

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

**ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2015**

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
**ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
Year Ended September 30, 2015

**FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide/Fund Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	10
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Special Revenue Funds	13
Statement of Fiduciary Net Position – Agency Funds	14
Notes to the Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress for Other Post Employment Benefits Plan	36
Schedule of the Clerk’s Proportionate Share of Net Pension Liability	37
Schedule of Clerk’s Contributions	39

**COMPLIANCE SECTION**

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	41
INDEPENDENT AUDITOR’S MANAGEMENT LETTER	43
INDEPENDENT ACCOUNTANT’S REPORT	45

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Diane Matousek,  
Clerk of the Circuit Court of Volusia County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Volusia County, Florida Clerk of Circuit Court (the "Clerk"), a component unit of the County of Volusia, Florida, as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Clerk as of September 30, 2015, and the respective changes in financial position, and the respective budgetary comparisons for the general fund and major special revenue funds for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Diane Matousek,  
Clerk of the Circuit Court of Volusia County, Florida

**Emphasis-of-Matter – Change in Accounting Principle**

As discussed in Note 11 to the financial statements, in the fiscal year ended September 30, 2015, the Clerk adopted the provisions of Government Accounting Standards Board Statement (“GASBS”) Number 68, *Accounting and Financial Reporting for Pensions*, and GASBS 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of the implementation of GASBS 68 and 71, the Clerk reported a restatement for the change in accounting principle as of October 1, 2014. Our opinions are not modified with respect to this matter.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Schedule of Funding Progress – Other Postemployment Benefits Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016, on our consideration of the Clerk’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk’s internal control over financial reporting and compliance.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
May 20, 2016

**Clerk of the Circuit Court  
County of Volusia, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended September 30, 2015



As management of the Clerk of the Circuit Court, County of Volusia, Florida (the "Clerk"), we offer readers of the financial statements this narrative overview analysis of the financial activities of the Clerk for the year ended September 30, 2015.

### **Financial Highlights**

The liabilities and deferred inflows of the Clerk exceeded its assets and deferred outflows at the end of the fiscal year by \$2,568,350 (net position). Of this amount, \$1,625,891 was invested in capital assets, \$3,288,856 was restricted, and an unrestricted \$7,483,097 deficit resulting from ongoing obligations for accrued compensated absences and net pension liability. The Clerk's total net position decreased by \$6,855,577 for the fiscal year ended September 30, 2015 which included the prior period restatement. As of the close of the fiscal year, the Clerk's governmental funds reported combined ending fund balances of \$3,405,065. This is an increase of \$96,026 from the prior year.

### **Overview of the Financial Statements**

The Clerk's basic financial statements are composed of the following: government-wide financial statements, fund financial statements, and notes to the financial statements.

#### **Government-wide Financial Statements:**

The government-wide financial statements are designed to provide readers with a broad overview of the Clerk's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Clerk's assets and liabilities, with the difference between the two reported as net position. The statement of activities presents information showing how the Clerk's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, expenses are reported in this statement for some items that will not result in changes to cash flows until future periods.

The governmental activities of the Clerk include a wide range of recordkeeping, financial management, and information management services related to the court system and the public records of Volusia County.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2015

**Overview of the Financial Statements - Continued**

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

- Maintains custody and control of all court files.
- Attends court sessions.
- Files indictments, pleadings and verdicts.
- Summons jurors, witnesses and defendants.
- Prepares the appellate record.
- Conducts mortgage foreclosure sales.
- Assists victims of abuse in completing the paperwork necessary to seek injunctions for protection.
- Assists plaintiffs in completing the paperwork necessary to file for a simplified divorce.
- Assists plaintiffs in completing the paperwork necessary to file a small claims lawsuit.
- Administers oaths.
- Compiles and reports statistical and financial data.

Functions of the Clerk as relates to General Government functions of County Recorder:

- Records and indexes deeds, mortgages and real estate transactions.
- Processes tax deed applications and conducts tax deed sales.
- Records public defender liens and all judgments rendered by the court.
- Maintains public land records.
- Processes marriage licenses and passports.
- Performs marriage ceremonies.

**Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Clerk can be divided into two categories: governmental funds and fiduciary funds.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2015

**Overview of the Financial Statements - Continued**

Governmental Funds:

Governmental funds are used to account for the same functions reported as government activities in the government-wide financial statements. But, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The focus of governmental funds is narrower than that of government-wide financial statements. Both the governmental fund statement of net position and the governmental fund statement of activities provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

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

Modernization Trust Fund – Public Records Modernization:

The Clerk collects either a \$1.00 service charge or 50 cent service charge on certain recorded documents for the Modernization Trust Fund – Public Records pursuant to Florida Statute 28.24(12)(d). The fund must be used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the Clerk.

Modernization Trust Fund – Court Technology:

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

Modernization Trust Fund – 10% Court Related:

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

The General Fund and the three special revenue funds are presented as major funds. Information for these funds is presented separately in the governmental fund statement of assets and in the governmental fund statement of activities. The Clerk adopts annual appropriated budgets for its General Fund and each of the Public Records Modernization Trust Funds. The annual budgets serve as the foundation for the Clerk's financial planning and control. A budgetary comparison statement has been provided for the funds to demonstrate compliance with the budget.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended September 30, 2015

**Overview of the Financial Statements - Continued**

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of the State of Florida, the County of Volusia, and other parties outside the Clerk. The fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Clerk.

The fiduciary funds financial statement can be found on page 14 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 15 of this report.

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of financial position. In the case of the Clerk, liabilities and deferred inflows exceeded assets and deferred outflows by \$2,568,350 at the end of the fiscal year.

CLERK'S NET POSITION – Governmental Activities

	2015	2014
Current and other assets	\$ 6,299,658	\$ 6,119,935
Capital assets	1,625,891	2,391,135
Total assets	<u>7,925,549</u>	<u>8,511,070</u>
Deferred outflows of resources	1,732,854	-
Long-term liabilities	8,287,957	1,412,947
Other liabilities	2,894,593	2,810,896
Total liabilities	<u>11,182,550</u>	<u>4,223,843</u>
Deferred inflows of resources	1,044,203	-
Net Position:		
Investment in capital assets	1,625,891	2,391,135
Restricted	3,288,856	3,309,039
Unrestricted (deficit)	(7,483,097)	(1,412,947)
<b>TOTAL NET POSITION</b>	<u><u>\$ (2,568,350)</u></u>	<u><u>\$ 4,287,227</u></u>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended September 30, 2015

**Government-wide Financial Analysis - Continued**

CLERK'S CHANGES IN NET POSITION – Governmental Activities

	2015	2014
<b>Revenues</b>		
Operating grants	\$ 416,478	\$ 498,655
Subsidy from County Council	1,774,390	1,638,768
Appropriation from State of Florida	2,054,430	1,922,983
Charges for services	12,831,295	12,602,321
Interest	2,418	-
Miscellaneous revenues	51,956	8,420
Total revenues	17,130,967	16,671,147
<b>Expenditures</b>		
General government	5,360,777	5,924,587
Court operations	11,730,933	11,640,204
Total expenditures	17,091,710	17,564,791
Increase (decrease) in net position before transfers	39,257	(893,644)
Transfers	(308,829)	(440,009)
Increase (decrease) in net position	(269,572)	(1,333,653)
Net position – October 1	4,287,227	5,620,880
Restatement of net position	(6,586,005)	-
Net position – September 30	\$ ( 2,568,350)	\$ 4,287,227

The funds restricted for the Modernization Trust Funds accounted for \$3,288,856 of the net position. The Clerk's investment in capital assets was \$1,625,891 at the end of the fiscal year. This amount reflects the Clerk's investment in office and computer equipment, which are used to provide services to the citizens of Volusia County. Consequently, these assets are not available for future spending. The Clerk purchased \$168,844 of office and computer equipment during the fiscal year.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2015

**Government-wide Financial Analysis - Continued**

There is a deficit in the unrestricted net position category of \$7,483,097 which represents amounts not due within one year. It is comprised of the following:

Accrued Compensated Absences	\$ (687,558)
Other Post Employment Benefits "OPEB" Liability	(515,677)
Pension Outflows	1,732,854
Pension Inflows	(1,044,203)
Net Pension Liability	(7,084,722)
Nonspendable Fund Balance	116,209
Total Deficit	<u><u>\$ (7,483,097)</u></u>

It is the Clerk's policy to grant all full-time and provisional employees paid time off based upon the number of years of employment with the Clerk. Unused leave is payable upon termination or retirement. The amount due represents accrued paid time off for employees who are currently employed by the Clerk.

The Clerk grants postemployment healthcare benefits to its employees after they retire. The OPEB liability represents the unfunded actuarial accrued liability for past service costs. The Clerk is following a pay-as-you go method for funding the OPEB liability.

The Pension Outflows, Pension Inflows, and Net Pension Liability are for the Clerk's proportionate share under the Florida Retirement System. Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68.

The Nonspendable Fund Balance from the Modernization Trust Fund – Court Technology represents Prepaid Expenses.

These liability amounts are expected to be paid out over a number of years from current operating resources. The Clerk does not anticipate that the payments will cause operating deficits in future periods.

The Clerk is required under Section 218.36 of the Florida Statutes to submit to the County of Volusia, all excess fees from general government operations by October 31<sup>st</sup> after the close of the fiscal year. The excess fee calculation is based upon the fund financial statements; therefore, the Clerk does not have the opportunity to accumulate net position in the General Fund to pay the accrued compensated absences.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2015

**General Fund Budgetary Highlights**

The General Fund is the chief operating fund of the Clerk. There were no substantial differences between the original budget and final amended budget.

The Clerk is required to prepare a separate budget for court-related revenues and expenditures, which is reviewed by the Florida Clerks of Court Operations Corporation and submitted to the Legislative Budget Commission by August 1 each year. The state court budget was originally approved by the Florida Clerks of Court Operations Corporation with a cap of \$11,347,284 plus an additional \$54,901 for funding foreclosure backlog. In July 2015, the main budget cap was revised to \$10,774,761 due to funding shortfalls when all Clerks received a 5% budget cut. The Clerk's approved budget was amended to reflect the decrease in funding. The actual court-related revenues were \$4,085 lower than the revised budget. The court expenditures were \$7,527 less than the approved budget. The Clerk initiated a hiring freeze and used \$430,000 from the Modernization Trust Fund - 10% Court Related to operate the court side functions.

For the general government portion of the budget, the fees were \$15,732 lower than expected. There was a shortfall in federal grant revenues of \$114,433 which was mostly offset by an increase in service charges and miscellaneous revenues. The general government expenditures were \$328,646 lower than the budgeted amount because the Clerk changed spending decisions based on the operational needs of the office.

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

Various factors were considered in preparing the budget for the 2016 fiscal year. The Clerk currently sees an environment that does not indicate growth in state revenues or in the housing market for the coming fiscal year. The general government revenues are expected to be flat. The court revenues are expected to decline three to five percent.

An important change has occurred in the state court budget administration for 2016. The court budget revenue will include revenues and fund balances from the Modernization Trust Fund – 10% Court Related. The court-related expenditures will be reported in total without being decreased for amounts funded from the Modernization Trust Fund.

**Requests for Information**

This financial report is designed to provide a general overview of the Clerk of the Circuit Court's finances for all those with an interest in the Clerk's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Director of Fiscal Operations, Clerk of the Circuit Court, P.O. Box 6043, DeLand, Florida 32721-6043. Requests can also be made by electronic mail to [bokeefe@clerk.org](mailto:bokeefe@clerk.org).

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
September 30, 2015

	<b>MAJOR SPECIAL REVENUE FUNDS</b>				<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
	<b>General Fund</b>	<b>Modernization Trust Fund - Public Records Modernization</b>	<b>Modernization Trust Fund - Court Technology</b>	<b>Modernization Trust Fund - 10% Court Related</b>			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,804,318	\$ 452,455	\$ 2,274,159	\$ 562,242	\$ 6,093,174	\$ -	\$ 6,093,174
Accounts receivable	3,409	-	-	-	3,409	-	3,409
Due from County Council	1,473	-	-	-	1,473	-	1,473
Due from other governments	85,393	-	-	-	85,393	-	85,393
Prepaid expenses	-	-	116,209	-	116,209	-	116,209
Capital assets, net	-	-	-	-	-	1,625,891	1,625,891
<b>Total Assets</b>	<b>\$ 2,894,593</b>	<b>\$ 452,455</b>	<b>\$ 2,390,368</b>	<b>\$ 562,242</b>	<b>\$ 6,299,658</b>	<b>1,625,891</b>	<b>7,925,549</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension outflows	-	-	-	-	-	1,732,854	1,732,854
<b>Total Deferred Outflows of Resources</b>						<b>1,732,854</b>	<b>1,732,854</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 58,225	\$ -	\$ -	\$ -	\$ 58,225	\$ -	\$ 58,225
Accrued liabilities	359,371	-	-	-	359,371	-	359,371
Due to County Council	309,187	-	-	-	309,187	-	309,187
Due to other governments	785,079	-	-	-	785,079	-	785,079
Deposits	762,278	-	-	-	762,278	-	762,278
Non-current liabilities:							
Due within one year:							
Compensated absences payable	620,453	-	-	-	620,453	-	620,453
Due in more than one year:							
Compensated absences payable	-	-	-	-	-	687,558	687,558
Net OPEB Obligation	-	-	-	-	-	515,677	515,677
Net Pension Liability	-	-	-	-	-	7,084,722	7,084,722
<b>Total Liabilities</b>	<b>2,894,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,894,593</b>	<b>8,287,957</b>	<b>11,182,550</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension inflows	-	-	-	-	-	1,044,203	1,044,203
<b>Total Deferred Inflows of Resources</b>						<b>1,044,203</b>	<b>1,044,203</b>
<b>FUND BALANCES / NET POSITION</b>							
Fund balances:							
Nonspendable fund balance	-	-	116,209	-	116,209	116,209	-
Unassigned fund balance	-	-	-	-	-	-	-
Restricted for public record modernization	-	452,455	-	-	452,455	452,455	-
Restricted for court technology	-	-	2,274,159	-	2,274,159	2,274,159	-
Restricted for court programs	-	-	-	\$ 562,242	562,242	562,242	-
Total fund balances	-	452,455	2,390,368	562,242	3,405,065	3,405,065	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,894,593</b>	<b>\$ 452,455</b>	<b>\$ 2,390,368</b>	<b>\$ 562,242</b>	<b>\$ 6,299,658</b>		
<b>Net position:</b>							
Investment in capital assets						1,625,891	1,625,891
Restricted						3,288,856	3,288,856
Unrestricted (deficit)						(7,483,097)	(7,483,097)
<b>Total Net Position</b>						<b>\$ (2,568,350)</b>	<b>\$ (2,568,350)</b>

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
For The Year Ended September 30, 2015

	General Fund	Modernization Trust Fund - Public Records Modernization	Modernization Trust Fund - Court Technology	Modernization Trust Fund - 10% Court Related	Total	Adjustments (Note 2)	Statement of Activities
<b>Revenues</b>							
General government:							
Operating grants	\$ 416,478	\$ -	\$ -	\$ -	\$ 416,478	\$ -	\$ 416,478
Subsidy from County Council	1,774,390	-	-	-	1,774,390	-	1,774,390
Charges for services	2,594,690	284,853	-	-	2,879,543	-	2,879,543
Miscellaneous revenues	51,956	-	-	-	51,956	-	51,956
Court operations:							
Appropriation from State of Florida	2,054,430	-	-	-	2,054,430	-	2,054,430
Charges for services	8,771,147	-	812,256	368,349	9,951,752	-	9,951,752
Interest	-	-	2,418	-	2,418	-	2,418
Total Revenues	<u>15,663,091</u>	<u>284,853</u>	<u>814,674</u>	<u>368,349</u>	<u>17,130,967</u>	<u>-</u>	<u>17,130,967</u>
<b>Expenditures / Expenses</b>							
General government:							
Programs and operations	4,505,211	321,124	-	-	4,826,335	(399,646)	4,426,689
Depreciation	-	-	-	-	-	934,088	934,088
Capital outlay	26,916	48,975	-	-	75,891	(75,891)	-
Court operations:							
Programs and operations	10,822,135	-	424,568	484,230	11,730,933	-	11,730,933
Capital outlay	-	-	92,953	-	92,953	(92,953)	-
Total Expenditures / Expenses	<u>15,354,262</u>	<u>370,099</u>	<u>517,521</u>	<u>484,230</u>	<u>16,726,112</u>	<u>365,598</u>	<u>17,091,710</u>
Excess (deficiency) of revenues over expenditures	308,829	(85,246)	297,153	(115,881)	404,855	(365,598)	39,257
<b>Other Financing Sources / Uses</b>							
Transfers - County Council	(305,387)	-	-	-	(305,387)	-	(305,387)
Transfers - Florida Department of Revenue	(3,442)	-	-	-	(3,442)	-	(3,442)
Total Other Financing Sources / Uses	<u>(308,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,829)</u>	<u>-</u>	<u>(308,829)</u>
Excess (deficiency) of revenues over expenditures and transfers out	-	(85,246)	297,153	(115,881)	96,026	(96,026)	-
Change in net position	-	-	-	-	-	(269,572)	(269,572)
<b>Fund Balances / Net Position</b>							
Beginning of the year, previously reported	-	537,701	2,093,215	678,123	3,309,039	978,188	4,287,227
Restatement	-	-	-	-	-	(6,586,005)	(6,586,005)
Net Position, beginning restated	<u>-</u>	<u>537,701</u>	<u>2,093,215</u>	<u>678,123</u>	<u>3,309,039</u>	<u>(5,607,817)</u>	<u>(2,298,778)</u>
End of the year	<u>\$ -</u>	<u>\$ 452,455</u>	<u>\$ 2,390,368</u>	<u>\$ 562,242</u>	<u>\$ 3,405,065</u>	<u>\$ (5,973,415)</u>	<u>\$ (2,568,350)</u>

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND  
For The Year Ended September 30, 2015

	<b>General Fund</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues</b>			
General government:			
Operating grants	\$ 530,911	\$ 530,911	\$ 416,478
Subsidy from County Council	1,774,390	1,774,390	1,774,390
Charges for services	2,536,945	2,536,945	2,594,690
Interest	1,000	1,000	-
Miscellaneous revenues	10,000	10,000	51,956
Court operations:			
Appropriation from State of Florida	2,725,103	2,207,481	2,054,430
Charges for services	8,622,181	8,622,181	8,771,147
Total Revenues	16,200,530	15,682,908	15,663,091
<b>Expenditures / Expenses</b>			
General government:			
Programs and operations	4,701,246	4,809,246	4,505,211
Capital outlay	152,000	44,000	26,916
Court operations:			
Programs and operations	11,347,284	10,829,662	10,822,135
Total Expenditures / Expenses	16,200,530	15,682,908	15,354,262
Net change in fund balance	-	-	308,829
Transfers - County Council	-	-	(305,387)
Transfers - Florida Department of Revenue	-	-	(3,442)
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUNDS**  
For The Year Ended September 30, 2015

	Special Revenue Fund Modernization Trust Fund Public Records Modernization			Special Revenue Fund Modernization Trust Fund Court Technology			Special Revenue Fund Modernization Trust Fund 10% Court Related		
	Original Budget	Final Budget	Actual Amounts	Original Budget	Final Budget	Actual Amounts	Original Budget	Final Budget	Actual Amounts
<b>Revenues</b>									
General government:									
Operating grants									
Subsidy from County Council									
Charges for services	\$ 330,000	\$ 325,000	\$ 284,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Court operations:									
Subsidy from Clerk of Court Trust Fund	-	-	-						
Charges for services	-	-	-	698,000	698,000	812,256	400,000	400,000	368,349
Interest	-	-	-	2,000	-	2,418	-	-	-
Total Revenues	<u>330,000</u>	<u>325,000</u>	<u>284,853</u>	<u>700,000</u>	<u>698,000</u>	<u>814,674</u>	<u>400,000</u>	<u>400,000</u>	<u>368,349</u>
<b>Expenditures / Expenses</b>									
General government:									
Programs and operations	350,000	350,000	321,124	-	-	-	-	-	-
Capital outlay	200,000	200,000	48,975	-	-	-	-	-	-
Court operations:									
Programs and operations	-	-	-	800,000	800,000	424,568	700,000	700,000	484,230
Capital outlay	-	-	-	200,000	200,000	92,953	-	-	-
Total Expenditures / Expenses	<u>550,000</u>	<u>550,000</u>	<u>370,099</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>517,521</u>	<u>700,000</u>	<u>700,000</u>	<u>484,230</u>
Net change in fund balance	(220,000)	(225,000)	(85,246)	(300,000)	(302,000)	297,153	(300,000)	(300,000)	(115,881)
Fund Balance at Beginning of Year	1,255,832	885,232	537,701	3,905,112	2,754,112	2,093,215	171,951	(697,049)	678,123
<b>Fund Balance at End of Year</b>	<u>\$ 1,035,832</u>	<u>\$ 660,232</u>	<u>\$ 452,455</u>	<u>\$ 3,605,112</u>	<u>\$ 2,452,112</u>	<u>\$ 2,390,368</u>	<u>\$ (128,049)</u>	<u>\$ (997,049)</u>	<u>\$ 562,242</u>

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF FIDUCIARY NET ASSETS -  
AGENCY FUNDS  
September 30, 2015

**ASSETS**

Cash and cash equivalents	\$ 13,613,377
Accounts receivable	91,029
<b>Total Assets</b>	<u>13,704,406</u>

**LIABILITIES**

Accounts payable	178,135
Due to County Council	318,347
Due to other governments	3,736,857
Deposits	9,471,067
<b>Total Liabilities</b>	<u>13,704,406</u>

**NET ASSETS**

\$ -

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

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

**A. The Reporting Entity**

The County of Volusia, Florida (the “County”), implemented a County Home Rule Charter on January 1, 1971, as provided by Section 125.60 of the Laws of Florida. The County operates under an elected County Council (7 members) and provides services to approximately 500,000 residents in many areas, including law enforcement, community enrichment and development, and human services.

Section 502 of the Charter specifically excludes the office of the Clerk of the Circuit Court (the “Clerk”) and its related activities, as it is a separate governmental unit governed by the Constitution and Laws of Florida. The Clerk’s annual financial report does not include the financial statements of the County Council Charter government (the “County of Volusia, Florida”) representing the County Council, Supervisor of Elections, Sheriff and Property Appraiser.

As described above, the Clerk is a legally separate entity from the County of Volusia, Florida. However, in applying the criteria set forth in Governmental Accounting Standards Board Statement Number 14, *The Reporting Entity*, it would be misleading to exclude the Clerk from the Comprehensive Annual Financial Report (“CAFR”) of the County of Volusia, Florida, because of their interrelationship. Therefore, the Clerk, for financial reporting purposes, is considered a component unit of the County of Volusia, Florida. The financial statements of the Clerk are included in the County of Volusia, Florida’s CAFR under a discrete presentation format.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements report information on all of the non-fiduciary activities of the Clerk. Fund financial statements are presented for the Clerk’s General and Special Revenue Funds. All special revenue funds meet the requirements to be classified as a major fund. The Clerk does not engage in any business-type activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate financial statements are provided for fiduciary funds, even though they are excluded from the government-wide financial statements.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental Funds Types

General Fund – The General Fund is the general operating fund of the Clerk. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The Clerk has three Special Revenue Funds: Modernization Trust Fund Public Records Modernization, Modernization Trust Fund Court Technology and the Modernization Trust Fund 10% Court Related.

Fiduciary Fund Type

Agency Funds – Agency funds are used to account for assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. The Clerk has seven agency funds. A separate financial statement is provided for agency funds. They are excluded from the government-wide financial statements. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Clerk's agency funds are: Court Registry, Documentary Stamps and Intangible Tax, Fine and Forfeiture, Miscellaneous Deposits, Juror and Witness Payments, Uniform Support, and Tax Deed Sales.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

**D. Capital Assets**

Capital assets purchased in the General Fund and special revenue funds are recorded as expenditures at the time of purchase. Such assets are comprised entirely of equipment and are capitalized at cost or estimated historical cost. Donated assets are recorded at fair market value at the time of donation. Land and buildings used in the Clerk's operations are included in the County of Volusia, Florida's CAFR. Depreciation has been provided on fixed assets using the straight-line method over the estimated useful life of five years for office furniture, fixtures and equipment.

**E. Budgets and Budgetary Accounting**

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

- (1) Section 218.35 of the Florida Statutes requires the Clerk, as a fee officer, to establish an annual budget reflecting resources available and functions for which funds are to be expended.
- (2) The proposed budget is to be filed with the Clerk of the County Council by September 1 preceding the fiscal year of the budget.
- (3) The Clerk is required to submit a proposed budget for court-related revenues and expenditures no later than June 1 for the fiscal year beginning October 1. The budget was submitted to the Florida Clerks of Court Operations Corporation in accordance with Section 28.36 of the Florida Statutes. The corporation must submit to the Legislative Budget Commission the proposed budgets for each clerk of the court by August 1. Before October 1 of each year, the Legislative Budget Commission shall approve the total of the clerks' combined budgets or any individual clerk's budget.
- (4) The Clerk can amend the general government budget (recorded in the General Fund), as deemed necessary, during the year. Budgetary control is at the total revenue and expenditure level.
- (5) The Clerk must request approval from the Florida Clerks of Court Operations Corporation in order to amend the court-related budget. Budgetary control is at the total revenue and expenditure level.
- (6) The Clerk must remit to the General Fund of the County of Volusia, Florida, the excess revenues over expenditures for general government operations in the Clerk's General Fund. This must be done by October 31<sup>st</sup> after the close of the fiscal year, in accordance with Section 218.36 of the Florida Statutes.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

- (7) The Clerk must remit to the State of Florida General Revenue Fund the unexpended appropriations (state appropriations received in excess of the approved budgeted expenditures) no later than January 25<sup>th</sup> for the previous clerk fiscal year.
- (8) Formal budgetary integration is employed as a management control device during the year for the Clerk's General Fund and Special Revenue Funds. Appropriations lapse at the close of the fiscal year.
- (9) The budgets for the Clerk's General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

**F. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, checking accounts and money market accounts.

**G. Compensated Absences**

It is the Clerk's policy to grant all full-time and provisional employees paid time off based upon the number of years of employment with the Clerk. Annual leave is payable upon termination or retirement up to a maximum of 500 hours at the regular hourly rate.

Sick leave which was accumulated under the old policy that was revised on March 1, 2014 are available for use until they are exhausted. A portion of sick leave is payable upon termination or retirement for employees who have six years of service. Employees are entitled to 50% of unused accrued sick leave hours for up to 480 hours.

A liability for unused, accrued annual leave and sick leave is reported in the General Fund for the estimated current portion of these compensated absences.

**H. Grants**

Revenues received or used from grants for governmental funds are recognized as current revenues when they become susceptible to accrual, that is, both measurable and available (modified accrual basis).

**I. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System ("FRS") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

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

**A. Statement of Net Position**

The ending governmental fund balances were \$3,405,065. The total net position was (\$2,568,350). The difference of \$5,973,415 is primarily due to the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Ending fund balances	\$ 3,405,065
Capital assets used in governmental activities are not financial resources and are not reported in the funds	1,625,891
Long-term portion of liabilities not due and payable in current period and therefore not reported in the funds:	
Accrued compensated absences	(687,558)
OPEB Liability	(515,677)
Net Pension Liability	(7,084,722)
Deferred inflows and outflows related to pension activity are not required to be reported in the funds:	
Deferred outflows	1,732,854
Deferred inflows	<u>(1,044,203)</u>
Total net position	<u>\$ (2,568,350)</u>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

**B. Statement of Activities**

“Total Expenditures” for governmental funds differs from “Total Expenses” for governmental activities. Amounts reported are different because:

Excess (deficiency) of revenues over expenditures and transfers out	\$ 96,026
Capital assets purchased during the year	168,844
Depreciation expense	(840,312)
Net disposals of capital assets	(93,776)
Decrease in long-term compensated absences	254,614
Increase in OPEB Liability	(44,902)
Pension expense	<u>189,934</u>
Change in net position	<u>\$ (269,572)</u>

**NOTE 3 – CASH AND INVESTMENTS**

**A. Deposits**

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

**B. Investments**

Florida Statutes authorize the Clerk to invest in the Local Government Surplus Funds Trust Fund; obligations of the U.S. Government; U.S. Government Instrumentalities; interest-bearing time deposits and savings accounts in banks and savings and loans, provided such deposits are collateralized as described above; mutual funds investing in U.S. Government securities; and

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

repurchase agreements. During the current fiscal year, the Clerk held no such investments.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The Clerk had no interest rate risk as of September 30, 2015.

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

**NOTE 4 – CAPITAL ASSETS**

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

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Equipment	\$ 8,363,700	\$ 168,844	\$ 442,653	\$ 8,089,891
Less accumulated depreciation	5,972,565	840,312	348,877	6,464,000
Total capital assets, net of accumulated depreciation	<u>\$ 2,391,135</u>	<u>\$ (671,468)</u>	<u>\$ 93,776</u>	<u>\$ 1,625,891</u>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

**NOTE 5 – CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes in long-term debt during the fiscal year:

	<u>Balance October 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2015</u>
Compensated absences	\$ 1,374,071	\$ 1,125,385	\$ 1,191,445	\$ 1,308,011
Due within one year				<u>620,453</u>
Due in more than one year				<u>\$ 687,558</u>

**NOTE 6 – TRANSACTIONS WITH PRIMARY GOVERNMENT**

During the current year, aside from the annual subsidy from the County of Volusia, Florida, the Clerk recorded fees from services provided to the County in the amount \$23,121. This amount has been included in the charges for services in the statement of revenues, expenditures, and changes in fund balance – budget and actual in the General Fund.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

Intergovernmental Grants

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

**NOTE 8 – RESTRICTED AND UNRESTRICTED NET POSITION**

Restricted Net Position – Governmental Activities

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

Unrestricted Net Position – Deficit

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

**NOTE 9 – POST EMPLOYMENT HEALTHCARE PLAN**

Plan Description

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

Funding Policy

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

For the fiscal year ended September 30, 2015, the total current premiums for health insurance were \$2,715,088. The Clerk contributed \$2,196,103 to the plan for current premiums. Plan members receiving benefits contributed \$518,985, or approximately 19.11 % of the premiums through their required contributions. Plan members are required to contribute \$521.75 each month for Florida Health Care HMO retiree-only coverage or \$1012.19 for additional spouse or child coverage. The Triple Option retiree-only coverage requires a monthly payment of \$634.32 for retiree-only coverage, or \$1,230.58 for additional spouse or child coverage. For dental coverage, the retiree amounts are \$26.08 monthly for retiree-only or \$49.65 for additional spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

The Clerk's annual other post employment benefit "OPEB" cost (expense) is calculated based on the annual required contribution of the employer "ARC". This amount is actuarially determined

in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

years. The following table shows the components of the Clerk's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk's net OPEB obligation.

<u>Annual OPEB Cost (Expense) and Net OPEB Obligation (NOO)</u>			
Fiscal Year Ended	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
Normal Cost (service cost for one year)	\$ 41,290	\$ 41,221	\$ 43,091
Amortization of UAAL	27,053	25,316	28,063
Interest on Normal Cost and Amortization	<u>1,367</u>	<u>1,331</u>	<u>1,423</u>
Annual Required Contribution (ARC)	69,710	67,868	72,577
NOO at beginning of year	470,775	427,031	376,023
Annual Required Contribution (ARC)	69,710	67,868	72,577
Interest on NOO	18,831	17,081	15,041
Adjustment to ARC	<u>(16,320)</u>	<u>(14,804)</u>	<u>(13,035)</u>
Annual OPEB Cost	72,221	70,145	74,583
Expected Employer Contribution	<u>(27,319)</u>	<u>(26,401)</u>	<u>(23,575)</u>
Increase (Decrease) in NOO	44,902	43,744	51,008
NOO at end of year	<u>\$ 515,677</u>	<u>\$ 470,775</u>	<u>\$ 427,031</u>

The Clerk's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Expected Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/13	74,583	23,575	31.60%	427,031
9/30/14	70,145	26,401	37.63%	470,775
9/30/15	72,221	27,319	37.83%	515,677

Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial value of assets was zero and the actuarial accrued liability for benefits was \$759,490. The total unfunded actuarial liability was \$759,490. The covered payroll (annual payroll of active employees covered by the plan) was \$9,808,945, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.7%.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

The projection of future benefit payment for an ongoing program involves 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 program 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of program assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

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

Based on the historical and expected returns of the employer's short-term investment portfolio, a discount rate of 4.0% was used. An inflation rate of 4.0% was assumed. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at September 30, 2015 is 30 years. Health insurance trends start at 8.0% for the fiscal year ending in 2014 and 7.5% for 2015, grading down to 5.0% - the ultimate trend rate in 2021.

**NOTE 10 – FUND BALANCE**

The Clerk has classified governmental fund balances as Restricted. These fund balances include amounts in the Major Special Revenue Funds that can only be spent for the specific purposes stipulated by enabling legislation. The fund balances in the Modernization Trust Funds are restricted because they can only be spent in accordance with the requirements of the Florida Statutes. The Clerk does not have a formal minimum fund balance policy. When restricted and unrestricted resources are available to pay an expense, the Clerk's policy is to first apply an expense against unrestricted resources.

The Public Records Modernization Fund can only be used to modernize the Clerk's public records system. The Clerk collects a \$1.00 service charge or 50 cent service charge on certain recorded documents for this trust fund pursuant to Florida Statute 28.24(12)(d).

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

The Court Technology portion can only be spent on the court-related technology operations of the Clerk. The Clerk collects a \$1.90 service charge on certain recorded documents pursuant to Florida Statute 28.24(12)(e) for this trust fund.

The 10% Court Related portion can only be spent on the court-related operational needs and program enhancements of the Clerk. The Clerk collects 10% of all court-related fines pursuant to Florida Statute 28.37(2).

**NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLE**

The Clerk implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions* in the fiscal year ending September 30, 2015. The implementation of the statement required the Clerk to record beginning net pension liability and the effects on net position of contributions made by the Clerk during the measurement period of June 30, 2014. As a result, net position for the governmental activities decreased by \$6,586,005.

**NOTE 12 - RETIREMENT PLANS**

Florida Retirement System:

The Florida Retirement System (“FRS”) Pension Plan was created in Chapter 121, Florida Statutes, and was effective December 1, 1970. All of the Clerk’s employees participate in the Florida Retirement System. The FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the Florida Retirement System Pension Plan (“FRS 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 (“SBA”). As a general rule, membership in the Florida Retirement System 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 State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the Florida Retirement System. 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 Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

**Pension Plan**

FRS Plan Description

The FRS Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees. The FRS Plan 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 State Legislature.

HIS Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

FRS Plan Benefits Provided

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. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 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. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 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. 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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP 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

HIS Plan Benefits Provided

For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

FRS Plan Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants and re-employed retirees are required to contribute three percent 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 established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; Special Risk Administrative Support—42.07% and 32.95%; Special Risk—19.82% and 22.04%; Senior Management Service—21.14% and 21.43%; Elected Officers'—43.24% and 42.27%; and DROP participants—12.28% and 18.75%. These employer contribution rates include 1.20% and 1.26% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

The Clerk's contributions, including employee contributions, to the Pension Plan totaled \$1,186,763 for the fiscal year ended September 30, 2015.

HIS Plan Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20% and 1.26%, respectively. The Clerk contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Clerk's contributions to the HIS Plan totaled \$171,143 for the fiscal year ended September 30, 2015.

NET PENSION LIABILITY

The components of the collective net pension liability of the Clerk for the measurement date of June 30, 2014, are shown below:

	<u>FRS</u>	<u>HIS</u>
Total Pension Liability	\$ 46,088,092	\$ 3,412,672
Plan Fiduciary Net Position	42,399,136	16,906
Net Pension Liability	<u>\$ 3,688,956</u>	<u>\$ 3,395,766</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%	0.50%

The total pension liability for FRS and HIS plans were determined by the plan's actuary and reported in the plan's valuation dated July 1, 2015. The fiduciary net position used by the actuary to determine the net pension liability (as shows above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2014, and update procedures were used to determine liabilities as of July 1, 2015. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

liability is disclosed in the notes to the financial statements.

FRS Plan Net Pension Liability

At September 30, 2015, the Clerk reported a liability of \$3,688,956 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Clerk's proportionate share was 028560378 percent, which was a decrease of .00035121 percent from its proportionate share measured as of June 30, 2014 which was .028911588 percent.

HIS Plan Net Pension Liability

At September 30, 2015, the Clerk reported a liability of \$3,395,766 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Clerk's proportionate share was .033296958 percent, which was a decrease of .000383408 percent from its proportionate share measured as of June 30, 2014 which was .033680366 percent.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ending June 30, 2013, 2014 and 2015, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2015, in addition to contributions from employers the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payroll are reported and contribution are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer to the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.6%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%.

The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	1.00 %
Intermediate-Term Bonds	18.00%
High Yield Bonds	3.00%
Broad US Equities	26.50%
Developed Foreign Entities	21.20%
Emerging Market Equities	5.30%
Private Equity	6.00%
Hedge Funds	7.00%
Real Estate	12.00%
Total	<u>100.00%</u>

For more information regarding the plan's investments, please refer to the Florida Retirement System's CAFR.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you go funding structure, a municipal bond rate of 3.80% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information).

The following changes in actuarial assumptions occurred in 2015:

- FRS: There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.6%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%.
- HIS: The municipal rate used to determine total pension liability was decreased from 4.29% to 3.80%.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2015.

FRS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
6.65%	7.65%	8.65%
\$9,558,919	\$3,688,956	\$(1,195,956)

HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
2.80%	3.80%	4.80%
\$3,831,274	\$3,362,379	\$2,971,390

PENSION EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense, however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2015, was 6.3 years for FRS and 7.2 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2015, are presented below for each plan.

Florida Retirement System (FRS)			
	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources
Collective expense	\$ 263,739	\$ -	\$ -
Changes in proportion	116,381	537,834	(46,094)
Assumptions	-	244,848	-
Investments	-	-	(880,861)
Experience	-	389,445	(87,491)
Contributions subsequent to the measurement date	-	183,856	-
Totals	\$ 380,120	\$ 1,355,983	\$ (1,014,446)

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

Health Insurance Subsidy (HIS)			
	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources
Collective expense	\$ 252,984	\$ -	\$ -
Changes in proportion	6,987	61,291	(29,757)
Assumptions	-	267,158	-
Investments	-	1,838	-
Experience	-	-	-
Contributions subsequent to the measurement date		46,584	-
Totals	\$ 259,971	\$ 376,871	\$ (29,757)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Fiscal Year Ending	FRS Expense	HIS Expense
2016	27,003	44,460
2017	27,003	44,460
2018	27,003	44,460
2019	27,003	44,460
2020	(60,552)	44,460
Thereafter	110,221	78,230
Totals	157,681	300,530

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2015

**FRS Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions 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 as the Pension 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 Investment Plan are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%.

Employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Clerk's Investment Plan pension expense totaled \$179,431 for the fiscal year ended September 30, 2015.

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

**Schedule of Funding Progress for Other Post Employment Benefits Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) / c)
10/1/2009	-	966,546	966,546	0.0%	9,553,371	10.1%
10/1/2011	-	792,092	792,092	0.0%	9,012,418	8.8%
10/1/2013	-	759,490	759,490	0.0%	9,808,945	7.7%

The notes to the financial statements are an integral part of this statement.

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

**Schedule of the Clerk's Proportionate Share of the Net Pension Liability**

**FLORIDA RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	<u>2015</u>	<u>2014</u>
Clerk's proportion of the net pension liability (asset)	.028560378%	.028911588%
Clerk's proportionate share of the net pension liability (asset)	\$ 3,688,956	\$1,764,032
Clerk's covered-employee payroll	\$ 8,182,961	\$ 8,181,533
Clerk's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.08%	21.56%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Only one of the required ten years is presented as GASB 68 was effective for the Clerk for the year ended September 30, 2015.

The notes to the financial statements are an integral part of this statement.

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

**Schedule of the Clerk's Proportionate Share of the Net Pension Liability**

**FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PROGRAM  
Last 10 Fiscal Years\***

	<u>2015</u>	<u>2014</u>
Clerk's proportion of the net pension liability (asset)	.033296958%	.033680366%
Clerk's proportionate share of the net pension liability (asset)	\$ 3,395,766	\$ 3,149,196
Clerk's covered-employee payroll	\$ 10,309,836	\$ 10,097,121
Clerk's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.94%	31.19%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Only one of the required ten years is presented as GASB 68 was effective for the Clerk for the year ended September 30, 2015.

The notes to the financial statements are an integral part of this statement.

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

**Schedule of the Clerk's Contributions**

**FLORIDA RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	2015	2014
Contractually required contribution	\$ 773,976	\$ 757,580
Contributions in relation to the contractually required contribution	(773,976)	(757,580)
Contribution deficiency (excess)	-	-
Clerk's covered-employee payroll	\$ 8,182,961	\$ 8,181,533
Contribution as a percentage of covered-employee payroll	9.46%	9.26%

\*Only one of the ten years is presented, as GASB 68 was effective for the Clerk for the year ended September 30, 2015.

The notes to the financial statements are an integral part of this statement.

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

**Schedule of the Clerk's Contributions**

**FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PROGRAM  
Last 10 Fiscal Years\***

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 171,143	\$ 167,612
Contributions in relation to the contractually required contribution	<u>(171,143)</u>	<u>(167,612)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>
Clerk's covered-employee payroll	\$ 10,309,836	\$ 10,097,121
Contribution as a percentage of covered-employee payroll	1.66%	1.66%

The notes to the financial statements are an integral part of this statement.

## **COMPLIANCE SECTION**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Volusia County, Florida Clerk of the Circuit Court (the “Clerk”) as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk’s basic financial statements and have issued our report thereon dated May 20, 2016.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

To the Honorable Diane Matousek,  
Clerk of the Circuit Court of Volusia County, Florida

### **Compliance and Other Matters**

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

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Clerk in a separate management letter and Independent Accountant's Report dated May 20, 2016.

### **Purpose of this Report**

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Orlando, Florida

May 20, 2016

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Diane Matousek,  
Clerk of the Circuit Court of Volusia County, Florida

We have audited the financial statements of the Volusia County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 20, 2016.

### **Auditor's Responsibility**

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

### **Other Reports**

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 our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 20, 2016, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

### **Other Matters**

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. 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.

To the Honorable Diane Matousek  
Clerk of the Circuit Court of Volusia County, Florida

**Purpose of this Letter**

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
May 20, 2016



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Diane Matousek  
Clerk of the Circuit Court of Volusia County, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Orlando, Florida

May 20, 2016