

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY
COURTS**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

And Independent Auditor's Report

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
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Independent Auditor's Report

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, 2018, 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, 2018, 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, 2018, 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, 2018, and the respective changes in assets and liabilities thereof for the year then ended in accordance 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, 2018, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As described in Note 2 to the financial statements, effective October 1, 2017, the Clerk adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are 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 supplementary information on pages 19 through 24, including the budgetary comparison information, the schedule of changes in net OPEB liability and related ratios and the schedule of investment returns – OPEB, 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 24, 2019 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 solely 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 effectiveness of the Clerk's 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.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
January 24, 2019

FINANCIAL STATEMENTS

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Major Funds			Totals
	General Fund	Public Records Modernization	Mortgage Foreclosure Education	
ASSETS				
Cash	\$ 4,702,702	\$ 4,571,507	\$ 42,618	\$ 9,316,827
Due from Board of County Commissioners	3,695	-	-	3,695
Due from General Fund	-	90,686	-	90,686
Due from other governmental agencies	113,018	260,793	-	373,811
Due from individuals	217	-	-	217
Total assets	\$ 4,819,632	\$ 4,922,986	\$ 42,618	\$ 9,785,236
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued liabilities	\$ 384,616	\$ 6,958	\$ -	\$ 391,574
Due to individuals	1,614,773	-	-	1,614,773
Due to Board of County Commissioners	97,355	-	-	97,355
Due to other governmental agencies	2,589,734	-	-	2,589,734
Due to Public Records Modernization Fund	90,686	-	-	90,686
Unearned revenue	42,468	-	-	42,468
Total liabilities	4,819,632	6,958	-	4,826,590
Fund Balance:				
Restricted for public records modernization	-	4,916,028	-	4,916,028
Restricted for mortgage foreclosure education	-	-	42,618	42,618
Total fund balance	-	4,916,028	42,618	4,958,646
Total liabilities and fund balance	\$ 4,819,632	\$ 4,922,986	\$ 42,618	\$ 9,785,236

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2018

	Major Funds			Totals
	General Fund	Public Records Modernization	Mortgage Foreclosure Education	
Revenues				
Court-related:				
Intergovernmental	\$ 722,297	\$ -	\$ -	\$ 722,297
Charges for services:				
Filing fees	12,837,409	-	-	12,837,409
Service charges	5,318,479	-	-	5,318,479
Court costs	6,424,506	-	-	6,424,506
Fines and forfeitures	8,836,580	-	-	8,836,580
Interest income	145,408	-	-	145,408
Non-court-related:				
Charges for services:				
Marriage and passport	1,875,609	-	-	1,875,609
Recording fees from Comptroller	-	3,427,395	-	3,427,395
Other	-	1,125	8,820	9,945
Intergovernmental:				
County funded items	140,000	-	-	140,000
Child support federal reimbursement	1,154,951	-	-	1,154,951
Interest income	272	20,749	-	21,021
Total revenues	37,455,511	3,449,269	8,820	40,913,600
Expenditures				
Court-related:				
Current:				
General government:				
Salaries and benefits	23,180,373	-	-	23,180,373
Operating	3,470,758	-	-	3,470,758
Capital outlay	77,068	-	-	77,068
Distribution of excess fees	7,556,480	-	-	7,556,480
Non-court-related:				
Current:				
General government:				
Salaries and benefits	1,716,908	2,198,000	-	3,914,908
Operating	1,083,955	407,966	6,000	1,497,921
Capital outlay	369,969	19,475	-	389,444
Total expenditures	37,455,511	2,625,441	6,000	40,086,952
Excess of revenues over expenditures	-	823,828	2,820	826,648
Fund balance, beginning of year	-	4,092,200	39,798	4,131,998
Fund balance, end of year	\$ -	\$ 4,916,028	\$ 42,618	\$ 4,958,646

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2018

	Other Postemployment Benefits Trust	Agency
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 326,497	\$ 49,604,405
Investments, at net asset value	7,069,821	-
Due from individuals	<u>-</u>	<u>5,153</u>
Total assets	<u><u>\$ 7,396,318</u></u>	<u><u>\$ 49,609,558</u></u>
LIABILITIES		
Due to individuals	\$ -	\$ 45,908,849
Due to Board of County Commissioners	-	777,813
Due to other governmental agencies	<u>-</u>	<u>2,922,896</u>
Total liabilities	<u><u>\$ -</u></u>	<u><u>\$ 49,609,558</u></u>
NET POSITION		
Held in trust for other postemployment benefits	<u>\$ 7,396,318</u>	
Total net position	<u><u>\$ 7,396,318</u></u>	

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

YEAR ENDED SEPTEMBER 30, 2018

Additions

Employer contributions	\$ 416,475
Net investment income	87,302

Total additions	<u>503,777</u>
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Deductions

Benefits paid to participants	<u>191,475</u>
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Increase in net position	312,302
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Net position, beginning of year	<u>7,084,016</u>
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Net position, end of year	<u><u>\$ 7,396,318</u></u>
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**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 began receiving \$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. The Mortgage Foreclosure Education 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 Benefits Trust 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.

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, 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.

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 1 – Summary of significant accounting policies (continued)

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 Benefits Trust 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.

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").

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 the modified accrual basis of accounting, which is 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, 2018. 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's General Fund increased its non-court-related budget in the amount of \$55,432 through a budget amendment.

The State legislature allocated \$11.7 million for Clerks statewide for jury services. If a Clerk is not expected to expend all of its specific allocation, the CCOC is authorized to move funds to another Clerk that is projected to expend more than its allocated funds. During the current fiscal year, an additional \$19,663 was allocated to the Orange County Clerk of Courts for this purpose; however, no formal budget authorization letter was provided by the CCOC with these funds, so the Clerk did not increase its authorized budget amount, resulting in actual expenditures exceeding budgeted expenditures.

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 1 – Summary of significant accounting policies (continued)

Investments – All investments are stated at fair value. The Clerk’s investments consist of shares in the Florida Local Government Investment Trust (FLGIT), a public entity investment trust organized under the laws of the State of Florida. This fund is considered to be a qualifying external investment pool, and the stated share price is substantially the same as 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.

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, in accordance with GASB Statement No. 16, is as follows:

Beginning Balance, October 1, 2017	\$ 2,125,088
Earned	1,974,700
Used	(2,035,403)
Ending Balance, September 30, 2018	<u>\$ 2,064,385</u>

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.

Subsequent events – The Clerk has evaluated subsequent events through January 24, 2019, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued and has identified the following as an event requiring disclosure:

Due to a decline in foreclosure activity since the housing crisis several years ago, effective October 29, 2018, the Clerk has decided to stop assessing the \$28 fee on surplus foreclosure property in its Mortgage Foreclosure Education Trust Fund. As such, once all money being held in this fund is spent over the next two to three years, it is the Clerk’s intention to close this fund.

Note 2 – Accounting Change

Governmental Accounting Standards Board Statement No. 75 – The Clerk adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended September 30, 2018. This Statement addresses accounting and financial reporting for OPEB provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about their OPEB liability. As a result of this adoption, the Clerk’s beginning \$3,907,709 net OPEB asset previously presented on the government-wide financial statements of the County has been restated to a \$2,317,491 net OPEB liability, a decrease of \$6,225,200 due to the implementation of GASB Statement No. 75. Beginning balances for deferred outflows/inflows of resources were not restated.

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 3 – Cash and Investments

Deposits

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.

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 include \$59,220,129 in interest-bearing and non-interest bearing demand deposits at September 30, 2018 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. Cash on hand amounted to \$27,600.

Investments

The Clerk follows the guidance in Section 218.415(17), Florida Statutes, as its investment policy for both the general government and Other Postemployment Benefits Trust Fund purposes, which allows investment in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

The Clerk invests in the FLGIT, a public entity investment trust organized under the laws of the State of Florida. At September 30, 2018, the FLGIT portfolio included certain corporate securities. These securities amounted to 21.11% of the FLGIT portfolio. The corporate securities are rated by Standard & Poor's as "A" or higher and the mortgage-backed securities are rated "A-1+". FLGIT reports all share information at Net Asset Value (NAV), which reflects fair value accounting. The fair value of the cash positions of the Clerk in this external investment pool is the same as the value of the pool shares held by the Clerk. There are no restrictions or terms and conditions on the Clerk in redeeming the investment. Shares are marked to market on a daily basis. There is no regulatory oversight of the external investment pool. The Clerk has no unfunded commitments that are related to this investment. The pool has a current Standard & Poor's rating of "AAAm" and a volatility rating of "S1". Standard & Poor's monitors the fund on a monthly basis.

The Clerk's investment policy limits the credit risk of its investment by limiting authorized investments, thus reducing the risk of potential default of investments that are not sound. In investing public funds, the Clerk strives to maximize return on the portfolio as a whole, but will minimize investment risk. The Clerk limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The investments held by the Clerk in its OPEB Trust Fund, which follows guidance in Section 218.415(17), Florida Statutes, are measured and recorded using fair value measurement guidelines (NAV) established by generally accepted accounting principles, and amounted to \$7,069,821 at September 30, 2018.

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 4 – Interfund receivables and payables

Interfund receivables and payables at September 30, 2018 consist of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 90,686
Public Records Modernization Fund	90,686	-
	<u>\$ 90,686</u>	<u>\$ 90,686</u>

The amounts due to the Public Records Modernization Fund are related to expenditures made that are reimbursable by the General Fund.

Note 5 – Retirement system

Plan description – The Clerk’s employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board 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. 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% 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 new 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 is based on the eight highest years of salary.

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 5 – Retirement system (continued)

The HIS Plan provides a monthly benefit to assist retirees in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. Eligible retirees and beneficiaries receive a monthly health insurance subsidy payment of \$5 for each year of creditable service, with a minimum payment of \$30 and a maximum payment of \$150 per month. The HIS Plan is funded by required contributions from FRS participating employees as set forth by the Florida Legislature, based on a percentage of gross compensation for all active FRS members.

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. There are no required contributions by DROP participants.

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. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

The Clerk recognizes pension expenditures in an amount equal to amounts paid to the Pension Plan, the HIS Plan and the defined contribution plan, amounting to \$1,152,865, \$329,259 and \$404,000, respectively, for the fiscal year ended September 30, 2018. The Clerk’s payments for the Pension Plan and the HIS Plan after June 30, 2018, the measurement date used to determine the net pension liability associated with the Pension Plan and HIS Plan, amounted to \$329,970 and \$89,414, respectively. The Clerk is not legally required to and does not accumulate expendable available resources to liquidate the retirement obligation related to its employees. Accordingly, the net pension liability and associated deferred outflows and deferred inflows are presented on the government-wide financial statements of the County, following requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Funding Policy – All enrolled members of the FRS Pension Plan are required to contribute 3.0% 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, 2017 through June 30, 2018 and July 1, 2018 through September 30, 2018, respectively, were as follows: regular- 7.92% and 8.26%; county elected officers- 45.50% and 48.70%; senior management- 22.71% and 24.06%; and DROP participants- 13.26% and 14.03%. During the fiscal year ended September 30, 2018, the Clerk contributed to the plan an amount equal to 9.50% of covered payroll.

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 5 – Retirement system (continued)

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. That report may be viewed on the Florida Department of Management Services website located at www.dms.myflorida.com/workforce_operations/retirement/publications.

Note 6 – 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 2018 at a cost of \$131,189. There have been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2018.

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. 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 2018 at a cost of \$4,324,025.

Note 7 – 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.

Employees covered by benefit terms – At September 30, 2017, the date of the last actuarial study, the following employees were covered by the benefits terms:

Active participants	420
Inactive participants currently receiving benefit payments	138
Inactive participants entitled to but not yet receiving benefit payments	<u>0</u>
Total	<u>558</u>

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 2018, the Clerk has contributed \$225,000 into the Trust and in the prior years a total of \$7,090,000, for a total amount contribution of \$7,315,000. This Trust is to be used to fund current subsidy payments to participants for upcoming fiscal years.

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 7 – Other Postemployment Benefit (OPEB) Plan (continued)

Rate of return – For the year ended September 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 1.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability – The Clerk’s net OPEB liability was \$929,843 at September 30, 2018, measured as of September 30, 2017 based on an actuarial valuation dated October 1, 2017. This net OPEB liability will be presented on the County’s government-wide statement of net position for the year ended September 30, 2018, changes of which during the year ended September 30, 2018 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Recognized at September 30, 2017	\$ 8,965,181	\$ 6,647,690	\$ 2,317,491
Changes for the year:			
Service cost	316,591	-	316,591
Interest	279,383	-	279,383
Differences between expected and actual experience	(168,975)	-	(168,975)
Changes of assumptions	(1,072,831)	-	(1,072,831)
Benefits payments	(305,490)	(305,490)	-
Contributions - employer	-	730,490	(730,490)
Net investment income	-	11,326	(11,326)
Net changes	(951,322)	436,326	(1,387,648)
Recognized at September 30, 2018	\$ 8,013,859	\$ 7,084,016	\$ 929,843

The Clerk’s net OPEB liability at September 30, 2018 is based on a measurement date twelve months earlier, as permitted under GASB 75. Had the Clerk used the current measurement date of September 30, 2018, rather than September 30, 2017, the components of the Clerk’s net OPEB liability would be as follows:

Total OPEB liability	\$ 7,863,199
Plan fiduciary net position	7,396,318
Net OPEB liability	<u>\$ 466,881</u>
Plan fiduciary net position as a percentage of the total OPEB liability	94.06%

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 7 – Other Postemployment Benefit (OPEB) Plan (continued)

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 normal
Asset valuation method	Fair value

The actuarial assumptions are:

General inflation	2.5%
Projected annual salaries increase	4.5%
Healthcare cost trend rate	Pre-65 increase of 7.9% and post-65 increase of 9.4% for the 2018 fiscal year, grading to an ultimate rate of 5.0% for the 2027 fiscal year

Mortality rates were based on the aggregate 2006 base rates from the RP-2014 Mortality Study generationally projected with Scale MP-2017 as of the September 30, 2017 measurement date and were based on the Pub-2010 Headcount Weighted General tables projected with Scale MP-2018 as of the September 30, 2018 measurement date.

The claims and trend used for the Clerk of the Court valuation are the same as those used for Orange County Government and were developed based on the aggregated County population and experience. The assumptions noted above are applicable for the valuation as of September 30, 2017.

Discount rate – The funds in the trust are not aggressively invested and are assumed to grow at the Bond Buyer General Obligation 20-bond Municipal Bond Index 20 year municipal bond rate as of the beginning of the year, the same rate at which the liability is expected to grow. Therefore, the discount rate used to determine the total OPEB liability is equal to the expected rate of return applied to the assets in the trust fund. The long-term expected rate of return on OPEB plan investments as of the September 30, 2017 measurement date was 3.64% and increased to 4.18% as of the September 30, 2018 measurement date.

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 7 – Other Postemployment Benefit (OPEB) Plan (continued)

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the Clerk, as well as what the Clerk’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate of 3.64% at September 30, 2017 and 4.18% at September 30, 2018:

<u>Measurement Date</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
2017	\$ 2,010,823	\$ 929,843	\$ 20,884
2018	\$ 1,495,555	\$ 466,881	\$ (400,498)

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the Clerk, as well as what the Clerk’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the healthcare cost trend rate of 7.9% for pre-65 and 9.4% for post-65 at September 30, 2017 and 7.3% for pre-65 and 8.6% for post-65 at September 30, 2018:

<u>Measurement Date</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
2017	\$ 491,677	\$ 929,843	\$ 1,492,610
2018	\$ 26,121	\$ 466,881	\$ 1,029,988

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended September 30, 2018, the Clerk recognized OPEB expense of \$416,475 on a pay as you go basis. OPEB expense related to the Clerk, presented on the County’s government-wide statement of activities was \$311,213 for the year ended September 30, 2018. At September 30, 2018, the County’s government-wide statement of net position presents the Clerk’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (153,387)
Net difference between projected and actual earnings on OPEB plan investments	158,877	-
Change of assumptions	-	(973,861)
Total	<u>\$ 158,877</u>	<u>\$ (1,127,248)</u>

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 7 – Other Postemployment Benefit (OPEB) Plan (continued)

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized on the County's government-wide statement of activities in OPEB expense as follows:

Year ended September 30:	
2019	\$ (74,839)
2020	(74,839)
2021	(74,839)
2022	(74,839)
2023	(114,557)
Thereafter	(554,458)
Total	<u>\$ (968,371)</u>

Note 8 – Commitments and contingencies

Operating leases – The Clerk leases various office equipment under arrangements accounted for as operating leases. Total lease expenditures were \$129,976 for the year ended September 30, 2018. The following is a schedule of minimum future rent obligations under non-cancelable leases with terms in excess of one year:

<u>Year Ended September 30,</u>	<u>Amount</u>
2019	\$ 102,853
2020	67,143
2021	18,633
2022	1,032
Total	<u>\$ 189,661</u>

In addition, the Board provides administrative office space used by the Clerk at no charge. The Board incurred \$393,067 for lease costs in connection with the office space during fiscal 2018.

Litigation – The Clerk is involved in certain litigation and claims as a defendant or plaintiff arising in the ordinary course of operations. The Clerk, based on the advice of legal counsel, is of the opinion that the range of potential recoveries or liabilities will not materially affect the financial position of the Clerk.

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Court-related:				
Intergovernmental	\$ 695,272	\$ 695,272	\$ 722,297	\$ 27,025
Charges for services:				
Filing fees	10,095,500	10,095,500	12,837,409	2,741,909
Service charges	5,451,600	5,451,600	5,318,479	(133,121)
Court costs	6,175,100	6,175,100	6,424,506	249,406
Fines and forfeitures	8,625,000	8,625,000	8,836,580	211,580
Interest Income	25,000	25,000	145,408	120,408
Non-court-related:				
Charges for services:				
Marriage and passport	1,825,000	1,880,432	1,875,609	(4,823)
Intergovernmental:				
County funded items	140,000	140,000	140,000	-
Child support federal reimbursement	1,150,000	1,150,000	1,154,951	4,951
Interest income	400	400	272	(128)
Total revenues	34,182,872	34,238,304	37,455,511	3,217,207
Expenditures				
Court-related:				
Current:				
General government:				
Salaries and benefits	23,690,700	23,280,917	23,180,373	100,544
Operating	3,017,836	3,427,619	3,470,758	(43,139)
Capital outlay	-	-	77,068	(77,068)
Distribution of excess fees	4,358,936	4,358,936	7,556,480	(3,197,544)
Non-court-related:				
Current:				
General government:				
Salaries and benefits	1,152,000	1,688,258	1,716,908	(28,650)
Operating	1,963,400	1,129,824	1,083,955	45,869
Capital outlay	-	352,750	369,969	(17,219)
Total expenditures	34,182,872	34,238,304	37,455,511	(3,217,207)
Excess of revenues over (under) expenditures	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC RECORDS MODERNIZATION TRUST FUND

YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Charges for services:				
Recording fees from Comptroller	\$ 3,020,000	\$ 3,020,000	\$ 3,427,395	\$ 407,395
Other	-	-	1,125	1,125
Interest Income	-	-	20,749	20,749
Total revenues	<u>3,020,000</u>	<u>3,020,000</u>	<u>3,449,269</u>	<u>429,269</u>
Expenditures				
Current:				
General government:				
Salaries and benefits	2,146,000	2,146,000	2,198,000	(52,000)
Operating	499,460	499,460	407,966	91,494
Capital outlay	734,540	734,540	19,475	715,065
Total expenditures	<u>3,380,000</u>	<u>3,380,000</u>	<u>2,625,441</u>	<u>754,559</u>
Excess of revenues over (under) expenditures	(360,000)	(360,000)	823,828	1,183,828
Fund balance, beginning of year	4,092,200	4,092,200	4,092,200	-
Fund balance, end of year	<u>\$ 3,732,200</u>	<u>\$ 3,732,200</u>	<u>\$ 4,916,028</u>	<u>\$ 1,183,828</u>

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MORTGAGE FORECLOSURE EDUCATION TRUST FUND

YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 8,820	\$ (1,180)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>8,820</u>	<u>(1,180)</u>
Expenditures				
Current:				
General government:				
Operating	<u>40,000</u>	<u>40,000</u>	<u>6,000</u>	<u>34,000</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>6,000</u>	<u>34,000</u>
Excess of revenues over (under) expenditures	(30,000)	(30,000)	2,820	32,820
Fund balance, beginning of year	<u>39,798</u>	<u>39,798</u>	<u>39,798</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,798</u>	<u>\$ 9,798</u>	<u>\$ 42,618</u>	<u>\$ 32,820</u>

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
SCHEDULE OF CHANGES IN THE NET OPEB
LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service Cost	\$ 255,038	\$ 316,591
Interest	295,395	279,383
Differences between expected and actual experience	-	(168,975)
Changes of assumptions	(391,026)	(1,072,831)
Benefit payments	<u>(310,067)</u>	<u>(305,490)</u>
Net change in total OPEB liability	(150,660)	(951,322)
Total OPEB liability - beginning	<u>8,013,859</u>	<u>8,965,181</u>
Total OPEB liability - ending	<u><u>\$ 7,863,199</u></u>	<u><u>\$ 8,013,859</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 535,067	\$ 730,490
Net investment income	87,302	11,326
Benefit payments	<u>(310,067)</u>	<u>(305,490)</u>
Net change in plan fiduciary net position	312,302	436,326
Plan fiduciary net position - beginning	<u>7,084,016</u>	<u>6,647,690</u>
Plan fiduciary net position - ending	<u><u>\$ 7,396,318</u></u>	<u><u>\$ 7,084,016</u></u>
Net OPEB liability - ending	<u><u>\$ 466,881</u></u>	<u><u>\$ 929,843</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	94.06%	88.40%
Covered-employee payroll	\$ 19,848,166	\$ 20,348,289
Net OPEB liability as a percentage of covered-employee payroll	2.35%	4.57%

Note: Information is not available for years preceding fiscal 2017.

Note: The information on this schedule represents activities and balances for measurement years indicated. The net pension liability identified under 2017 is presented in the County's 2018 government-wide financial statements, based on a measurement date twelve months prior to fiscal year end.

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS /
SCHEDULE OF INVESTMENT RETURNS - OPEB

Last 10 Fiscal Years

Schedule of Employer Contributions

Year Ended September 30	Actuarially Determined Contribution	Contributions Made in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)
2018	\$ 211,676	\$ 535,067	\$ (323,391)
2017	\$ 311,213	\$ 730,490	\$ (419,277)

Note a: Information is not available for years preceding fiscal 2017.

Note b: The Clerk does not utilize a measure of pay to determine its contributions to the OPEB Trust; therefore, covered-employee payroll information is not included above.

Schedule of Investment Returns - OPEB

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	1.23%
2017	0.17%

Note: Information is not available for years preceding fiscal 2017.

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 – Budgets

The budgets presented on pages 19 through 21 have been prepared on the modified accrual basis of accounting.

Note 2 – Actuarial methods and assumptions

The schedule presented on page 22 is based upon the following actuarial methods and assumptions:

Actuarial cost method	Entry Age normal
Asset valuation method	Fair value
General inflation	2.5%
Projected annual salaries increase	4.5%
Healthcare cost trend rate	Pre-65 increase of 7.9% and post-65 increase of 9.4% for the 2018 fiscal year, grading to an ultimate rate of 5.0% for the 2027 fiscal year
Mortality	Pub-2010 Headcount Weighted General tables, projected with Scale MP-2018

OTHER SUPPLEMENTARY INFORMATION

**ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
AGENCY FUND DESCRIPTIONS**

YEAR ENDED SEPTEMBER 30, 2018

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, felony, misdemeanor, ordinance, or juvenile 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, the 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.

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2018

<u>Domestic Relations</u>	<u>Balance</u> <u>9/30/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2018</u>
ASSETS				
Cash and cash equivalents	\$ (5,879)	\$ (27)	\$ (753)	\$ (5,153)
Due from individuals	5,879	27	753	5,153
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Registry of the Court</u>				
ASSETS				
Cash and cash equivalents	<u>\$ 26,641,091</u>	<u>\$ 11,314,552</u>	<u>\$ 10,872,989</u>	<u>\$ 27,082,654</u>
LIABILITIES				
Due to individuals	<u>\$ 26,641,091</u>	<u>\$ 11,314,552</u>	<u>\$ 10,872,989</u>	<u>\$ 27,082,654</u>
 <u>Agency Fines</u>				
ASSETS				
Cash and cash equivalents	<u>\$ 3,230,048</u>	<u>\$ 38,431,639</u>	<u>\$ 38,298,439</u>	<u>\$ 3,363,248</u>
LIABILITIES				
Due to individuals	\$ 672,665	\$ 1,677,936	\$ 1,692,611	\$ 657,990
Due to Board of County Commissioners	776,014	10,562,909	10,561,110	777,813
Due to other governmental agencies	1,781,369	26,190,794	26,044,718	1,927,445
Total liabilities	<u>\$ 3,230,048</u>	<u>\$ 38,431,639</u>	<u>\$ 38,298,439</u>	<u>\$ 3,363,248</u>
 <u>Witness Payroll</u>				
ASSETS				
Cash and cash equivalents	<u>\$ 45,884</u>	<u>\$ 176,708</u>	<u>\$ 182,529</u>	<u>\$ 40,063</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ 45,884</u>	<u>\$ 176,708</u>	<u>\$ 182,529</u>	<u>\$ 40,063</u>

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2018

<u>Other Agency Funds</u>	<u>Balance 9/30/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2018</u>
ASSETS				
Cash and cash equivalents	\$ 1,261,706	\$ 14,961,295	\$ 14,571,904	\$ 1,651,097
LIABILITIES				
Due to individuals	\$ 877,202	\$ 227,068	\$ 408,561	\$ 695,709
Due to other governmental agencies	384,504	14,734,227	14,163,343	955,388
Total liabilities	\$ 1,261,706	\$ 14,961,295	\$ 14,571,904	\$ 1,651,097
<u>Criminal Cash Bond</u>				
ASSETS				
Cash and cash equivalents	\$ 1,103,268	\$ 2,675,125	\$ 2,317,225	\$ 1,461,168
LIABILITIES				
Due to individuals	\$ 1,103,268	\$ 2,675,125	\$ 2,317,225	\$ 1,461,168
<u>Online Foreclosure Sales</u>				
ASSETS				
Cash and cash equivalents	\$ 16,588,332	\$ 128,036,954	\$ 128,613,958	\$ 16,011,328
LIABILITIES				
Due to individuals	\$ 16,588,332	\$ 128,036,954	\$ 128,613,958	\$ 16,011,328
<u>Total Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 48,864,450	\$ 195,596,246	\$ 194,856,291	\$ 49,604,405
Due from individuals	5,879	27	753	5,153
Total assets	\$ 48,870,329	\$ 195,596,273	\$ 194,857,044	\$ 49,609,558
LIABILITIES				
Due to individuals	\$ 45,882,558	\$ 143,931,635	\$ 143,905,344	\$ 45,908,849
Due to Board of County Commissioners	776,014	10,562,909	10,561,110	777,813
Due to other governmental agencies	2,211,757	41,101,729	40,390,590	2,922,896
Total liabilities	\$ 48,870,329	\$ 195,596,273	\$ 194,857,044	\$ 49,609,558

SUPPLEMENTARY REPORTS

**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 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2019 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 other supplementary information, as of and for the year ended September 30, 2018.

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

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.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
January 24, 2019

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, 2018, and have issued our report thereon dated January 24, 2019.

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 Reporting Requirements

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 Compliance with Local Government Investment Policies, Article V Requirements and Depository Requirements of Sections 218.415, 28.35, 28.36 and 61.181, Florida Statutes, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 24, 2019, 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.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we communicate 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

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.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
January 24, 2019

**Independent Accountant's Report on Compliance with Local Government
Investment Policies, Article V Requirements and Depository Requirements
of Sections 218.415, 28.35, 28.36 and 61.181, Florida Statutes**

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

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, Article V requirements of Sections 28.35 and 28.36, Florida Statutes, requirements of Section 61.181, Florida Statutes, during the year ended September 30, 2018. Management of the Clerk is responsible for the Clerk's compliance with those specific requirements. Our responsibility is to express an opinion on the Clerk's compliance with these specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Clerk's compliance with the specified requirements.

In our opinion, the Clerk complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, Article V requirements of Section 28.35 and 28.36, Florida Statutes and requirements of Section 61.181, Florida Statutes, during the year ended September 30, 2018.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, Article V requirements of Sections 28.35 and 28.36, Florida Statutes, requirements of Section 61.181, Florida Statutes and Rules of the Auditor General.

Cherry Bekaert LLP

Orlando, Florida
January 24, 2019