

Clerk of the Circuit Court
County of Volusia, Florida

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2022

Clerk of the Circuit Court
County of Volusia, Florida
ANNUAL FINANCIAL REPORT

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Financial Section

INDEPENDENT AUDITORS' REPORT

The Honorable Laura E. Roth, Clerk of the Circuit Court,
County of Volusia, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit Court of Volusia County, Florida (the Clerk), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position governmental activities, each major fund, and the aggregate remaining fund information of the Clerk, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clerk and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

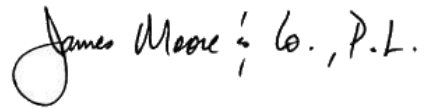
Required Supplementary Information

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

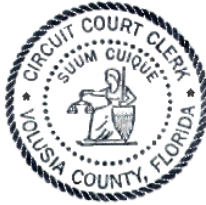
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Daytona Beach, Florida
March 28, 2023

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style. The first part, "James", is written with a large, looped capital 'J'. The rest of the name "Moore & Co., P.L." follows in a similar cursive script.

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022



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, 2022.

Financial Highlights

The liabilities and deferred inflows of the Clerk exceeded its assets and deferred outflows at the end of the fiscal year by \$6,651,027 (net position). Of this amount, \$861,276 was invested in capital assets, \$5,289,259 was restricted, and an unrestricted \$12,801,562 deficit resulting from ongoing obligations for accrued compensated absences, net pension liability and other postemployment benefits. The Clerk's net position decreased by \$230,799 for the fiscal year ended September 30, 2022. As of the close of the fiscal year, the Clerk's governmental funds reported combined ending fund balances of \$5,416,405. This is an increase of \$821,024 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, Florida.

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

Overview of the Financial Statements - Continued

Functions of the Clerk as they relate to the Circuit and County Courts:

- maintaining custody and control of all court files
- attending court sessions
- filing indictments, pleadings, and verdicts
- summoning jurors, witnesses, and defendants
- preparing the appellate record
- conducting mortgage foreclosure sales
- assisting victims of abuse with an injunction order for protection
- assisting plaintiffs with filings in a simplified divorce
- assisting plaintiffs with filings in a small claims lawsuit
- administering oaths
- compiling and reporting statistical and financial data

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

- recording and indexing deeds, mortgages, and real estate transactions
- processing tax deed applications and conducting tax deed sales
- recording liens and all judgments rendered by the court
- maintaining public land records
- processing marriage licenses and passports
- performing marriage ceremonies

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the Clerk 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, 2022

Overview of the Financial Statements - Continued

Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, 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 two 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 two distinct revenue streams. Two separate special revenue funds have been established to enhance the tracking of distinct elements.

Modernization Trust Fund – Public Records Modernization:

The Clerk collects a \$1.00 service charge or a \$.50 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.

The General Fund and the two special revenue funds are presented as major funds. Information for these funds is presented separately in the governmental fund statement of assets and 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, 2022

Overview of the Financial Statements - Continued

Fiduciary Funds

Fiduciary funds account for resources held for the benefit of the State of Florida, the County of Volusia, and other outside parties. 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 fund's financial statement begins on page 15 of this report.

Notes to the Financial Statements:

The notes provide additional information essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 17 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 \$6,651,027 at the end of the fiscal year.

CLERK'S NET POSITION – Governmental Activities

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 14,322,588	\$ 12,389,605
Capital assets	861,276	1,188,354
Total assets	<u>15,183,864</u>	<u>13,577,959</u>
Deferred outflows and resources	3,513,665	2,833,299
Long-term liabilities	14,378,876	7,075,459
Other liabilities	<u>9,528,240</u>	<u>7,794,224</u>
Total liabilities	23,907,116	14,869,683
Deferred inflows of resources	1,441,440	7,961,803
Net Position:		
Investment in capital assets	861,276	1,188,354
Restricted	5,289,259	4,426,605
Unrestricted (deficit)	<u>(12,801,562)</u>	<u>(12,035,187)</u>
TOTAL NET POSITION	<u>\$ (6,651,027)</u>	<u>\$ (6,420,228)</u>

**Clerk of the Circuit Court
County of Volusia, Florida**
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

Government-wide Financial Analysis - Continued

CLERK'S CHANGES IN NET POSITION – Governmental Activities

	2022	2021
Revenues		
Operating grants	\$ 620,614	\$ 361,954
Subsidy from County Council	2,415,000	2,320,400
State court funding	3,311,375	2,606,630
Charges for services	16,983,585	16,969,671
Interest	12,272	1,092
Miscellaneous revenues	19,478	5,515
Total revenues	<u>23,362,324</u>	<u>22,265,262</u>
Expenditures		
General government	6,752,422	4,256,732
Court operations	11,953,108	11,078,795
Total expenditures	<u>18,705,530</u>	<u>15,335,527</u>
Increase (decrease) in net positions before other financing sources	4,656,794	6,929,735
Transfers	<u>(4,887,593)</u>	<u>(4,939,369)</u>
Increase (decrease) net position	(230,799)	1,990,366
Net position - October 1	<u>(6,420,228)</u>	<u>(8,410,594)</u>
Net position - September 30	<u><u>\$ (6,651,027)</u></u>	<u><u>\$ (6,420,228)</u></u>

The funds restricted for the Modernization Trust Funds accounted for \$5,416,405 of the net position. The Clerk's investment in capital assets was \$861,276 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 \$109,137 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, 2022

Government-wide Financial Analysis - Continued

There is a deficit in the unrestricted net position category of \$12,801,562, which represents amounts not due within one year. It is comprised of the following:

Accrued compensated absences	\$ (1,595,836)
Other postemployment benefits (OPEB) liability	(719,803)
Pension outflows	3,400,168
OPEB outflows	113,497
Pension inflows	(1,174,675)
OPEB inflows	(266,765)
Net pension liability	(12,685,294)
Nonspendable fund balance	127,146
Total deficit	<u><u>\$ (12,801,562)</u></u>

The Clerk's policy is to grant all full-time and part-time employees paid time off based upon hours worked and the number of years employed with the Clerk. The amount due for accrued compensated absences represents accrued paid time off for employees whom the Clerk currently employs. Unused leave is payable upon separation or retirement.

The Clerk grants postemployment healthcare benefits to its employees after they retire. The Clerk is financing the postemployment benefits on a pay-as-you-go method for funding the OPEB liability. The OPEB liability represents the unfunded actuarial accrued liability for past service costs. As determined by an actuarial valuation, the Clerk records a net OPEB liability in the government-wide financial statements.

The Pension Outflows, Pension Inflows, and Net Pension Liability are for the Clerk's proportionate share under the Florida Retirement System (FRS). Employers participating in the FRS Pension Plan and HIS Program must report pension information in their financial statements.

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

The Clerk is required under Section 218.36 of the Florida Statutes to submit all excess fees from general government operations to the County of Volusia by October 31 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 a 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, 2022

General Fund Budgetary Highlights

The General Fund is the operating fund of the Clerk. The difference between the original budget and the final amended budget was due to an unanticipated increase in the revenues associated with the Clerk's role in recording deeds, mortgages, and real estate transactions.

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 (the Corporation) and submitted to the Legislative Budget Commission by August 1 each year. The Corporation approved the state court budget with an authority cap of \$11,626,073. The actual court-related revenues were \$2,071,223 more than the original budget due to ongoing economic activity post-Corona Virus Pandemic. The court expenditures were \$1,110,852 less than the original budget due to issues with hiring and retention caused by a tight labor market.

For the general government portion of the budget, the fees were \$149,359 less than expected due to a slight slowing of home sales in the fourth quarter, translating to a reduction in land transaction recorded documents. The general government expenditures were \$1,391,798 less than the budgeted.

Economic Factors and Next Year's Budget

Various factors were considered in preparing the budget for the 2023 fiscal year. The Clerk foresees an environment that indicates some growth in state revenues, with continued slowing in the housing market for the coming fiscal year, and thus general government revenues are expected to increase in fiscal 2023.

Requests for Information

This financial report is designed to provide a general overview of the Clerk's finances and to demonstrate the Clerk's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Clerk's Chief Financial Officer, 101 N. Alabama Ave., Room C252, DeLand, FL 32724. Additional information can be found on our website at <https://www.clerk.org/accounting.aspx>.

Clerk of the Circuit Court
County of Volusia, Florida
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
September 30, 2022

	MAJOR SPECIAL REVENUE FUNDS					
		Modernization	Modernization			
	General	Trust Fund -	Trust Fund -		Adjustments	Statement
	Fund	Public Records	Court	Total	(Note 2)	of Net Position
		Modernization	Technology			
ASSETS						
Cash and cash equivalents	\$ 8,811,713	\$ 1,569,136	\$ 3,758,747	\$ 14,139,596	\$ -	\$ 14,139,596
Accounts receivable	5,874	-	-	5,874	-	5,874
Due from County Council	-	-	-	-	-	-
Due from other governments	49,971	-	-	49,971	-	49,971
Prepaid expenses	-	25,429	101,717	127,146	-	127,146
Capital assets, net	-	-	-	-	861,276	861,276
Total Assets	8,867,558	1,594,565	3,860,464	14,322,587	861,276	15,183,863
DEFERRED OUTFLOWS OF RESOURCES						
OPEB outflows	-	-	-	-	113,497	113,497
Pension outflows	-	-	-	-	3,400,168	3,400,168
Total Deferred Outflows of Resources	-	-	-	-	3,513,665	3,513,665
LIABILITIES						
Accounts payable	574,252	6,365	23,313	603,930	-	603,930
Accrued liabilities	268,131	-	8,946	277,077	-	277,077
Due to County Council	1,413,794	-	-	1,413,794	-	1,413,794
Due to other governments	5,045,185	-	-	5,045,185	-	5,045,185
Deposits	1,566,196	-	-	1,566,196	-	1,566,196
Non-current liabilities:						
Due within one year:						
Compensated absences payable	-	-	-	-	622,057	622,057
Due in more than one year:						
Compensated absences payable	-	-	-	-	973,779	973,779
Total OPEB Obligation	-	-	-	-	719,803	719,803
Net Pension Liability	-	-	-	-	12,685,294	12,685,294
Total Liabilities	8,867,558	6,365	32,259	8,906,182	15,000,933	23,907,115
DEFERRED INFLOWS OF RESOURCES						
OPEB inflows	-	-	-	-	266,765	266,765
Pension inflows	-	-	-	-	1,174,675	1,174,675
Total Deferred Inflows of Resources	-	-	-	-	1,441,440	1,441,440
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable fund balance	-	25,429	101,717	127,146	127,146	-
Restricted for public record modernization	-	1,562,771	-	1,562,771	1,562,771	-
Restricted for court technology	-	-	3,726,488	3,726,488	3,726,488	-
Total fund balances	-	1,588,200	3,828,205	5,416,405	5,416,405	-
Total Liabilities and Fund Balances	\$ 8,867,558	\$ 1,594,565	\$ 3,860,464	\$ 14,322,587		

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, 2022

	General Fund	Modernization Trust Fund - Public Records Modernization	Modernization Trust Fund - Court Technology	Total	Adjustments (Note 2)	Statement of Activities
Revenues						
General government:						
Operating grants	\$ 267,278	\$ -	\$ -	\$ 267,278	\$ -	\$ 267,278
Subsidy from County Council	2,415,000	-	-	2,415,000	-	2,415,000
Charges for services	4,274,041	455,778	-	4,729,819	-	4,729,819
Miscellaneous revenues	19,478	-	-	19,478	-	19,478
Court operations:						
Operating grants	353,336	-	-	353,336	-	353,336
State court funding	3,311,375	-	-	3,311,375	-	3,311,375
Charges for services	10,906,423	-	1,347,343	12,253,766	-	12,253,766
Interest	-	-	12,272	12,272	-	12,272
Miscellaneous revenues	-	-	-	-	-	-
Total Revenues	<u>21,546,931</u>	<u>455,778</u>	<u>1,359,615</u>	<u>23,362,324</u>	<u>-</u>	<u>23,362,324</u>
Expenditures / Expenses						
General government:						
Programs and operations	5,550,760	56,567	-	5,607,327	(2,949)	5,604,378
Depreciation and disposals	-	-	-	-	436,215	436,215
Capital outlay	105,583	3,554	-	109,137	(109,137)	-
Court operations:						
Programs and operations	11,018,860	-	934,248	11,953,108	-	11,953,108
Capital outlay	-	-	-	-	-	-
Total Expenditures / Expenses	<u>16,675,203</u>	<u>60,121</u>	<u>934,248</u>	<u>17,669,572</u>	<u>324,129</u>	<u>17,993,701</u>
Excess (deficiency) of revenues over (under) expenditures	4,871,728	395,657	425,367	5,692,752	(324,129)	5,368,623
Other Financing Sources / Uses						
Transfers - County Council	(1,271,428)	-	-	(1,271,428)	-	(1,271,428)
Transfers - Florida Department of Revenue	(3,616,165)	-	-	(3,616,165)	-	(3,616,165)
Gain (loss) on Disposition of Capital Assets	15,865	-	-	15,865	-	-
Total Other Financing Sources / Uses	<u>(4,871,728)</u>	<u>-</u>	<u>-</u>	<u>(4,871,728)</u>	<u>-</u>	<u>(4,887,593)</u>
Excess (deficiency) of revenues over (under) expenditures and transfers out	-	395,657	425,367	821,024	(821,024)	-
Change in net position	-	-	-	-	481,030	481,030
Fund Balances / Net Position						
Beginning of the year	-	1,192,543	3,402,838	4,595,381		(6,420,228)
Prior period restatement, see Note 11	-	-	-	-		(711,829)
Beginning of the year, as restated	<u>-</u>	<u>1,192,543</u>	<u>3,402,838</u>	<u>4,595,381</u>		<u>(7,132,057)</u>
End of the year	<u>\$ -</u>	<u>\$ 1,588,200</u>	<u>\$ 3,828,205</u>	<u>\$ 5,416,405</u>	<u>\$ (339,994)</u>	<u>\$ (6,651,027)</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, 2022

	General Ledger			Variance with
	Original Budget	Final Budget	Actual Amounts	Final Budget- Positive (Negative)
Revenues				
General government:				
Operating grants	\$ 200,000	\$ 403,386	\$ 267,278	\$ (136,108)
Subsidy from County Council	2,415,000	2,415,000	2,415,000	-
Charges for services	4,423,400	4,423,400	4,274,041	(149,359)
Miscellaneous revenues	6,100	6,100	19,478	13,378
Interest				
Court operations:				
Operating grants	-	-	353,336	353,336
State court funding	3,126,397	3,126,397	3,311,375	184,978
Charges for services	8,835,200	8,835,200	10,906,423	2,071,223
Total Revenues	<u>19,006,097</u>	<u>19,209,483</u>	<u>21,546,931</u>	<u>2,337,448</u>
Expenditures / Expenses				
General government:				
Programs and operations	6,570,000	6,942,558	5,550,760	1,391,798
Capital outlay	275,000	105,828	105,583	245
Court operations:				
Programs and operations	<u>12,161,597</u>	<u>12,129,712</u>	<u>11,018,860</u>	<u>1,110,852</u>
Total Expenditures / Expenses	<u>19,006,597</u>	<u>19,178,098</u>	<u>16,675,203</u>	<u>2,502,895</u>
Net change in fund balance	(500)	31,385	4,871,728	4,840,343
Transfers - County Council	-	-	(3,616,165)	(3,616,165)
Transfers - Florida Department of Revenue	-	(31,885)	(1,271,428)	(1,239,543)
Gain/(Loss) on sale of dispostion of capital assets	<u>500</u>	<u>500</u>	<u>15,865</u>	<u>15,365</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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 - MAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2022

	Special Revenue Fund Modernization Trust Fund Public Records Modernization			Special Revenue Fund Modernization Trust Fund Court Technology		
	Original Budget	Final Budget	Actual Amounts	Original Budget	Final Budget	Actual Amounts
Revenues						
General government:						
Operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subsidy from County Council	-	-	-	-	-	-
Charges for services	500,000	500,000	455,778	-	-	-
Court operations:						
Charges for services	-	-	-	1,550,000	1,542,650	1,347,343
Interest	-	-	-	1,700	9,050	12,272
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>455,778</u>	<u>1,551,700</u>	<u>1,551,700</u>	<u>1,359,615</u>
Expenditures / Expenses						
General government:						
Programs and operations	191,000	232,380	56,567	-	-	-
Capital outlay	50,000	8,620	3,554	-	-	-
Court operations:						
Programs and operations	-	-	-	1,257,770	1,259,570	934,248
Capital outlay	-	-	-	100,000	98,200	-
Total Expenditures / Expenses	<u>241,000</u>	<u>241,000</u>	<u>60,121</u>	<u>1,357,770</u>	<u>1,357,770</u>	<u>934,248</u>
Net change in fund balance	259,000	259,000	395,657	193,930	193,930	425,367
Fund Balance at Beginning of Year	<u>1,192,543</u>	<u>1,192,543</u>	<u>1,192,543</u>	<u>3,402,838</u>	<u>3,402,838</u>	<u>3,402,838</u>
Fund Balance at End of Year	<u><u>\$ 1,451,543</u></u>	<u><u>\$ 1,451,543</u></u>	<u><u>\$ 1,588,200</u></u>	<u><u>\$ 3,596,768</u></u>	<u><u>\$ 3,596,768</u></u>	<u><u>\$ 3,828,205</u></u>

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

Clerk of the Circuit Court
Volusia County, Florida

Statement of Fiduciary Net Position
Custodial Funds
September 30, 2022

Assets

Pooled cash	\$ 20,801,905
Accounts receivable	44,630
Total assets	<u>\$ 20,846,535</u>

Liabilities

Accounts payable	\$ 575,441
Due to other county units	384,712
Due to individuals or other governments	5,418,803
Deposits	—
Total liabilities	<u>\$ 6,378,956</u>

Net Position

Restricted for:	
Individuals, organizations and other governments	<u>\$ 14,467,579</u>
Total Net Position	<u>\$ 14,467,579</u>

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

Clerk of the Circuit Court
County of Volusia, Florida

Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended September 30, 2022

Additions

Amounts collected for fines and fees	\$ 73,289,703
Amounts collected for civil and criminal courts	46,264,460
Amounts collected for tax deeds	2,848,503
Amounts collected for other government activities	<u>122,809,993</u>
Total additions	<u><u>\$ 245,212,659</u></u>

Deductions

Fines and fees paid to other governments	\$ 142,317,584
Civil and criminal payments	39,608,581
Amounts paid to individuals	<u>60,767,642</u>
Total deductions	<u><u>\$ 242,693,807</u></u>

Net increase in fiduciary net position	2,518,852
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Net Position

Net Position - Beginning	<u>11,948,727</u>
Net Position - Ending	<u><u>\$ 14,467,579</u></u>

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, 2022

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 seven-member County Council providing services to approximately 564,000 residents through law enforcement, emergency services, community enrichment and development, and human service needs.

Section 502 of the Charter explicitly 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 or the County) representing the County Council, Supervisor of Elections, Tax Collector, 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 by the Governmental Accounting Standards Board, it would be misleading to exclude the Clerk from the Annual Comprehensive Financial Report (ACFR) of the County because of their interrelationship. Therefore, the Clerk is considered a component unit of the County for financial reporting purposes. The financial statements of the Clerk are included in the County's ACFR under a discrete presentation format.

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on the Clerk's non-fiduciary activities. 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 major funds. 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 on 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.

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 are 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 available when they are collectible within the current period or shortly after that to pay liabilities of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within sixty 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 accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are administratively restricted to expenditures for specified purposes. The Clerk has two Special Revenue Funds: Public Records Modernization Trust Fund and Court Modernization Trust Fund.

Fiduciary Fund Type

Custodial Funds – Custodial funds are used to account for and report fiduciary activities and assets held by the Clerk in a fiduciary capacity or as an agent for individuals, private organizations, and other governments but not held under a trust agreement or equivalent arrangement. The Clerk has seven custodial funds. A separate financial statement is provided for custodial funds. They are excluded from the government-wide financial statements. The Clerk's custodial 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, 2022

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 ACFR. Depreciation has been provided on fixed assets using the straight-line method over an 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 start.
- (3) The Clerk is required to submit a proposed budget for court-related revenues and expenditures by June 1 for the fiscal year beginning October 1. The budget is 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 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 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, 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, 2022

- (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) by January 25 for the previous Clerk fiscal year.
- (8) Formal budgetary integration is employed as a management control device for the Clerk's General Fund and Special Revenue Funds during the year. Appropriations lapse at the close of the fiscal year.
- (9) The budgets for the Clerk's General Fund 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

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

A liability for unused, accrued annual leave is reported in the entity-wide statements for the estimated current and long-term portions 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 the FRS reports them. 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, 2022

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

A. Statement of Net Position

The ending governmental fund balances were \$5,416,405. The total net position was (\$6,562,107). There is a difference of (\$12,067,432), 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	\$ 5,416,405
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Capital assets used in governmental activities are not financial resources and are not reported in the funds	861,276
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Long-term portion of liabilities not due and payable in the current period and therefore not reported in the funds:

Accrued compensated absences	(1,595,836)
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OPEB Liability	(719,803)
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Net Pension Liability	(12,685,294)
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Deferred inflows and outflows related to pension activity are not required to be reported in the funds:

Deferred outflows	3,400,168
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Deferred inflows	(1,174,675)
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Deferred inflows and outflows related to Other Postemployment Benefits (OPEB) activity are not required to be reported in the funds:

Deferred outflows	113,497
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Deferred inflows	<u>(266,765)</u>
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Total net position	<u><u>\$ (6,651,027)</u></u>
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Clerk of the Circuit Court
County of Volusia, Florida
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 (under) expenditures and transfers out	\$ (821,024)
Capital assets purchased during the year	(109,137)
Depreciation expense	435,393
Net disposals of capital assets	822
Change in long-term compensated absences	628,989
Change in OPEB activity	11,873
Change in pension activity	<u>83,883</u>
Change in net position	<u><u>\$ 230,799</u></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 Depositary 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. The other qualified public depositories are assessed additional amounts on a pro-rata basis to cover the shortfall.

Clerk of the Circuit Court
County of Volusia, Florida
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

B. Investments

Section 218.415 (16), Florida Statutes, authorizes 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 repurchase agreements.

During the current fiscal year, the Clerk had deposits of \$1,609,473 in the Florida Local Government Investment Trust Day-to-Day Fund at September 30, 2022.

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 investment's maturity, the greater the sensitivity to market interest rates. The Clerk had no interest rate risk as of September 30, 2022.

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 insured.

The Clerk categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles accepted in the United States of America. As of September 30, 2022, the Clerk did not hold any investments that met the GASB 72 criteria.

NOTE 4 – CAPITAL ASSETS

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

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022
Equipment	\$ 6,251,198	\$ 109,137	\$ 285,882	\$ 6,074,453
Less accumulated depreciation	(5,062,843)	(435,393)	(285,061)	(5,213,175)
Total capital assets, net of accumulated depreciation	<u>\$ 1,188,355</u>	<u>\$ (326,256)</u>	<u>\$ 821</u>	<u>\$ 861,278</u>

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

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

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022
Compensated Absences	\$ 1,678,675	\$ 1,375,287	\$ 1,458,126	\$ 1,595,836
Net Pension Liability	5,293,891	7,391,403	-	12,685,294
Total OPEB Liability	814,721	-	94,918	719,803
Due within one year				(622,057)
Due in more than one year				<u>\$ 14,378,876</u>

NOTE 6 – TRANSACTIONS WITH THE 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 of \$38,908. 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 that may be disallowed by the grantor cannot be determined at this time.

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 is restricted by enabling legislation.

Unrestricted Net Position – Deficit

Unrestricted Net Position – deficit represents accrued compensated absences, pension liability, and OPEB costs of the Clerk, which are not due within one year. The excess fee calculation is based on the fund financial statements. The Clerk is not permitted to accumulate a net position in the General Fund to pay long-term accrued compensated absences, pension liability, and OPEB costs of the Clerk's governmental activities.

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The Clerk provides health insurance benefits to its retired employees through a single-employer program administered by Clerk. Pursuant to the provisions of Chapter 112.0801, Florida Statutes, former employees who retire from the Clerk and eligible dependents may continue to participate in the Clerk's fully-insured benefit program for medical and prescription drug insurance coverage (the Program). The Clerk subsidizes the premium rates implicitly by allowing them to participate in the Program at the blended group (implicitly subsidized) premium rates (blended between active and retired employees). The blended premium rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Program on average than those of active employees. The benefits provided under this defined benefit Program are provided for a retiree's lifetime (or until the retiree discontinues coverage under the Clerk-sponsored Program, if earlier). The plan does not issue a separate financial report.

Funding Policy

Currently, the Program is unfunded. That is, the Clerk has not established a separate GASB-compliant Trust Fund or equivalent arrangement into which the Clerk would make contributions to advance-fund the obligation. Benefits are currently paid when due out of the general assets and reserves of the Clerk on a pay-as-you-go basis.

Clerk of the Circuit Court
County of Volusia, Florida
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

For the fiscal year ended September 30, 2022, the total current premiums for health insurance were \$2,037,824. The Clerk contributed \$1,587,636 to the plan for current premiums. Plan members receiving benefits contributed \$450,187, or approximately 22.09% of the premiums, through their required contributions. Plan members must contribute \$671.14 monthly for Florida Health Care HMO retiree-only coverage or \$1,302.01 to cover a spouse or child. The High Deductible retiree-only coverage requires a monthly payment of \$409.47, or \$794.36, to cover a spouse or child. For dental coverage, the retiree amounts are \$32.24 monthly for retiree-only or \$72.77 for a covered spouse.

As of October 1, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>228</u>
Total	238

Total OPEB Liability

The Clerk's total OPEB liability was measured as of October 1, 2021, the balance of which was recognized at September 30, 2022 (the fiscal year ended September 30, 2022). The Clerk's actuarial valuation was performed on a roll-forward basis. A full valuation is performed on a biennial basis.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and terminations, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations, and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques designed to reduce the effects of the short-term perspective of the calculations.

The Clerk's OPEB actuarial valuation for the 2021-22 fiscal year used the entry-age actuarial cost method to estimate the unfunded actuarial liability as of October 1, 2021, and to estimate the Clerk's annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 2.19% rate of return on invested assets.

Clerk of the Circuit Court
County of Volusia, Florida
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

The actuarial assumptions also include projected salary increases of 3.4% to 8.2%, general inflation is 2.4%, and the annual healthcare cost trend rate of 6.5% initially for the 2021-22 fiscal year, reduced to an ultimate rate of 3.4% for the fiscal year ending September 30, 2042. Under GASB 75, the entire amount of the unfunded OPEB liability is reported.

The long-term expected rate of return on OPEB investments was determined using an index of tax-exempt, 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate of 2.19% (based on the daily rate closest to but not later than the measurement date of the *Fidelity 20-Year Municipal GO AA Index*).

Changes in Total OPEB Liability

The following table illustrates the Total OPEB Liability under GASB 75:

	<u>Increase (Decrease)</u>
	<u>Total OPEB Liability</u>
Balance Recognized at 9/30/21 (Based on a 10/1/20 Measurement Date)	\$ 814,721
Changes Recognized for the Fiscal Year:	
Service Costs	39,409
Interest of the total OPEB Liability	20,439
Difference Between Expected and Actual Experience	(64,249)
Changes in Assumptions	(64,339)
Benefit Payments	(26,178)
Contributions From Employer	<u>-</u>
Balance Recognized at 9/30/22 (Based on a 10/1/21 Measurement Date)	<u>\$ 719,803</u>

**Clerk of the Circuit Court
County of Volusia, Florida**
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

The following table illustrates the impact of healthcare cost trend sensitivity on the Total OPEB Liability for the fiscal year ended September 30, 2022:

	1% Decrease <u>5.5% to 2.4%</u>	Current Discount Rate <u>6.5% - 3.4%</u>	1% Increase <u>7.5% - 4.4%</u>
Total OPEB Liability	\$ 601,550	\$ 719,803	\$ 872,752

OPEB Expenses and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2022, the Clerk recognized OPEB expense of \$48,026. At September 30, 2022, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 185,209
Change of assumptions	<u>113,497</u>	<u>81,556</u>
Total	<u><u>\$ 113,497</u></u>	<u><u>\$ 266,765</u></u>

Clerk of the Circuit Court
County of Volusia, Florida
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

will be recognized in OPEB expense, as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2023	\$ (21,797)
2024	\$ (21,797)
2025	\$ (21,797)
2026	\$ (21,797)
2027	\$ (18,760)
Thereafter	\$ (47,320)

Funded Status and Funding Progress

As of October 1, 2021, 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 \$719,803. The total unfunded actuarial liability was \$719,803. The covered payroll (annual payroll of active employees covered by the plan) was \$10,235,098, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.03%.

The projection of future benefit payments for an ongoing program involves estimates of the value of reported amounts and assumptions about the probability of the 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 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.

Clerk of the Circuit Court
County of Volusia, Florida
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Based on the historical and expected returns of the employer's short-term investment portfolio, a discount rate of 2.19% was used. An inflation rate of 2.4% was assumed. The projected salary increases are 3.4% to 8.2%. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at September 30, 2022, is 30 years. Health insurance trends start at 6.5% for fiscal 2021, reducing to 3.4% - the ultimate trend rate in 2042.

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's restricted fund balance policy requires a minimum restricted fund balance of at least two months of customary expenditures in its Special Revenues Fund, as recommended by the Government Finance Officers Association. The clerk has not set a maximum restricted fund balance. When restricted and unrestricted resources are available to pay expenditures, the Clerk's policy is first to apply an expenditure against unrestricted resources in this order:

- Federal grant funding
- State funding and pass-through grants
- County funding
- Unrestricted funds
- Restricted funds

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

The Court Modernization Trust Fund 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.

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NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

The Clerk early implemented Governmental Accounting Standards Board (GASB) *Statement No. 101, Compensated Absences*, by removing the short-term portion of the compensated absences liability from the General Fund to the entity-wide statements. The beginning net position of the Clerk's governmental activities was restated by a reduction of \$711,829 for the current portion of the prior year's compensated absences liability.

NOTE 12 - RETIREMENT PLANS

Florida Retirement System:

The Florida Department of Management Services, Division of Retirement, is part of the primary government of the state of Florida and is responsible for administering the FRS Pension Plan (FRS Plan) that was created in Chapter 121, Florida Statutes, and was effective December 1, 1970. All of the Clerk's employees participate in the FRS. The FRS provides two cost-sharing, multiple-employer-defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS 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 Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest report may be obtained by writing to the State of Florida Department of Management Services, Division of Retirement, Department of Management Services, Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications , or call 877-377-1737. You may also contact the division by email at rep@dms.fl.gov .

Cost-Sharing Defined Benefit Plans

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the Clerk's allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources as a participating employer in the system's cost-sharing, multiple-employer defined benefits plans:

- The FRS Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible

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employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS membership. It is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

- The HIS Plan is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Plan. The benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs. For the State's fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30, and the maximum amount is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive HIS benefits, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Basis of Accounting

Employers participating in the FRS Plan and HIS Plan 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 financial statement for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America.

Employer Contributions

FRS recognizes contributions as revenues in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions pursuant to Section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. §. 414(h)(2), allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires the management of the FRS to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes

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therein, including appropriate disclosures at the date of the financial statements. Actual results may differ from those estimates.

The table below shows the assumptions for each asset class in which the plans were invested at the time based on the long-term asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	1.0%
Fixed income	19.8%
Global equity	54.0%
Real estate	10.3%
Private equity	11.1%
Strategic investments	3.8%
Total	100%

Net Pension Liability

The components of the Clerk's net pension liability for each defined benefit plan for the measurement date of June 30, 2021, are shown below:

	<u>FRS</u>	<u>HIS</u>
Total Pension Liability	\$ 56,152,768	\$ 3,231,758
Plan Fiduciary Net Position	(46,543,736)	(155,494)
Net Pension Liability	<u>\$ 9,609,032</u>	<u>\$ 3,076,264</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.89%	4.81%

The total pension liability for the FRS Plan was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the new 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 liability is disclosed in the notes to the financial statements. Updated procedures were not used.

The Clerk's pension liability for the HIS Plan was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. 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 liability is disclosed in the notes to the financial statements. Updated procedures were not used.

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Basis for Allocation

The employer's proportionate share reported in the FRS pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ended June 30, 2014, through June 30, 2022, for employers that were members of the FRS and HIS Plans during those fiscal years. For fiscal years ended June 30, 2016, through June 30, 2022, 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 using the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts of each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The portion 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.

Actuarial Methods and Assumptions

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to Section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Plan's GASB 67 valuation is performed annually. The HIS Plan 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 Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that plan. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increase for both plans is assumed at 2.4%, and 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 Plan investments are 6.7%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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Because the HIS Plan uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the plan (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.

The following changes in actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 2.16% to 3.54%.

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 on 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, 2022.

FRS Net Pension Liability			HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%	2.54%	3.54%	4.54%
\$ 16,618,158	\$ 9,609,031	\$ 3,748,556	\$ 3,519,498	\$ 3,076,263	\$ 2,709,496

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).
- Changes in 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).
- Difference between expected and actual earnings on pension plan investments – amortized over five years.

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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, 2022, was 5.9 years for FRS and 6.4 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year June 30, 2022, are presented below for each plan.

Florida Retirement System (FRS)

	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources
Collective expense	\$ 1,283,792	\$ -	\$ -
Changes in proportion	-	261,358	(340,695)
Assumptions	-	1,183,392	-
Investments	-	-	-
Experience	-	456,373	-
Contributions subsequent to the measurement date	-	323,977	-
Total	<u>\$ 1,283,792</u>	<u>\$ 2,225,100</u>	<u>\$ (340,695)</u>

Health Insurance Subsidy (HIS)

	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources
Collective expense	\$ 94,289	\$ -	\$ -
Changes in proportion	-	216,908	(344,548)
Assumptions	-	176,333	(475,896)
Investments	-	-	-
Experience	-	93,372	(13,536)
Contributions subsequent to the measurement date	-	49,518	-
Total	<u>\$ 94,289</u>	<u>\$ 536,131</u>	<u>\$ (833,980)</u>

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:

Reporting Period		
Ending	FRS Expense	HIS Expense
2023	\$ 527,462	\$ (120,324)
2024	206,250	(65,302)
2025	(214,542)	(28,021)
2026	1,578,105	(49,965)
2027	97,636	(60,313)
Thereafter	-	(18,988)
Total	<u>\$ 2,194,911</u>	<u>\$ (342,913)</u>

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FRS Plan Benefits Provided

Benefits under the FRS Plan are computed on the basis of age, average final compensation, and service credit. For FRS 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 five highest years of salary for each year of credited service.

For FRS 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 FRS Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% 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 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. 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 an FRS Plan 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.

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FRS Plan Contributions – Effective July 1, 2011, all enrolled members of the FRS Plan, other than DROP participants and re-employed retirees, are required to contribute 3% of their salary to the FRS Plan. In addition to member contributions, governmental employers are required to make contributions to the FRS Plan 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, 2021, through June 30, 2022, and from July 1, 2022, through September 30, 2022, respectively, were as follows: Regular – 10.82% and 11.91%; Senior Management Service – 29.01% and 31.57%; Elected Officers – 51.42% and 57.00%; DROP participants – 18.34% and 18.60%; DROP terminated in EOC – 11.11% and 11.11%; Retirees Initially Re-employed on or after July 1, 2010 – 5.85% and 5.89%. These employer contribution rates include the 1.66% HIS Plan subsidy and the .06% administrative/educational fee for the periods October 1, 2021, through June 30, 2022, and from July 1, 2022, through September 30, 2022.

The Clerk's contributions, including employee contributions, to the FRS Plan, totaled \$1,027,099 for the fiscal year ended September 30, 2022.

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, 2021, the HIS Plan contribution for the period October 1, 2021, through June 30, 2022, and from July 1, 2022, through September 30, 2022, was 1.66% and 1.66%, 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 canceled.

The Clerk's contributions to the HIS Plan totaled \$130,224 for the fiscal year ended September 30, 2022.

FRS Plan Net Pension Liability

At September 30, 2022, the Clerk reported a liability of \$12,685,294 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2021-22 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2022, the Clerk's proportionate share was .0258251492%, which was an increase of .0232876030% from its proportionate share measured as of June 30, 2021, which was .0253754625%.

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HIS Plan Net Pension Liability

At September 30, 2022, the Clerk reported a liability of \$3,076,263 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the Clerk's proportionate share was .029044375%, which was an increase of .001513607% from its proportionate share measured as of June 30, 2021, which was .027530768%.

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 the State of Florida ACFR.

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 based on salary and membership class as the FRS Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment options. Costs of administering the Investment Plan are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2016-17 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 class 14.00%, Special Risk Administrative Support class 7.95%, County Elected Officers class 11.34% and Senior Management Service class 7.67%.

Employees are immediately vested in their 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 FRS Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Plan vesting in order to be vested for these funds and the earnings on the funds. Non-vested 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, 2022, 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.

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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 FRS Plan or remain in the Investment Plan and rely upon that account balance for retirement income. The Clerk's Investment Plan pension expense totaled \$413,698 for the fiscal year ended September 30, 2022.

Required Supplementary Information

Schedule of Changes in the Clerk's Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*

Total OPEB Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 39,409	\$ 36,720	\$ 29,615	\$ 31,675	\$ 31,898
Interest Cost	20,439	21,525	29,042	26,976	24,758
Changes in Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experiences	(64,249)	-	(75,007)	-	(161,250)
Changes in Assumptions	(64,339)	25,663	64,201	(40,072)	103,667
Benefit Payments	(26,178)	(31,165)	(28,789)	(29,253)	(24,251)
Net Change in Total OPEB Liability	(94,918)	52,743	19,062	(10,674)	(25,178)
Total OPEB Liability (Beginning)	814,721	761,978	742,916	753,590	778,768
Total OPEB Liability (Ending)	<u>\$ 719,803</u>	<u>\$ 814,721</u>	<u>\$ 761,978</u>	<u>\$ 742,916</u>	<u>\$ 753,590</u>
Estimated Covered Employee Payroll	\$ 10,235,098	\$ 7,860,400	\$ 7,559,522	\$ 9,889,215	\$ 9,527,274
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.03%	10.36%	10.08%	7.51%	7.91%

GASB 75 was effective first for employer fiscal years beginning after 06/15/17. Fiscal year end 9/30/18 values reflect the measurement period from 9/30/16 - 10/1/2018.

*GASB Statement No. 75 was implemented during the 17-18 fiscal year. Therefore, data for a full ten-year presentation was not available. Additional years' information will be displayed as it becomes available.

Schedule of the Clerk's Proportionate Share of the Net Pension Liability
FLORIDA RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Clerk's proportion of the net pension liability	2.582514900%	0.025375462%	0.026948245%	0.251433530%	0.025143353%	0.025122242%	0.027351723%	0.028560378%	0.028911588%
Clerk's proportionate share of the net pension liability	\$ 9,609,031	\$ 1,916,828	\$ 11,679,766	\$ 9,119,742	\$ 7,573,308	\$ 7,430,991	\$ 6,906,332	\$ 3,688,956	\$ 1,764,032
Clerk's covered employee payroll	\$ 10,586,923	\$ 10,002,671	\$ 10,885,807	\$ 9,879,997	\$ 9,651,345	\$ 7,375,563	\$ 7,912,427	\$ 8,182,961	\$ 8,181,533
Clerk's proportionate share of the net pension liability as a percentage of its covered covered payroll	90.76%	19.16%	107.29%	92.31%	78.47%	100.75%	87.28%	45.08%	21.56%

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

Schedule of the Clerk's Proportionate Share of the Net Pension Liability
Florida Retirement System Health Insurance Subsidy Program
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Clerk's proportion of the net pension liability	2.904437500%	0.027530768%	0.030897999%	0.030415046%	0.029544480%	0.030794403%	0.033763916%	0.033296958%	0.033680366%
Clerk's proportionate share of the net pension liability	\$ 3,076,263	\$ 3,377,063	\$ 3,772,595	\$ 3,403,139	\$ 3,127,021	\$ 3,292,680	\$ 3,935,045	\$ 3,395,766	\$ 3,149,196
Clerk's covered payroll	\$ 10,586,923	\$ 10,002,671	\$ 10,885,807	\$ 9,879,997	\$ 9,651,345	\$ 7,375,563	\$ 7,912,427	\$ 8,182,961	\$ 8,181,533
Clerk's proportionate share of the net pension liability as a percentage of its covered covered payroll	29.06%	33.76%	34.66%	34.44%	32.40%	44.64%	49.73%	41.50%	38.49%

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

Schedule of the Clerk's Contributions
FLORIDA RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,116,788	\$ 797,808	\$ 1,059,820	\$ 821,107	\$ 716,565	\$ 653,994	\$ 667,015	\$ 773,976	\$ 757,580
Contributions in relation to the contractually required contribution	(1,116,788)	(797,808)	(1,059,820)	(821,107)	(716,565)	(653,994)	(667,015)	(773,976)	(757,580)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Clerk's covered payroll	\$ 10,586,923	\$ 10,002,671	\$ 10,885,807	\$ 10,249,104	\$ 9,879,998	\$ 9,817,650	\$ 10,425,421	\$ 10,309,836	\$ 10,097,121
Contribution as a percentage of covered payroll	10.55%	7.98%	9.74%	8.01%	7.25%	6.66%	6.40%	7.51%	7.50%

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

Schedule of the Clerk's Contributions (Cont.)
FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PROGRAM
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 177,411	\$ 121,508	\$ 180,704	\$ 168,892	\$ 160,220	\$ 162,973	\$ 173,062	\$ 171,143	\$ 167,612
Contributions in relation to the contractually required contribution	(177,411)	(121,508)	(180,704)	(168,892)	(160,220)	(162,973)	(173,062)	(171,143)	(167,612)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Clerk's covered payroll	\$ 10,586,923	\$ 10,002,671	\$ 10,885,807	\$ 10,249,104	\$ 9,879,998	\$ 9,817,650	\$ 10,425,421	\$ 10,309,836	\$ 10,097,121
Contribution as a percentage of covered payroll	1.68%	1.21%	1.66%	1.65%	1.62%	1.66%	1.66%	1.66%	1.66%

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

Compliance Section

**INDEPENDENT AUDITORS' 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***

The Honorable Laura E. Roth, Clerk of the Circuit Court,
County of Volusia, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit Court of Volusia County, Florida (the Clerk) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated March 28, 2023, which was modified to refer to a basis of accounting required for compliance with state filing requirements.

Report on 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) as a basis for designing 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control over financial reporting, listed below, that we consider to be a significant deficiency:

2022-001 – Accounts Payable Audit Adjustments

In testing over accounts payable and subsequent disbursements, we noted various adjustments were necessary to correct ending accounts payable balances related to three invoices recorded in accounts payable. One invoice had already been paid in the current year, resulting in the overstatement of accounts receivable and accounts payable, while the remaining two invoices were for expenditures related to the subsequent fiscal year. We recommend management review year-end accruals of payables to ensure balances are properly recorded in the correct period.

Report on Compliance and Other Matters

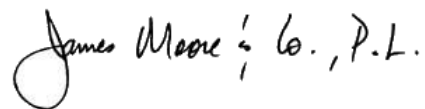
As part of obtaining reasonable assurance about whether the Clerk's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Management's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Clerk's response to the findings identified in our audit and described previously. The Clerk's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, stylized initial 'J'.

Daytona Beach, Florida
March 28, 2023

March 28, 2023

Via Email

James Moore & Co., P.L.
121 Executive Circle
Daytona Beach, FL 32214

Re: Finding 2022-001 – Accounts Payable Audit Adjustments

We concur with the findings presented in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.

The Accounting Department has a process to review the accounts payable year-end cut-off to ensure that items are posted to the correct period. Management will make sure that the process is followed in future years.

A handwritten signature in blue ink, appearing to read 'J. Kelly'.

Jolie Kelly
Chief Financial Officer

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

The Honorable Laura E. Roth, Clerk of the Circuit Court,
County of Volusia, Florida:

We have audited the financial statements of the Clerk of the Circuit Court of Volusia County, Florida (the Clerk), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 28, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 28, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or 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 Clerk is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. County of Volusia, Florida, including the Clerk, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Clerk to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

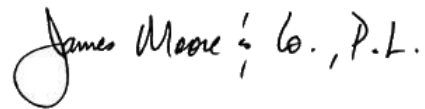
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted no such items.

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, the Clerk of the Circuit Court of Volusia County, Florida, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Daytona Beach, Florida
March 28, 2023

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

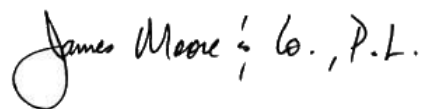
The Honorable Laura E. Roth, Clerk of the Circuit Court,
County of Volusia, Florida:

We have examined the Clerk of the Circuit Court of Volusia County, Florida (the Clerk) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, Section 28.36, Florida Statutes, *Budget Procedure*, and Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees* (collectively, "the Statutes"), for the year ended September 30, 2022. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating against aforementioned statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating against aforementioned statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement or evaluation of the Clerk's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks that were not in accordance with those requirements in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Clerk, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Clerk of the Circuit Court of Volusia County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.



Daytona Beach, Florida
March 28, 2023