FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

And Reports of Independent Auditor



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#### **Report of Independent Auditor**

To the Honorable Tiffany Moore Russell, Clerk of the Circuit and County Courts of Orange County, Florida:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk") as of and for the year ended September 30, 2014, and the related notes to the financial statements, as listed in the table of contents. We also have audited the Other Postemployment Benefits Trust Fund, as displayed in the Clerk's financial statements, and the financial statements of each of the Clerk's agency funds as of and for the year ended September 30, 2014, presented as other supplementary information 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk, as well as of the Other Postemployment Benefits Trust Fund, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each agency fund of the Clerk as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each fund of Orange County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Orange County, Florida as of September 30, 2014, 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**

### Required Supplementary Information

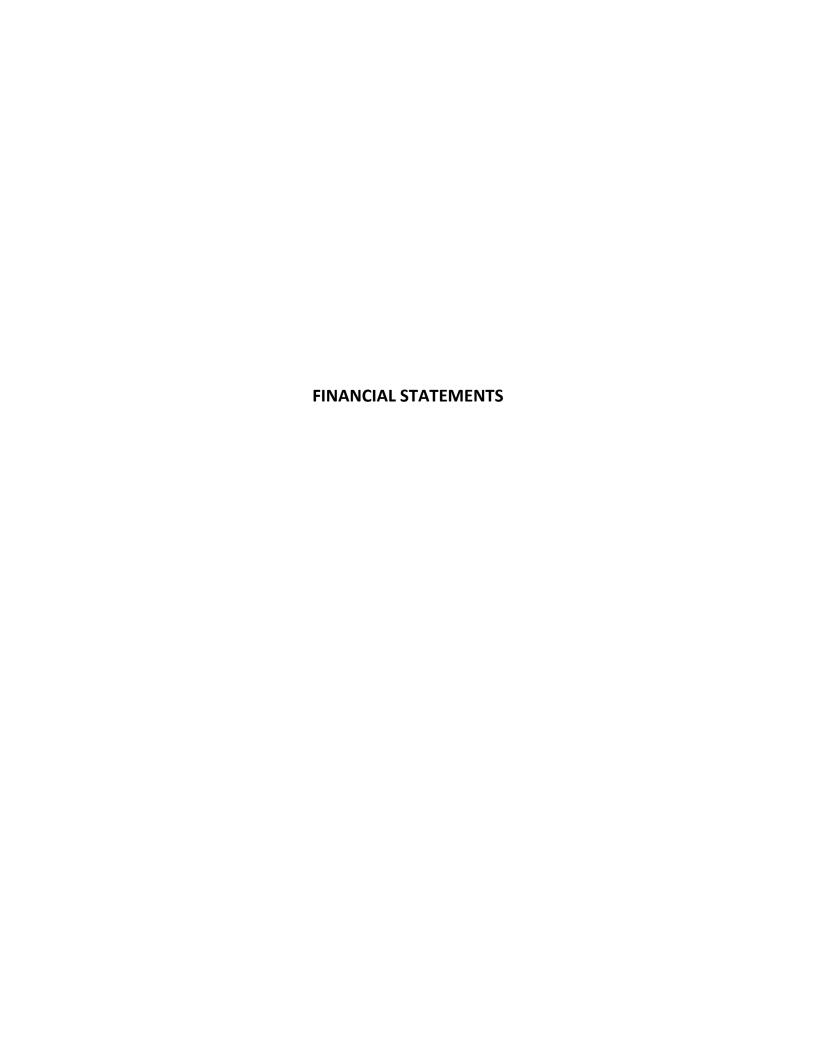
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 17 through 19 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 9, 2015 on our consideration of the Clerk's internal control over financial reporting and 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 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* in considering the Clerk's internal control over financial reporting and compliance.

Orlando, Florida January 9, 2015

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BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Major Funds						
			Public				
		General		Records	Foi	reclosure	
		Fund	Mo	dernization	Ec	lucation	 Totals
ASSETS							
Cash and cash equivalents	\$	5,726,229	\$	3,183,029	\$	31,436	\$ 8,940,694
Due from Board of County Commissioners		3,923		-		-	3,923
Due from General Fund		-		142,955		-	142,955
Due from other governmental agencies		235,567		209,429		_	444,996
Due from individuals		5,198					 5,198
Total assets	\$	5,970,917	\$	3,535,413	\$	31,436	\$ 9,537,766
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued liabilities	\$	844,721	\$	53,202	\$	-	\$ 897,923
Due to individuals		764,944		-		-	764,944
Due to Board of County Commissioners		220,930		-		-	220,930
Due to other governmental agencies		3,997,367		-		-	3,997,367
Due to Public Records Modernization Fund		142,955					142,955
Total liabilities		5,970,917		53,202			 6,024,119
Fund balance				3,482,211		31,436	 3,513,647
Total liabilities and fund balance	\$	5,970,917	\$	3,535,413	\$	31,436	\$ 9,537,766

See notes to financial statements.

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

YEAR ENDED SEPTEMBER 30, 2014

		Major Funds Public	Mortgage	
	General	Records	Foreclosure	
	Fund	Modernization	Education	Totals
Revenues				
Court-related:				
Charges for services:				
Filing fees	\$ 9,767,253	\$ -	\$ -	\$ 9,767,253
Service charges	7,672,760	-	-	7,672,760
Court costs	6,521,355	-	-	6,521,355
Fines and Forfeitures	7,457,349	1,685,053	-	9,142,402
Interest income	52,238	-	-	52,238
Non-court-related:				
Charges for services:				
Marriage and passport	1,172,914	-	-	1,172,914
Recording fees from Comptroller	-	2,465,361	-	2,465,361
Other	-	16,000	7,854	23,854
Intergovernmental:				
County funded items	120,900	-	-	120,900
Child support federal reimbursement	1,356,013	-	-	1,356,013
Interest income	48	<u> </u>		48
Total revenues	34,120,830	4,166,414	7,854	38,295,098
Expenditures				
Court-related:				
Current:				
General government:				
Salaries and benefits	23,893,755	-	-	23,893,755
Operating	4,174,411	-	-	4,174,411
Capital outlay	11,743	-	-	11,743
Distribution of excess fees	3,717,172	-	-	3,717,172
Non-court-related:				
Current:				
General government:				
Salaries and benefits	744,080	1,973,908	-	2,717,988
Operating	1,905,795	1,934,697	1,300	3,841,792
Capital outlay	-	574,113	-	574,113
Total expenditures	34,446,956	4,482,718	1,300	38,930,974
Excess of revenues over (under) expenditures	(326,126)	(316,304)	6,554	(635,876)
Fund balance, beginning of year	326,126	3,798,515	24,882	4,149,523
Fund balance, end of year	\$ -	\$ 3,482,211	\$ 31,436	\$ 3,513,647

See notes to financial statements. 5

### STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2014

	Other employment nefits Trust	 Agency
ASSETS		
Cash and cash equivalents	\$ 5,913,900	\$ 53,289,977
Due from individuals	 <u>-</u>	 5,821
Total assets	\$ 5,913,900	\$ 53,295,798
LIABILITIES		
Due to individuals	\$ -	\$ 49,330,645
Due to Board of County Commissioners	-	858,705
Due to other governmental agencies	 <u>-</u>	 3,106,448
Total liabilities	\$ 	\$ 53,295,798
Net Position		
Held in trust for other postemployment benefits	 5,913,900	
Total net position	\$ 5,913,900	

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

Additions	
Employer contributions	\$ 2,740,000
Net investment income	4,730
Total additions	2,744,730
Net position, beginning of year	3,169,170
Net position, end of year	\$ 5,913,900

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

#### Note 1 – Summary of significant accounting policies

**Reporting entity** – The Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk") is a separately elected county official established pursuant to the Constitution of the State of Florida. The Clerk's financial statements do not purport to reflect the financial position or the results of operations of Orange County, Florida (the "County") taken as a whole. The financial statements of the Clerk have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board ("GASB").

Entity status for financial reporting purposes is governed by GASB Statement No. 14, as amended. Although the Clerk's office is operationally autonomous and legally separate from the Board, it does not hold sufficient corporate powers of its own to be considered a separate entity for financial reporting purposes. Therefore, under GASB guidelines, the Clerk is reported as a part of the primary government of the County.

**Description of funds** – The accounting records are organized for reporting purposes on the basis of governmental funds and fiduciary funds.

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Clerk.

Special revenue funds – The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The Public Records Modernization Trust Fund, which was established pursuant to an act of the 1987 Florida Legislature, receives 25% of the additional recording fees which are collected by the Orange County, Florida Comptroller's office, a Constitutional officer, and are earmarked for the modernization of recording service operations. Effective July 1, 2004, this fund also receives \$1.90 of the additional recording fees which are collected by the Orange County, Florida Comptroller's office, and are earmarked for the Clerk's technology needs. Effective July 1, 2009, this fund also receives 10% of all fine monies collected by the Clerk to be used for any court-related purpose. The Mortgage Foreclosure Education Trust Fund, established July 1, 2006 under House Bill 65 and Section 45.035(2)a, Florida Statutes, entitles the Clerk to collect a \$28 service charge on any surplus resulting from a mortgage foreclosure sale. Proceeds from this service charge may only be used for purposes of educating the public as to the rights of homeowners regarding foreclosure proceedings.

Fiduciary funds – Fiduciary funds of the Clerk include an Other Postemployment Benefit Fund, which is used to account for the receipt and disbursement of assets held in trust for participants of the Clerk's other postemployment benefit plan, and agency funds, which are used to account for assets held by the Clerk as agent.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

### Note 1 – Summary of significant accounting policies (continued)

**Measurement focus, basis of accounting, and financial statement presentation** – The Clerk's financial statements are prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General* (the "Rules"), which require the Clerk to only present fund financial statements.

The General Fund and special revenue funds are governmental funds which use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers amounts collected on grants within 120 days after year-end, and amounts collected on all other government funds within 60 days after year-end, to be available and thus recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Clerk reports the General Fund, the Public Records Modernization Trust Fund, and the Mortgage Foreclosure Education Trust Fund as major governmental funds. Agency funds are custodial in nature and do not involve measurement of results of operations; related assets and liabilities are measured on the accrual basis of accounting. The Other Postemployment Benefit Fund uses a flow of economic resources measurement focus to determine net position. The accounting principles used are similar to those applicable to businesses in the private sector and, thus, this fund is maintained on the accrual basis of accounting. Additions are recognized when earned and deductions are recognized when incurred.

Effective July 1, 2004, as a result of Revision 7 to Article V of the Constitution of the State of Florida, the passage of Senate Bill 2962 and the revision of numerous Sections of Florida Statutes (collectively, Article V), the Clerk became an entirely fee-based Constitutional Officer.

Effective July 1, 2009, as a result of the passage of Senate Bills 2108 and 1718, the Clerk became part of the state appropriation process, wherein the Clerk receives a predetermined share of a statewide appropriation to all State of Florida Clerks of Court. This appropriation is accounted for as intergovernmental revenue.

Effective July 1, 2013, as a result of the passage of Senate Bill 1512, the Clerk returned to being an entirely fee-based Constitutional Officer. In accordance with this Bill, fee revenue began being recognized effective June 1, 2013.

The Clerk's operations are segregated between court-related and non-court-related activities as defined in Article V. Any excess of court-related revenue over court-related expenditures as of September 30 each year is paid to the State of Florida Department of Revenue Clerks' Trust Fund ("DOR"). Any excess of non-court-related revenue over non-court-related expenditures is reflected as a liability to the Orange County Board of County Commissioners (the "Board").

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

#### Note 1 – Summary of significant accounting policies (continued)

**Fund balance presentation** – All fund balances of the governmental funds are classified as restricted. This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

**Budgetary requirements** – Expenditures are controlled by appropriations in accordance with the budgetary requirements set forth in the Florida Statutes. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

The Florida Clerks of Court Operations Corporation ("CCOC") approved the budget for the Clerk's court-related activities for the twelve months ended September 30, 2014. The Clerk is not required to submit its non-court-related activities budget for approval. These budgets collectively comprise the Clerk's General Fund budget. The Clerk is not required to submit its special revenue funds budgets for approval. The Clerk decreased its court related and increased its non-court-related budgets in the amount of \$1,100,000 and \$330,050, respectively, through a budget amendment.

**Cash and cash equivalents** – The Clerk's cash and cash equivalents consist of demand deposits and highly liquid investments with maturities of 90 days or less when purchased. Investments are reported at fair value.

**Capital assets** – Tangible personal property used by the Clerk's operations is recorded in the General Fund as an expenditure at the time assets are received and a liability is incurred. Purchased assets are recorded at historical cost in the government-wide financial statements of the County.

In addition, the Board provides administrative office space used by the Clerk at no charge. The Board incurred \$157,673 for lease costs in connection with the office space during fiscal 2014.

**Compensated absences** – The Clerk permits employees to accumulate earned but unused vacation and sick pay benefits. The Clerk is not legally required to and does not accumulate expendable available financial resources to liquidate this obligation. The obligation for compensated absences is accrued in the government-wide financial statements of the County. A summary of activity for the Clerk's compensated absences obligation is as follows:

Beginning Balance	\$ 2,240,299
Earned	1,274,644
Used	 (1,410,353)
Ending Balance	\$ 2,104,590

**Use of estimates** – The preparation of financial statements requires management to make use of estimates that affect reported amounts. Actual results could differ from estimates.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

#### Note 2 – Deposits and investments

**Cash** – Cash accounts are maintained in demand deposits, which are insured by the Federal Deposit Insurance Corporation or covered by the State of Florida collateral pool, a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails.

**Investments** – The Clerk follows Florida Statutes for its investment policy, which authorizes investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, and obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government.

The Clerk's deposits and investments include \$66,546,023 in interest bearing bank accounts, and \$1,570,828 in demand deposits at September 30, 2014. Cash on hand amounted to \$27,720.

### Note 3 - Interfund receivables and payables

Interfund receivables and payables at September 30, 2014 consist of the following:

	_	ue from her Funds	Due to Other Funds		
General Fund Public Records Modernization Trust Fund	\$	- 142,955	\$	142,955	
	\$	142,955	\$	142,955	

The amounts due to the Public Records Modernization Fund are related to unreimbursed revenue earned and expenditures made for costs that are reimbursable by the General Fund.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

#### Note 4 - Retirement system

**Plan description** – The Clerk's employees participate in the Florida Retirement System ("FRS"), administered by the Florida Department of Management Services. Employees elect participation in either the defined benefit plan ("Pension Plan"), a multiple-employer cost-sharing defined benefit plan, or the defined contribution plan ("Investment Plan") under the FRS. 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. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service. Substantial changes were made to the Pension Plan during fiscal year 2011 affecting members enrolled on or after July 1, 2011 by extending the vesting requirement to eight years of credited service and increasing normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for these members will be based on the eight highest years of salary. A post-employment health insurance subsidy is also provided to eligible retired members through the FRS in accordance with Florida Statutes.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

For those members who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs at one year of service. These participants receive a contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website www.dms.myflorida.com/retirement.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

### Note 4 – Retirement system (continued)

**Funding policy** – Effective July 1, 2011, all enrolled members of the FRS other than DROP participants are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates. The employer contribution rates by job class for the periods from October 1, 2013 through June 30, 2014 and July 1, 2014 through September 30, 2014, respectively, were as follows: regular, 6.95% and 7.37%; county elected officers, 33.03% and 43.24%; senior management, 18.31% and 21.14%; and DROP participants, 12.84% and 12.28%.

During the fiscal year ended September 30, 2014, the Clerk contributed to the Plan an amount equal to 8.11% of covered payroll. Clerk contributions to the FRS for the fiscal years ended September 30, 2012 through 2014 were \$966,392, \$1,165,738 and \$1,568,255, respectively, which were equal to the required contributions for each fiscal year. The Clerk has historically contributed amounts equal to required contributions and, therefore, does not have a pension asset or liability as determined in accordance with GASB Statement No. 27.

#### Note 5 – Insurance coverage

Orange County maintains a self-insurance program that provides for coverage of substantially all risks. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the loss fund. The Clerk participated in the County's self-insurance program during fiscal year 2014 at a cost of \$132,786. There have been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2014.

Additionally, Orange County maintains a self-insured plan for employee medical benefits. The plan covers all regular employees and certain retirees and former employees of the County and their eligible dependents, with coverage of claims up to \$700,000 per individual per year. The County has purchased an insurance policy to cover claims in excess of this amount, up to an additional \$2 million per individual per year. In accordance with the Affordable Care Act, the lifetime maximum for a covered individual is unlimited. The Clerk participated in the County's employee medical benefits plan during the fiscal year 2014 at a cost of \$3,736,273.

### Note 6 – Other Postemployment Benefit (OPEB) Plan

**Plan description** – The Clerk offers a single-employer defined benefit plan ("OPEB plan") that subsidizes the cost of health care for its retirees and eligible dependents. Retirees with at least 10 years of service under the Clerk who are receiving benefits from the FRS are eligible to receive a monthly benefit of five dollars per year of service up to a maximum of \$150 per month. Additionally, Clerk employees who retire and immediately begin receiving benefits from the FRS have the option of continuing in the County health insurance plan at the same group rate as for active employees.

In June 2009, the Clerk established the Orange County Clerk of the Circuit and County Courts Retiree Health Insurance Subsidy Trust ("Trust"), a qualifying trust, and began funding its OPEB Plan obligation. Separate stand-alone financial statements for the Trust are not prepared.

At October 1, 2013, the date of the latest actuarial valuation, plan participation consisted of:

Active Employees	442
Inactive Participants	<u>112</u>
Total	<u>554</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

### Note 6 – Other Postemployment Benefit (OPEB) Plan (continued)

**Funding policy** – The Clerk funds its OPEB obligations on a pay-as-you-go basis, and has the authority to establish and amend its funding policy. For the fiscal year 2014 the Clerk has contributed \$2,740,000 and in the prior years a total of \$3,200,000 for a total amount contributed of \$5,940,000. This Trust is to be used to fund current subsidy payments to participants for upcoming fiscal years.

Annual OPEB cost and net OPEB obligation – The Clerk engaged an actuarial firm to determine the estimated obligation associated with postemployment health insurance benefits as of September 30, 2013 and September 30, 2014, as well as the actuarially required contribution (ARC) for funding this obligation. Based on this report, including assumptions that the ARC is funded and has an average return on investment of 3.5%, the ARC for the Clerk's office in fiscal year 2014 was \$603,889.

The annual cost (expense) of the OPEB plan is calculated based on the ARC. The Clerk's annual OPEB cost, contributions made, and net OPEB asset for 2014 are as follows:

Net OPEB (asset) as of September 30, 2013		\$ (875,171)
ARC for the fiscal year	\$ 603,889	
Interest on OPEB obligation	(30,631)	
Adjustment to ARC	29,172	
Annual OPEB cost for the fiscal year		602,430
Contributions made during the fiscal year		(3,018,114)
Net OPEB (asset) as of September 30, 2014		\$ (3,290,855)

The Clerk's annual OPEB cost (AOC), OPEB contributions net of amounts received from retirees, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (NOO)/net OPEB asset (NOA) as of September 30, 2014 and the two preceding years were as follows:

Fiscal Year	AOC	Co	Net ntribution	Percent of AOC Contributed	NOO(NOA)
September 30, 2014	\$ 602,430		3,018,114	501%	\$ (3,290,885)
September 30, 2013	\$ 554,378		3,162,372	570%	\$ (875,171)
September 30, 2012	\$ 526,053		246,398	47%	\$ 1,732,823

**Funded status and funding progress** – The following table shows the funded status of the plan as of September 30, 2013, the most recent actuarial valuation date, and the two preceding actuarial valuation dates:

#### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

### Note 6 – Other Postemployment Benefit (OPEB) Plan (continued)

	Actuarial	/	Actuarial		Actuarial		Unfunded			UAAL as a
	Valuation		Value of		Accrued	Д	ctuarial Accrued	Funded	Covered	Percentage of
_	Date	PI	an Assets	Li	ability (AAL)		Liability (UAAL)	Ratio	Payroll	Covered Payroll
	9/30/2011	\$	263,139	\$	6,257,734	\$	5,994,595	4.2%	\$ 19,993,723	30.0%
	9/30/2012	\$	268,958	\$	6,496,442	\$	4,227,484	4.1%	\$ 20,758,553	30.0%
	9/30/2013	\$	3,169,170	\$	8,961,748	\$	5,792,578	35.4%	\$ 20,057,017	28.9%

The above schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

The Clerk recognizes OPEB expenditures as amounts are funded. The amount of the ARC in excess of contributions funded is a long-term obligation and, accordingly, is presented on the government-wide statement of net assets in the County's Comprehensive Annual Financial Report.

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

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

#### The actuarial methods are:

Actuarial cost method	Entry Age actuarial cost method
Amortization method	Level percentage of payroll projected to
	grow 3.5% per year
Amortization period (closed)	30 years
Asset valuation method	Fair value

#### The actuarial assumptions are:

Investment rate of return	3.5%
Projected annual salaries increase	4.5%
Healthcare cost trend rate	Increase of 9.5% pre - Medicare and 7.0% post - Medicare for the 2014 fiscal year, grading to an ultimate rate of 5.5% for the 2019 fiscal year

**NOTES TO FINANCIAL STATEMENTS** 

FOR THE YEAR ENDED SEPTEMBER 30, 2014

#### Note 7 – Lease commitments

**Operating leases** – The Clerk leases various office equipment under arrangements accounted for as operating leases. Total lease expenditures were \$257,000 for the year ended September 30, 2014. The following is a schedule of minimum future rent obligations under non-cancelable leases with terms in excess of one year:

2015	\$ 167,829
2016	118,615
2017	28,807
Total	\$ 315,251



SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

	Original Budget	Final Budget	Actual	Fi	riance with nal Budget ive (Negative)	
Revenues						
Court-related:						
Charges for services:						
Filing fees	\$ 11,100,000	\$ 9,600,000	\$ 9,767,253	\$	167,253	
Service charges	7,000,000	7,000,000	7,672,760		672,760	
Court costs	6,500,000	6,600,000	6,521,355		(78,645)	
Fines and forfeitures	7,000,000	7,250,000	7,457,349		207,349	
Interest Income	-	50,000	52,238		2,238	
Non-court-related:						
Charges for services:						
Marriage and passport	1,000,000	1,173,000	1,172,914		(86)	
Intergovernmental:						
County funded items	120,900	120,900	120,900		-	
Child support federal reimbursement	1,200,000	1,357,000	1,356,013	(987)		
Interest income	-	 50	 48		(2)	
Total revenues	 33,920,900	 33,150,950	 34,120,830		969,880	
Expenditures						
Court-related:						
Current:						
General government:						
Salaries and benefits	26,144,000	24,060,769	23,893,755		167,014	
Operating	3,485,072	4,055,447	4,174,411		(118,964)	
Capital outlay	-	12,856	11,743		1,113	
Distribution of excess fees	2,297,054	2,697,054	3,717,172		(1,020,118)	
Non-court-related:					, , ,	
Current:						
General government:						
Salaries and benefits	989,000	945,227	744,080		201,147	
Operating	1,331,900	1,705,723	1,905,795		(200,072)	
Capital outlay	-	-	-		-	
55 <sub>4</sub>	 	 				
Total expenditures	 34,247,026	33,477,076	 34,446,956		(969,880)	
Excess of revenues over (under) expenditures	(326,126)	(326,126)	(326,126)		-	
Fund balance, beginning of year	 326,126	 326,126	 326,126			
Fund balance, end of year	\$ 	\$ 	\$ 	\$		

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PUBLIC RECORDS MODERNIZATION TRUST FUND

	Original Budget	Final Budget	Actual	Fir	iance With nal Budget ve (Negative)
Revenues					
Charges for services:					
Recording fees from Comptroller	\$ 2,475,000	\$ 2,475,000	\$ 2,465,361	\$	(9,639)
Other	10,000	10,000	16,000		6,000
Fines	 1,800,000	 1,800,000	 1,685,053		(114,947)
Total revenues	 4,285,000	4,285,000	4,166,414		(118,586)
Expenditures					
Current:					
General government:					
Salaries and benefits	1,968,000	2,002,000	1,973,908		28,092
Operating	2,642,000	2,412,200	1,934,697		477,503
Capital outlay	 675,000	 870,800	 574,113		296,687
Total expenditures	 5,285,000	 5,285,000	 4,482,718		802,282
Excess of revenues over (under) expenditures	(1,000,000)	(1,000,000)	(316,304)		683,696
Fund balance, beginning of year	 3,798,515	 3,798,515	 3,798,515		
Fund balance, end of year	\$ 2,798,515	\$ 2,798,515	\$ 3,482,211	\$	683,696

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MORTGAGE FORECLOSURE EDUCATION TRUST FUND

	 Original Budget	Final Budget	 Actual	Fina	ance With al Budget e (Negative)
Revenues					
Charges for services	\$ 6,000	\$ 6,000	\$ 7,854	\$	1,854
Total revenues	 6,000	 6,000	 7,854		1,854
Expenditures					
Current:					
General government:					
Operating	 30,000	 30,000	 1,300		28,700
Total expenditures	 30,000	 30,000	 1,300		28,700
Excess of revenues over (under) expenditures	(24,000)	(24,000)	6,554		30,554
Fund balance, beginning of year	 24,882	 24,882	 24,882		
Fund balance, end of year	\$ 882	\$ 882	\$ 31,436	\$	30,554



AGENCY FUND DESCRIPTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

The Combining Statement of Changes in Assets and Liabilities - All Agency Funds is presented on the following pages. The purpose of each fund shown on this statement is described below.

**Domestic Relations Fund** – This fund supports the collection and disbursement of child support and alimony payments.

**Registry of the Court Fund** – This fund is maintained for civil actions, which result in the court ordering the Clerk to collect and disburse funds in a specific manner. The court orders are a result of civil actions initiated by individuals or organizations.

**Agency Fines Fund** – This fund is used for the collection, disbursement, and maintenance of funds resulting from various illegal acts. These actions may involve traffic violations, as well as other illegal actions.

*Witness Payroll Fund* – This fund is maintained to support the payment of witnesses for the County and Circuit Courts.

Other Agency Funds – This fund supports the collection and disbursement of funds resulting from mortgage foreclosure actions, filing of civil action cases, and the issuance of marriage licenses as well as other civil actions. Other civil actions may result in the court ordering the clerk to manage the funds in a specific manner. The funds are disbursed to governmental agencies, private and nonprofit organizations, and individuals.

**Criminal Cash Bond Fund** – This fund is maintained for the collection and disbursement of funds resulting from cash posted to release individuals charged with criminal activities from jail.

**Online Foreclosure Sales Fund** – This fund is maintained for the collection and disbursement of funds resulting from mortgage foreclosure actions that occur using the Clerk's online foreclosure sales website. The funds are disbursed to individuals and private and nonprofit organizations.

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

<u>Domestic Relations</u>	 Balance 09/30/13			 Deductions	Balance 09/30/14		
ASSETS							
Cash and cash equivalents	\$ 84,736	\$	5,963,594	\$ 6,054,151	\$	(5,821)	
Due from individuals	 5,879		606	 664		5,821	
Total assets	\$ 90,615	\$	5,964,200	\$ 6,054,815	\$	-	
LIABILITIES							
Due to individuals	\$ 90,615	\$	5,964,200	\$ 6,054,815	\$	-	
Registry of the Court							
ASSETS							
Cash and cash equivalents	\$ 6,547,938	\$	91,872,236	\$ 76,849,905	\$	21,570,269	
LIABILITIES							
Due to individuals	\$ 6,547,938	\$	91,872,236	\$ 76,849,905	\$	21,570,269	
Agency Fines							
ASSETS							
Cash and cash equivalents	\$ 3,993,766	\$	36,250,489	\$ 36,066,244	\$	4,178,011	
LIABILITIES							
Due to individuals	\$ 1,307,009	\$	2,256,051	\$ 2,226,537	\$	1,336,523	
Due to Board of County Commissioners	796,028		10,207,359	10,144,682		858,705	
Due to other governmental agencies	 1,890,729		23,787,079	 23,695,025		1,982,783	
Total liabilities	\$ 3,993,766	\$	36,250,489	\$ 36,066,244	\$	4,178,011	
Witness Payroll							
ASSETS							
Cash and cash equivalents	\$ 51,186	\$	326,908	\$ 319,055	\$	59,039	
LIABILITIES							
Due to other governmental agencies	\$ 51,186	\$	326,908	\$ 319,055	\$	59,039	

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS, CONTINUED

Other Agency Funds		Balance 09/30/13		Additions		Deductions	Balance 09/30/14		
ASSETS Cash and cash equivalents	\$	2,646,991	\$	11,970,017	\$	12,385,670	\$	2,231,338	
LIABILITIES									
Due to individuals  Due to other governmental agencies	\$	1,946,671 700,320	\$	489,882 11,480,135	\$	1,269,841 11,115,829	\$	1,166,712 1,064,626	
Total liabilities	\$	2,646,991	\$	11,970,017	\$	12,385,670	\$	2,231,338	
Criminal Cash Bond									
ASSETS Cook and each equivalents	¢.	1 529 026	¢	2 500 040	æ	2 525 677	ď	1 512 200	
Cash and cash equivalents	\$	1,528,026	\$	2,509,940	\$	2,525,677	\$	1,512,289	
LIABILITIES  Due to individuals	\$	1,528,026	\$	2,509,940	\$	2,525,677	\$	1,512,289	
Online Foreclosure Sales									
ASSETS Cash and cash equivalents	\$	30,612,683	\$	342,991,702	\$	349,859,533	\$	23,744,852	
LIABILITIES  Due to individuals  Due to other governmental agencies	\$	30,612,683	\$	342,991,702	\$	349,859,533	\$	23,744,852 -	
Total liabilities	\$	30,612,683	\$	342,991,702	\$	349,859,533	\$	23,744,852	
Total Agency Funds									
ASSETS									
Cash and cash equivalents Due from individuals	\$	45,465,326 5,879	\$	491,884,886 606	\$	484,060,235 664	\$	53,289,977 5,821	
Total assets	\$	45,471,205	\$	491,885,492	\$	484,060,899	\$	53,295,798	
LIABILITIES  Due to individuals	\$	42,032,942	\$	446,084,011	\$	438,786,308	\$	49,330,645	
Due to Board of County Commissioners Due to other governmental agencies	Φ	796,028 2,642,235	φ	10,207,359 35,594,122	Ψ 	10,144,682 35,129,909	φ 	858,705 3,106,448	
Total liabilities	\$	45,471,205	\$	491,885,492	\$	484,060,899	\$	53,295,798	





## Report of Independent Auditor 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 Tiffany Moore Russell, Clerk of the Circuit and County Courts of Orange County, Florida:

We have audited, 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, the financial statements of each major fund and the aggregate remaining fund information of the Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk") as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated January 9, 2015 for the purpose of compliance with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*. We also have audited the Other Postemployment Benefits Trust Fund, as displayed in the Clerk's financial statements, and the financial statements of each of the Clerk's agency funds, presented as supplementary information as of and for the year ended September 30, 2014.

#### **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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

### **Purpose of this Report**

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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.

Orlando, Florida January 9, 2015



#### **Independent Auditor's Management Letter**

To the Honorable Tiffany Moore Russell, Clerk of the Circuit and County Courts of Orange County, Florida:

#### **Report on the Financial Statements**

We have audited the financial statements of the Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated January 9, 2015.

#### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### **Other Reports**

We have issued our Report of Independent Auditor 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 Report of Independent Accountant on Compliance with Local Government Investment Policies and Article V Requirements regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 9, 2015, 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. There were no recommendations made in the preceding 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 Clerk is a separately elected county official established pursuant to the Constitution of the State of Florida. There are no component units related to the Clerk.

#### **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. In connection with our audit, we did not have any such 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.

### **Purpose of this Letter**

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

Orlando, Florida January 9, 2015



### Report of Independent Accountant on Compliance With Local Government Investment Policies and Article V Requirements

To the Honorable Tiffany Moore Russell, Clerk of the Circuit and County Courts of Orange County, Florida:

### **Report on Compliance**

We have examined the Orange County, Florida Clerk of the Circuit and County Courts' (the "Clerk's") compliance with the local government investment policy requirements of 218.415, Florida Statutes, and Article V requirements of Sections 28.35 and 28.36, Florida Statutes, during the year ended September 30, 2014. 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.

#### Scope

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.

### **Opinion**

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Orlando, Florida January 9, 2015

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