

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

**ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2014**

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
**ANNUAL FINANCIAL REPORT**  
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Year Ended September 30, 2014

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Volusia County, Florida Clerk of Circuit Court (the "Clerk"), a component unit of the County of Volusia, Florida, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Clerk as of September 30, 2014, and the respective changes in financial position, and the respective budgetary comparisons for the general fund and major special revenue funds for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

**Other Matter**

*Required Supplementary Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2015, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

*Moore Stephens Lovelace, P.A.*

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

Certified Public Accountants

Orlando, Florida  
February 11, 2015

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2014



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, 2014.

### **Financial Highlights**

The assets of the Clerk exceeded its liabilities at the end of the fiscal year by \$4,287,227 (net position). Of this amount, \$2,391,135 was invested in capital assets, \$3,309,039 was restricted, and a \$1,412,947 deficit resulting from ongoing obligations for accrued compensated absences. The Clerk's total net position decreased by \$1,333,653 for the fiscal year ended September 30, 2014. As of the close of the fiscal year, the Clerk's governmental funds reported combined ending fund balances of \$3,309,039. This is a decrease of \$1,553,193 from the prior year.

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

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

#### Government-wide Financial Statements:

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

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2014

**Overview of the Financial Statements - Continued**

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

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

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

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

Fund Financial Statements:

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2014

**Overview of the Financial Statements - Continued**

Governmental Funds:

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

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

Modernization Trust Fund – Public Records Modernization:

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

Modernization Trust Fund – Court Technology:

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

Modernization Trust Fund – 10% Court Related:

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

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended September 30, 2014

**Overview of the Financial Statements - Continued**

Fiduciary Funds:

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

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

Notes to the Financial Statements:

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

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of financial position. In the case of the Clerk, assets exceeded liabilities by \$4,287,227 at the end of the fiscal year.

CLERK'S NET POSITION – Governmental Activities

	2014	2013
Current and other assets	\$ 6,119,935	\$ 7,949,461
Capital assets	2,391,135	1,807,002
Total assets	8,511,070	9,756,463
Long-term liabilities	1,412,947	1,048,354
Other liabilities	2,810,896	3,087,229
Total liabilities	4,223,843	4,135,583
Net Position:		
Investment in capital assets	2,391,135	1,807,002
Restricted	3,309,039	4,862,232
Unrestricted (deficit)	(1,412,947)	(1,048,354)
<b>TOTAL NET POSITION</b>	<b>\$4,287,227</b>	<b>\$5,620,880</b>

**Clerk of the Circuit Court  
County of Volusia, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended September 30, 2014

**Government-wide Financial Analysis - Continued**

CLERK'S CHANGES IN NET POSITION – Governmental Activities

	2014	2013
<b>Revenues</b>		
Operating grants	\$ 498,655	\$ 555,247
Subsidy from County Council	1,638,768	1,627,524
Appropriation from State of Florida	1,922,983	8,606,957
Charges for services	12,602,321	7,621,904
Interest	-	1,428
Miscellaneous revenues	8,420	2,713
<b>Total revenues</b>	<b>16,671,147</b>	<b>18,415,773</b>
<b>Expenditures</b>		
General government	5,924,587	4,947,727
Court operations	11,640,204	13,245,286
<b>Total expenditures</b>	<b>17,564,791</b>	<b>18,193,013</b>
Increase (decrease) in net position before transfers	(893,644)	(222,760)
Transfers	(440,009)	(1,445,089)
Increase (decrease) in net position	(1,333,653)	(1,222,329)
Net position – October 1	5,620,880	6,843,209
Net position – September 30	\$ 4,287,227	\$ 5,620,880

The funds restricted for the Modernization Trust Funds accounted for \$3,309,039 of the net position. The Clerk's investment in capital assets was \$2,391,135 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 \$1,310,723 of office and computer equipment during the fiscal year.

There is a deficit in the unrestricted net position category of \$1,412,947. This amount represents amounts not due within one year and is comprised of \$942,172 in accrued compensated absences and \$470,775 in Other Post Employment Benefits "OPEB" liability. It is the Clerk's policy to grant all full-time and provisional employees paid time off based upon the number of years of employment with the Clerk. Unused annual leave accrued is payable upon termination, retirement or through an attendance incentive plan. The amount due represents accrued and unpaid sick leave and paid time off for employees who are currently employed by the Clerk. The Clerk grants postemployment healthcare benefits to its employees after they retire. The balance due represents the unfunded actuarial accrued liability for past service costs. The Clerk is following a pay-as-you go method for funding the OPEB liability.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2014

**Government-wide Financial Analysis - Continued**

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

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

**General Fund Budgetary Highlights**

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

The Clerk is required to prepare a separate budget for court-related revenues and expenditures, which is reviewed by the Florida Clerks of Court Operations Corporation and submitted to the Legislature and the Supreme Court by December 1 each year. The actual court-related revenues were \$473,557 less than the approved budget. This is because the number of cases filed was lower than had been projected. The September 2014 revenues were retained by the Clerk to fund the appropriation for the fiscal year beginning October 1, 2014. The court expenditures were \$563,311 less than the approved budget due to the revenue shortfall.

For the general government portion of the budget, the fees were \$377,349 lower than expected. This was due to a decrease in recording fees and federal grant revenues. The general government expenditures were \$727,604 lower than the budgeted amount because the Clerk changed spending decisions based on the operational needs of the office.

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

Various factors were considered in preparing the budget for the 2015 fiscal year. The Clerk currently sees an environment that does not indicate growth in state revenues or in the housing market for the coming fiscal year. The general government revenues are expected to be flat.

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2014

**Requests for Information**

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
September 30, 2014

	<b>MAJOR SPECIAL REVENUE FUNDS</b>				<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Assets</b>
	<b>General Fund</b>	<b>Modernization Trust Fund - Public Records Modernization</b>	<b>Modernization Trust Fund - Court Technology</b>	<b>Modernization Trust Fund - 10% Court Related</b>			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,722,166	\$ 537,701	\$ 2,093,215	\$ 678,123	\$ 6,031,205	\$ -	\$ 6,031,205
Accounts receivable	1,064	-	-	-	1,064	-	1,064
Due from County Council	1,442	-	-	-	1,442	-	1,442
Due from other governments	86,224	-	-	-	86,224	-	86,224
Capital assets, net	-	-	-	-	-	2,391,135	2,391,135
<b>Total Assets</b>	<b>\$ 2,810,896</b>	<b>\$ 537,701</b>	<b>\$ 2,093,215</b>	<b>\$ 678,123</b>	<b>\$ 6,119,935</b>	<b>2,391,135</b>	<b>8,511,070</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 74,959	\$ -	\$ -	\$ -	\$ 74,959	\$ -	\$ 74,959
Accrued liabilities	301,739	-	-	-	301,739	-	301,739
Accrued compensated absences:							
Current portion	431,899	-	-	-	431,899	-	431,899
Long-term portion	-	-	-	-	-	942,172	942,172
OPEB Liability	-	-	-	-	-	470,775	470,775
Due to County Council	394,425	-	-	-	394,425	-	394,425
Due to other governments	968,089	-	-	-	968,089	-	968,089
Deposits	639,785	-	-	-	639,785	-	639,785
<b>Total Liabilities</b>	<b>2,810,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,810,896</b>	<b>1,412,947</b>	<b>4,223,843</b>
<b>FUND BALANCES / NET POSITION</b>							
Fund balances:							
Restricted for public record modernization	-	537,701	-	-	537,701	537,701	-
Restricted for court technology	-	-	2,093,215	-	2,093,215	2,093,215	-
Restricted for court programs	-	-	-	\$ 678,123	678,123	678,123	-
Total fund balances	-	537,701	2,093,215	678,123	3,309,039	3,309,039	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,810,896</b>	<b>\$ 537,701</b>	<b>\$ 2,093,215</b>	<b>\$ 678,123</b>	<b>\$ 6,119,935</b>		
Net assets:							
Investment in capital assets						2,391,135	2,391,135
Restricted						3,309,039	3,309,039
Unrestricted (deficit)						(1,412,947)	(1,412,947)
<b>Total Net Position</b>						<b>\$ 4,287,227</b>	<b>\$ 4,287,227</b>

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
For The Year Ended September 30, 2014

	<b>General Fund</b>	<b>Modernization Trust Fund - Public Records Modernization</b>	<b>Modernization Trust Fund - Court Technology</b>	<b>Modernization Trust Fund - 10% Court Related</b>	<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Activities</b>
<b>Revenues</b>							
General government:							
Operating grants	\$ 498,655	\$ -	\$ -	\$ -	\$ 498,655	\$ -	\$ 498,655
Subsidy from County Council	1,638,768	-	-	-	1,638,768	-	1,638,768
Charges for services	2,406,054	260,814	-	-	2,666,868	-	2,666,868
Interest	-	-	-	-	-	-	-
Miscellaneous revenues	8,420	-	-	-	8,420	-	8,420
Court operations:							
Appropriation from State of Florida	1,922,983	-	-	-	1,922,983	-	1,922,983
Charges for services	8,787,596	-	736,978	410,879	9,935,453	-	9,935,453
Interest	-	-	-	-	-	-	-
Total Revenues	<u>15,262,476</u>	<u>260,814</u>	<u>736,978</u>	<u>410,879</u>	<u>16,671,147</u>	<u>-</u>	<u>16,671,147</u>
<b>Expenditures / Expenses</b>							
General government:							
Programs and operations	4,142,803	690,601	-	-	4,833,404	364,593	5,197,997
Depreciation	-	-	-	-	-	726,590	726,590
Capital outlay	18,839	1,278,892	-	-	1,297,731	(1,297,731)	-
Court operations:							
Programs and operations	10,660,825	-	504,025	475,354	11,640,204	-	11,640,204
Capital outlay	-	-	12,992	-	12,992	(12,992)	-
Total Expenditures / Expenses	<u>14,822,467</u>	<u>1,969,493</u>	<u>517,017</u>	<u>475,354</u>	<u>17,784,331</u>	<u>(219,540)</u>	<u>17,564,791</u>
Excess (deficiency) of revenues over expenditures	440,009	(1,708,679)	219,961	(64,475)	(1,113,184)	219,540	(893,644)
<b>Other Financing Sources / Uses</b>							
Transfers - County Council	(390,255)	-	-	-	(390,255)	-	(390,255)
Transfers - Florida Department of Revenue	(49,754)	-	-	-	(49,754)	-	(49,754)
Total Other Financing Sources / Uses	<u>(440,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(440,009)</u>	<u>-</u>	<u>(440,009)</u>
Excess (deficiency) of revenues over expenditures and transfers out	-	(1,708,679)	219,961	(64,475)	(1,553,193)	1,553,193	-
Change in net position	-	-	-	-	-	(1,333,653)	(1,333,653)
<b>Fund Balances / Net Position</b>							
Beginning of the year	-	2,246,380	1,873,254	742,598	4,862,232	758,648	5,620,880
End of the year	<u>\$ -</u>	<u>\$ 537,701</u>	<u>\$ 2,093,215</u>	<u>\$ 678,123</u>	<u>\$ 3,309,039</u>	<u>\$ 978,188</u>	<u>\$ 4,287,227</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, 2014

	<b>General Fund</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues</b>			
General government:			
Operating grants	\$ 579,986	\$ 619,986	\$ 498,655
Subsidy from County Council	1,638,776	1,638,776	1,638,768
Charges for services	2,659,484	2,659,484	2,406,054
Interest	1,000	1,000	-
Miscellaneous revenues	10,000	10,000	8,420
Court operations:			
Appropriation from State of Florida	330,730	330,730	1,922,983
Charges for services	10,853,406	10,853,406	8,787,596
Interest	-	-	-
<b>Total Revenues</b>	<b>16,073,382</b>	<b>16,113,382</b>	<b>15,262,476</b>
<b>Expenditures / Expenses</b>			
General government:			
Programs and operations	4,799,246	4,799,246	4,142,803
Capital outlay	90,000	90,000	18,839
Court operations:			
Programs and operations	11,184,136	11,224,136	10,660,825
Capital outlay	-	-	-
<b>Total Expenditures / Expenses</b>	<b>16,073,382</b>	<b>16,113,382</b>	<b>14,822,467</b>
Net change in fund balance	-	-	440,009
Transfers - County Council	-	-	(390,255)
Transfers - Florida Department of Revenue	-	-	(49,754)
Budgeted Reserve - Court Operations	-	-	-
Fund Balance at Beginning of Year	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended September 30, 2014

	Special Revenue Fund Modernization Trust Fund Public Records Modernization			Special Revenue Fund Modernization Trust Fund Court Technology			Special Revenue Fund Modernization Trust Fund 10% Court Related		
	Original Budget	Final Budget	Actual Amounts	Original Budget	Final Budget	Actual Amounts	Original Budget	Final Budget	Actual Amounts
<b>Revenues</b>									
General government:									
Operating grants									
Subsidy from County Council									
Charges for services	\$ 325,000	\$ 325,000	\$ 260,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	-	-	-
Court operations:									
Subsidy from Clerk of Court Trust Fund	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	700,000	700,000	736,978	550,000	550,000	410,879
Interest	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	-	-	-
Total Revenues	<u>325,000</u>	<u>325,000</u>	<u>260,814</u>	<u>700,000</u>	<u>700,000</u>	<u>736,978</u>	<u>550,000</u>	<u>550,000</u>	<u>410,879</u>
<b>Expenditures / Expenses</b>									
General government:									
Programs and operations	600,000	691,600	690,601	-	-	-	-	-	-
Capital outlay	1,000,000	1,279,000	1,278,892	-	-	-	-	-	-
Court operations:									
Programs and operations	-	-	-	700,000	700,000	504,025	590,000	732,000	475,354
Capital outlay	-	-	-	500,000	500,000	12,992	-	-	-
Total Expenditures / Expenses	<u>1,600,000</u>	<u>1,970,600</u>	<u>1,969,493</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>517,017</u>	<u>590,000</u>	<u>732,000</u>	<u>475,354</u>
Net change in fund balance	(1,275,000)	(1,645,600)	(1,708,679)	(500,000)	(500,000)	219,961	(40,000)	(182,000)	(64,475)
Fund Balance at Beginning of Year	2,530,832	2,530,832	2,246,380	4,405,112	3,254,112	1,873,254	211,951	(515,049)	742,598
<b>Fund Balance at End of Year</b>	<u>\$ 1,255,832</u>	<u>\$ 885,232</u>	<u>\$ 537,701</u>	<u>\$ 3,905,112</u>	<u>\$ 2,754,112</u>	<u>\$ 2,093,215</u>	<u>\$ 171,951</u>	<u>\$ (697,049)</u>	<u>\$ 678,123</u>

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
STATEMENT OF FIDUCIARY NET ASSETS -  
AGENCY FUNDS  
September 30, 2014

<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,742,385
Accounts receivable	48,078
<b>Total Assets</b>	<u>12,790,463</u>
 <b>LIABILITIES</b>	
Accounts payable	159,133
Due to County Council	338,093
Due to other governments	3,961,075
Deposits	8,332,162
<b>Total Liabilities</b>	<u>12,790,463</u>
 <b>NET ASSETS</b>	 <u><u>\$ -</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, 2014

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

**A. The Reporting Entity**

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

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

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

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

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

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

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

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

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

Governmental Funds Types

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

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

Fiduciary Fund Type

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

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

**D. Capital Assets**

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

**E. Budgets and Budgetary Accounting**

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

- (1) Section 218.35 of the Florida Statutes requires the Clerk, as a fee officer, to establish an annual budget reflecting resources available and functions for which funds are to be expended.
- (2) The proposed budget is to be filed with the Clerk of the County Council by September 1 preceding the fiscal year of the budget.
- (3) The Clerk was required to submit a budget for court-related revenues and expenditures (for functions elaborated in Section 28.36 of the Florida Statutes) for the fiscal year ending September 30, 2014 by October 1, 2013. The budget was submitted to the Florida Clerks of Court Operations Corporation in accordance with Section 28.36 of the Florida Statutes. The corporation must then review the budget requests and make recommendations to the Legislature and the Supreme Court by December 1.
- (4) The Clerk can amend the general government budget (recorded in the General Fund), as deemed necessary, during the year. Budgetary control is at the total revenue and expenditure level.
- (5) The Clerk must request approval from the Florida Clerks of Court Operations Corporation in order to amend the court-related budget. Budgetary control is at the total revenue and expenditure level.
- (6) The Clerk must remit to the General Fund of the County of Volusia, Florida, the excess revenues over expenditures for general government operations in the Clerk's General Fund. This must be done by October 31<sup>st</sup> after the close of the fiscal year, in accordance with Section 218.36 of the Florida Statutes.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

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

**E. Budgets and Budgetary Accounting - Continued**

- (7) The Clerk must remit to the State of Florida General Revenue Fund the unexpended appropriations (state appropriations received in excess of the approved budgeted expenditures) no later than January 25, 2015 for the previous clerk fiscal year.
- (8) Formal budgetary integration is employed as a management control device during the year for the Clerk's General Fund and Special Revenue Funds. Appropriations lapse at the close of the fiscal year.
- (9) The budgets for the Clerk's General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

**F. Cash and Cash Equivalents**

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

**G. Compensated Absences**

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

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

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

**H. Grants**

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

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

**A. Statement of Net Position**

The ending governmental fund balances were \$3,309,039. The total net position was \$4,287,227. The difference of \$978,188 is primarily due to the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Ending fund balances	\$ 3,309,039
Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,391,135
Long-term portion of liabilities not due and payable in current period and therefore not reported in the funds:	
Accrued compensated absences	(942,172)
OPEB Liability	<u>(470,775)</u>
Total net position	<u>\$ 4,287,227</u>

**B. Statement of Activities**

“Total Expenditures” for governmental funds differs from “Total Expenses” for governmental activities. Adjustments were made to include depreciation expense, eliminate capital outlay expenditures and record the increase in long-term compensated absences on the statement of activities. When capital assets that are to be used in governmental activities are purchased, the resources expended for those assets are reported as expenditures in governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These items resulted in a net difference between “excess of revenues over expenditures and transfers out” and “change in net position” of \$219,539.

(Deficiency) of revenues over expenditures and transfers out	\$ (1,553,193)
Depreciation expense	(725,634)
Net disposals of capital assets	(956)
Capital outlay expenditures and contributed capital	1,310,723
Decrease in long-term compensated absences	(320,849)
Increase in OPEB Liability	<u>(43,744)</u>
Change in net position	<u>\$ (1,333,653)</u>

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

**NOTE 3 – CASH AND INVESTMENTS**

Deposits

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

Investments

Florida Statutes authorize the Clerk to invest in the Local Government Surplus Funds Trust Fund; obligations of the U.S. Government; U.S. Government Instrumentalities; interest-bearing time deposits and savings accounts in banks and savings and loans, provided such deposits are collateralized as described above; mutual funds investing in U.S. Government securities; and repurchase agreements. During the current fiscal year, the Clerk held no such investments.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The Clerk had no interest rate risk as of September 30, 2014.

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended September 30, 2014

**NOTE 4 – CAPITAL ASSETS**

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

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Equipment	\$ 7,475,360	\$ 1,310,723	\$ 422,383	\$ 8,363,700
Less accumulated depreciation	<u>5,668,358</u>	<u>725,634</u>	<u>421,427</u>	<u>5,972,565</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,807,002</u>	<u>\$ 585,089</u>	<u>\$ 956</u>	<u>\$ 2,391,135</u>

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

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

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Accrued compensated absences	<u>\$ 1,006,589</u>	<u>\$ 1,013,525</u>	<u>\$ 646,043</u>	\$ 1,374,071
Less current portion				<u>431,899</u>
Long-term portion				<u>\$ 942,172</u>

**NOTE 6 – RETIREMENT SYSTEM**

The Clerk’s employees participate in the Florida Retirement System (“FRS”), a defined-benefit, cost-sharing, multiple-employer, public employee retirement system, administered by the Florida Department of Administration. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes, Chapter 121, as may be amended from time to time by the State Legislature, provides the methodology for determining contribution rates for the various membership classes of the FRS. The FRS issues a publicly-available financial report that includes financial statements, 10-year historical trend information and other required supplementary information. That report may be obtained by writing to the Department of Administration, Division of Retirement, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

**NOTE 6 – RETIREMENT SYSTEM – Continued**

There are two plan options available: A defined-benefit option known as the FRS Pension Plan and the defined-contribution option known as the FRS Investment Plan. The FRS Pension Plan provides for vesting of benefits after six years of creditable service if enrolled on or after July 1, 2001, through June 30, 2011. Members initially enrolled on or after July 1, 2011 vest after eight years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age.

The FRS Investment Plan is a participant-directed 401(a) program selected by employees in lieu of participation in the defined-benefit option of the FRS. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Members are vested after completing one year of creditable service.

Funding Policy – The FRS has five classes of membership, which are applicable to the Clerk. The elected Clerk entered the Deferred Retirement Option Program so the Elected State Officer Class is no longer applicable. Descriptions and employer contribution rates in effect during the period ended September 30, 2014, were as follows (contribution rates are in agreement with the actuarially-determined rates):

	Period	
	10/1/13 to 6/30/14	7/1/14 to 9/30/14
<u>Regular Class</u> – Members not qualifying for other classes.	6.95%	7.37%
<u>Senior Management Service Class</u> – Members of senior management who do not elect the optional annuity retirement program.	18.31%	21.14%
<u>Deferred Retirement Option Program (“DROP”)</u> – Members who meet the criteria are allowed to defer the receipt of benefits, allowing them to accumulate and earn interest within the FRS Trust Fund, while the member continues their employment.	12.84%	12.28%
<u>Drop Terminated in Elected Officers’ Class</u> – Elected officers who have participated in DROP and reached the end of the accumulation period	n/a	7.98%
<u>Retirees Initially Reemployed On or After July 1, 2010</u> – Retirees who Are Not Eligible to participate in a state-administered retirement plan.	3.39%	3.80%

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

**NOTE 6 – RETIREMENT SYSTEM – Continued**

Beginning with payment dates on or after July 1, 2011, an additional 3% employee contribution is required on the compensation of all members, except DROP participants and re-employed retirees who are not eligible for renewed membership. The contribution rate, as a percentage of current-year covered payroll, is 8.63%. For the years ended September 30, 2014, 2013, and 2012, the total contributions were \$871,698, \$850,444, and \$706,431 respectively. The Clerk made 100% of its required contributions each year.

**NOTE 7 – TRANSACTIONS WITH PRIMARY GOVERNMENT**

During the current year, aside from the annual subsidy from the County of Volusia, Florida, the Clerk recorded fees from services provided to the County in the amount \$25,226. 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 8 – COMMITMENTS AND CONTINGENCIES**

Intergovernmental Grants

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

**NOTE 9 – RESTRICTED AND UNRESTRICTED NET POSITION**

Restricted Net Position – Governmental Activities

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

Unrestricted Net Position – Deficit

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN**

Plan Description

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

Funding Policy

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

For the fiscal year ended September 30, 2014, the total current premiums for health insurance were \$2,665,252. The Clerk contributed \$2,254,330 to the plan for current premiums. Plan members receiving benefits contributed \$410,922, or approximately 15.41 % of the premiums through their required contributions. Plan members are required to contribute \$482.79 each month for Florida Health Care HMO retiree-only coverage or \$936.61 for additional spouse or child coverage. The Triple Option retiree-only coverage requires a monthly payment of \$558.87 for retiree-only coverage, or \$1,084.21 for additional spouse or child coverage. For dental coverage, the retiree amounts are \$25.93 monthly for retiree-only or \$49.37 for additional spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

The Clerk’s annual other post employment benefit “OPEB” cost (expense) is calculated based on the annual required contribution of the employer “ARC”. This amount is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Clerk’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk’s net OPEB obligation.

**Clerk of the Circuit Court  
County of Volusia, Florida**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended September 30, 2014

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN – Continued**

Annual OPEB Cost (Expense) and Net OPEB Obligation (NOO)

Fiscal Year Ended	<u>9/30/2014</u>	<u>9/30/2013</u>	<u>9/30/2012</u>
Normal Cost (service cost for one year)	\$ 41,221	\$ 43,091	\$ 41,754
Amortization of UAAL	25,316	28,063	26,403
Interest on Normal Cost and Amortization	<u>1,331</u>	<u>1,423</u>	<u>1,363</u>
Annual Required Contribution (ARC)	67,868	72,577	69,520
NOO at beginning of year	427,031	376,023	329,570
Annual Required Contribution (ARC)	67,868	72,577	69,520
Interest on NOO	17,081	15,041	13,183
Adjustment to ARC	<u>(14,804)</u>	<u>(13,035)</u>	<u>(11,425)</u>
Annual OPEB Cost	70,145	74,583	71,278
Expected Employer Contribution	<u>(26,401)</u>	<u>(23,575)</u>	<u>(24,825)</u>
Increase (Decrease) in NOO	43,744	51,008	46,453
NOO at end of year	<u>\$ 470,775</u>	<u>\$ 427,031</u>	<u>\$ 376,023</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Expected Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/12	\$ 71,278	\$ 24,825	34.83%	\$ 376,023
9/30/13	74,583	23,575	31.60%	427,031
9/30/14	70,145	26,401	37.63%	470,775

**Funded Status and Funding Progress**

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

**Clerk of the Circuit Court  
County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

**NOTE 10 – POST EMPLOYMENT HEALTHCARE PLAN - Continued**

The projection of future benefit payment for an ongoing program involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of program assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

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

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

**NOTE 11 – FUND BALANCE**

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

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

**Clerk of the Circuit Court**  
**County of Volusia, Florida**  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended September 30, 2014

**NOTE 11 – FUND BALANCE - Continued**

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

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

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

Other Post Employment Benefits Plan

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

## **COMPLIANCE SECTION**



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Volusia County, Florida Clerk of the Circuit Court (the “Clerk”) as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk’s basic financial statements and have issued our report thereon dated February 11, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Clerk in a separate management letter and Independent Accountant's Report dated February 11, 2015.

### **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 blue ink that reads "Moore Stephens Lovelace, P.A.".

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

Certified Public Accountants

Orlando, Florida

February 11, 2015

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

We have audited the financial statements of the Volusia County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 11, 2015.

### **Auditor's Responsibility**

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

### **Other Reports**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 11, 2015, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

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

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

### **Other Matters**

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

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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

**Purpose of this Letter**

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

*Moore Stephens Lovelace, P.A.*

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

Certified Public Accountants

Orlando, Florida

February 11, 2015



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Volusia County, Florida Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Sections 28.35, 28.36, and 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

*Moore Stephens Lovelace, P.A.*

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

Certified Public Accountants

Orlando, Florida

February 11, 2015