended September 30, 2015. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 11, 2016



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

We have audited the financial statements of the Osceola County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 11, 2016.

Auditor's Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 11, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Except for the findings reported in the accompanying schedule of current and prior year findings and recommendations. Audit findings 2013-001, 2013-003 and 2013-008 were included in the second preceding fiscal year financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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 financial statements. The legal authority is disclosed in the notes to the financial statements.

Other Matters

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Current year recommendations were reported in the accompanying schedule of current and prior year findings and recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
March 11, 2016

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

Fiscal Year Ended September 30, 2015

Current Year:

Type: Material Weakness

2015-001 ACCOUNTS PAYABLE

Condition: During our testing of the Clerk's accounts payable year-end balance, we noted 52 checks that were issued in the month of October but were posted as reduction of cash at September 30, 2015. In addition, four of those October checks were back dated to September 30, 2015. We reviewed the checks and proposed adjusting entries to reclass those checks to their applicable period.

Criteria: For effective control over the Clerk's disbursements and year-end recorded liability, a cut off procedure should be implemented in the accounting system for proper posting of expenditures to the applicable period.

Cause: Due to changes in management positions close to year-end and a lack of written procedures, there were no clear instructions for staff to follow when posting checks into the system.

Effect: Accounts payable and current-year expenditures were not properly posted to the applicable period.

Recommendation: We recommend that management implement written procedures for proper cut off of expenditures as part of the Clerk's monthly closing procedures.

Management Response:

Proposed adjusted entries were made to reclass those checks based on the check date/period. The current accounts payable policy in place states: "The policy is to make payments before the 15th of the following month". Accounts payable and current year expenditures were properly posted after adjustments based on the active accounts payable, policy and practice. The Clerk's Finance Department is in the process of updating all of its financial narratives and will be making changes to this historic policy which will be effective before the FY1516 audit is performed. The revised policy will include a cut-off date of September 30, and will clearly state that all additional expenses for that fiscal year received after the cut-off date will be accrued.

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS *(Continued)***

Fiscal Year Ended September 30, 2015

Current Year: *(Continued)*

Type: Significant Deficiency

2015-002 PURCHASING CARDS

Condition: During our testing of purchasing card transactions, we noted several transactions paid without any indication that transactions had been properly reviewed or approved.

Criteria: Internal controls are only effective when properly designed and operating as intended; therefore, monitoring internal controls helps ensure that internal controls continue to be effective. Monitoring should be designed to identify and correct weaknesses in internal controls.

Cause: Management and employees are not monitoring and reviewing purchases made using purchasing cards.

Effect: Lack of monitoring purchases made with a purchasing card could lead to unauthorized purchases and a misappropriation of the Clerk's assets.

Recommendation: We recommend that the Clerk require documentation of supervisory approval for all purchases using purchasing cards.

Management Response:

The Clerk purchasing card policy states that: "The cardholder shall obtain the approving official to use the P-card". The Finance department will be reviewing, training and discussing with current P-card holders our policy. The policy will be enforced to eliminate any future findings by our Finance Director.

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS *(Continued)***

Fiscal Year Ended September 30, 2015

Prior Year:

Finding Number	Description	Resolved	Partially Resolved	Not Resolved	Finding Type
2013-001	Cash Reconciliation			X	Material Weakness
2013-002	Approve Journal Entries	X			
2013-003	Excess Fee payment		X		Significant Deficiency
2013-008	Budget Process			X	Significant Deficiency
2013-009	Year-End Closing	X			

Type: Material Weakness

2013-001 CASH RECONCILIATION

Condition: During our current-year audit of the Clerk's financial statements, it was noted that bank reconciliations were completed after year-end for the whole year.

Criteria: Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Cause: Due to several changes in management positions during the year, cash reconciliations were not prepared or reviewed timely.

Effect: Deposits and withdrawals that were not properly reconciled timely resulted in unreconciled differences in the Clerk's bank reconciliation at year end. Unreconciled items were noted in all of the Clerk's reconciliations at year end. Unreconciled amounts should be investigated and not be allowed to carry over from month to month.

Recommendation: We recommend that the bank reconciliations be performed and reviewed for accuracy and completeness on a timely basis by the accounting manager. This process should include tests of mathematical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and followed up on, and any journal entries deemed necessary, should be recorded. If necessary, the accounting clerk who prepares the reconciliations should be given additional training and instruction on how to prepare them accurately and completely.

Current Year Status: In the current year, we noted that pooled cash bank reconciliations were not timely completed and included unreconciled amounts of \$80,432. We do not consider this finding resolved.

Management's Response:

The cash reconciliations were started by the Finance Director's predecessor but not completed. The current Finance Director for the Osceola County Clerk of Court was hired on September 28, 2015, at the very end of the 14/15 fiscal year. The composition of unreconciled differences will be followed up on and any journal entries will be recorded as necessary. The Finance Director is in the process of performing the cash reconciliations for the years her immediate predecessors failed to perform and implement procedures to be in compliance moving forward. The Director is hopeful that such reconciliations will be completed by April 1, 2016.

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS *(Continued)***

Fiscal Year Ended September 30, 2015

Prior Year: *(Continued)*

Type: Significant Deficiency

2013-003 EXCESS FEE PAYMENT

Criteria: Florida Statute 218.36 requires that all unexpended balances at the end of each fiscal year be refunded to the Board of County Commissioners 30 days after the end of the fiscal year.

Condition: During the Clerk's preparation of its financial statements, it was noted that the Clerk did not properly refund all of its unexpended balances per the Florida Statute requirements. This was due to an unreconciled item noted during the closing process.

Cause: Due to the fact that cash reconciliations and journal entries were not properly prepared or reviewed timely, excess fees were not properly calculated.

Effect: The Clerk refunded the remaining balance of its unexpended balances on March 11, 2014.

Recommendation: We recommend that the Clerk enhance its year end closing procedures to ensure compliance with Florida Statutes.

Current Year Status: In the current year, payment was timely submitted to the County. However, additional amounts related to fiscal year 2015 were reconciled in subsequent months and were reported in Fiscal year 2016. We consider this finding to be partially resolved.

Management's Response:

The payment to the Board of County Commissioners was remitted within 27 days per Florida Statute 218.36. The preceding Finance Director failed to complete an expenditure entry for FY1415 prior to year-end closing. The current Finance Director has adjusted the entry in subsequent months and will be reported in FY1516. The Clerk's office will continue to monitor all Board of County Commissioners' expenditures to report effectively and efficiently.

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS *(Continued)***

Fiscal Year Ended September 30, 2015

Prior Year: *(Continued)*

Type: Significant Deficiency

2013-008 BUDGET PROCESS

Condition: During our testing of the Clerk's budget, we noted that the Finance Department did not post the budget information to the accounting system.

Criteria: Posting the approved budget to the accounting system is a control process to enable management to properly monitor the Clerk's financial activities. The budgeted information will not allow the Clerk's expenditures to exceed the approved amount for each financial line item without proper approval.

Cause: Management did not post the Clerk's approved budget to the accounting system.

Effect: Management has no control over the expenditures that exceed the approved budget amount.

Recommendation: We recommend that the approved budget be posted to the accounting system and proper documentation be implemented for each amendment.

Current Year Status: The Clerk's office implemented the budget process this year into their accounting system for the general fund only. However, we noted no policy or procedures in place to monitor the actual expenses with its related budget line item to ensure payments made were within the approved budget. This resulted in overall expenditures over total budget in the amount of \$23,671. No budgets were reported for the special revenue funds. We consider this finding not resolved in the current year.

Management's Response:

The FY1415 budget was entered into the accounting system, however, the Finance Director's predecessor did not use a budget transfer allotted methodology. The current Finance Director for the Osceola County Clerk of Court was hired on September 28, 2015, at the very end of the 14/15 fiscal year and remediated this process immediately.