

**HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2017

And Reports of Independent Auditor

**HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
TABLE OF CONTENTS**

REPORT OF INDEPENDENT AUDITOR 1-2

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds 3
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds 4
Statement of Fiduciary Assets and Liabilities – Agency Funds 5
Notes to the Financial Statements 6-14

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund 15
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Special Revenue Fund (Budgetary Basis)..... 16
Note to Schedules of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual (Budgetary Basis)..... 17-18

OTHER FINANCIAL INFORMATION

General Fund Divisions – Descriptions 19
Combined Statement of Revenues and Expenditures –
All General Fund Divisions..... 20
Special Revenue Fund Divisions – Descriptions..... 21
Combined Statement of Revenues and Expenditures –
All Special Revenue Fund Divisions 22
Agency Fund – Descriptions 23
Combining Statement of Fiduciary Assets and Liabilities – All Agency Funds 24
Combining Statement of Changes in Fiduciary Assets and Liabilities – All Agency Funds..... 25-26

SUPPLEMENTARY REPORTS

Report of Independent Auditor on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards* 27-28
Independent Auditor’s Management Letter 29-31
Report of Independent Accountant on Compliance With Local Government Investment
Policies, Article V Requirements and Florida Statute 61.181 Requirements..... 32

Report of Independent Auditor

To the Honorable Pat Frank,
Clerk of the Circuit Court
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hillsborough County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2017, and the related notes to the 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each fund of Hillsborough County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2017, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 15 to 18 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's financial statements. The other financial information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements.

The other financial information, consisting of combined division statements and combining agency fund statements, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017 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, 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.

Cherry Bekant LLP

Tampa, Florida
December 14, 2017

FINANCIAL STATEMENTS

**HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
BALANCE SHEET – GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2017

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
ASSETS			
Cash and cash equivalents	\$ 5,694,996	\$ 9,878,670	\$ 15,573,666
Accounts receivable	–	31,721	31,721
Due from Board of County Commissioners	151,131	–	151,131
Due from other governments	53,027	90,264	143,291
Due from Title IV-D Reimbursement	238,048	–	238,048
Other assets	307,384	–	307,384
Total Assets	\$ 6,444,586	\$ 10,000,655	\$ 16,445,241
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 689,955	\$ 124,331	\$ 814,286
Accrued liabilities	2,066,145	626,736	2,692,881
Due to Board of County Commissioners	3,437,098	–	3,437,098
Due to other governments	251,388	4,005,338	4,256,726
Total Liabilities	6,444,586	4,756,405	11,200,991
Fund Balances:			
Restricted for court equipment and information systems	–	5,244,250	5,244,250
Total Fund balances	–	5,244,250	5,244,250
Total Liabilities and Fund balances	\$ 6,444,586	\$ 10,000,655	\$ 16,445,241

HILLSBOROUGH COUNTY, FLORIDA**CLERK OF THE CIRCUIT COURT****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2017

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Revenues:			
Intergovernmental revenue:			
Board of County Commissioners	\$ 19,511,787	\$ –	\$ 19,511,787
Value Adjustment Board	709,740	–	709,740
Title IV-D Reimbursement	1,201,639	–	1,201,639
Federal grant	–	88,433	88,433
State appropriations	–	1,598,120	1,598,120
Charges for services	7,229,169	23,783,182	31,012,351
Fines and forfeitures	–	6,506,227	6,506,227
Interest earnings	54,835	73,286	128,121
Total Revenues	<u>28,707,170</u>	<u>32,049,248</u>	<u>60,756,418</u>
Expenditures:			
Current – general government	24,120,486	28,543,724	52,664,210
Capital outlay	2,333,324	1,053,832	3,387,156
Distribution of excess revenues to other governmental agencies	–	2,975,642	2,975,642
Total Expenditures	<u>26,453,810</u>	<u>32,573,198</u>	<u>59,027,008</u>
Excess of revenues over (under) expenditures	2,253,360	(523,950)	1,729,410
Refund of IRS Penalty returned to the BOCC in advance	(5,666)	–	(5,666)
Other Financing Uses:			
Distribution of excess revenues to the Board of County Commissioners	(2,247,694)	–	(2,247,694)
Net change in fund balance	–	(523,950)	(523,950)
Fund balances, beginning of year	–	5,768,200	5,768,200
Fund balances, end of year	<u>\$ –</u>	<u>\$ 5,244,250</u>	<u>\$ 5,244,250</u>

See notes to the financial statements.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS

SEPTEMBER 30, 2017

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 38,984,066
Accounts receivable	131,941
Total assets	<u>\$ 39,116,007</u>
LIABILITIES	
Due to other governments	\$ 7,558,587
Deposits	31,557,420
Total liabilities	<u>\$ 39,116,007</u>

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1—Summary of significant accounting policies

The Hillsborough County, Florida, Clerk of the Circuit Court (the “Clerk”) is an officer of the Court and is responsible for the clerical and administrative functions of the Circuit and County Courts. These functions include maintaining the Court’s records and dockets, providing courtroom clerks for the judiciary, and collecting and disbursing all fines, forfeitures, and costs of the Court. In addition, the Clerk of the Circuit Court is the Ex Officio Clerk to the Board of County Commissioners (the “BOCC”), County Auditor, County Recorder, and Custodian of all County funds. The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The following is a summary of the more significant policies:

Financial Reporting Entity – The Clerk is an independently elected official as established by Article V, Section 16, and Article VIII, Section 1(d) of the Florida Constitution. The office is a separate constitutional officer for financial reporting purposes as provided by Chapter 218, *Florida Statutes*. All financial activity for which the Clerk has oversight responsibility is included herein. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

All of the Clerk’s financial activities are included in the accompanying financial statements. For financial reporting purposes, the Clerk is part of the primary government of Hillsborough County, Florida (the “County”), and is included as such in the County’s Comprehensive Annual Financial Report.

Financial Statement Presentation – These financial statements include the General Fund, Special Revenue Fund, and agency funds of the Clerk of the Circuit Court’s office. The accompanying financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits* (the “Rules”), which require the Clerk to only present fund financial statements.

Governmental Fund Types – The Clerk of the Circuit Court utilizes the following funds:

1. General Fund: This major fund is used to account for all revenues and expenditures applicable to the general operations of the Clerk that are not required either legally or by GAAP to be accounted for in another fund.
2. Special Revenue Fund: This major fund is used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The Clerk’s special revenue fund consists of the following divisions: Public Records Modernization Trust Fund, Public Records Court Technology Trust Fund, Foreclosure Public Education Fund, Public Records Court Operations Trust Fund, and Court Operations Special Revenue Fund.

The Public Records Modernization Trust Fund accounts for the collection of an additional service charge to be paid to the Clerk and to be deposited into the Public Records Modernization Trust Fund pursuant to *Florida Statute 28.24(12)(d)*. This fund is restricted by the state of Florida and used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the Clerk’s Office.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1—Summary of significant accounting policies (continued)

The Public Records Court Technology Trust Fund accounts for the collection of an additional service charge pursuant to *Florida Statute* 28.24(12)(e)(1) to be retained by the Clerk. This fund is restricted by the state of Florida and used exclusively to operate and support an integrated computer system for the judicial agencies and to support the operations and management of the state court system.

The Foreclosure Public Education Fund accounts for the collection of a service charge pursuant to *Florida Statute* 45.035(2)(a) to be retained by the Clerk. The fund is held by the Clerk and may only be used for purposes of educating the public as to the rights of homeowners regarding foreclosure proceedings.

The Public Records Court Operations Trust Fund accounts for the Clerk's 10% retention of court-related fines collected by the Clerk pursuant to *Florida Statute* 28.37(5). The fund is held by the Clerk and may only be used exclusively for additional Clerk court-related operational needs and program enhancements in accordance with *Florida Statute* 28.37(5). Effective June 2017 with the approval of Senate bill 2506, *Florida Statute* 28.37(5) was revised to redirect the 10% retention of court-related fines to the fine and forfeiture fund to be used exclusively for clerk court-related functions as provided in *Florida Statute* 28.35(3).

The Court Operations Special Revenue Fund accounts for the costs related specifically to the operational, clerical, and administrative functions of the Clerk's court activities and the related revenues generated by those activities. The court-related functions that the Clerk may fund from filing fees, service charges, costs, and fines are restricted by the state of Florida pursuant to *Florida Statute* 28.35.

Agency Funds Types – Agency funds are used to account for assets held by the Clerk on behalf of outside parties, including other governments. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of agency resources to individuals, private organizations, or other governments.

Basis of Accounting – Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they become susceptible to accrual, which is generally when they become measurable and available to pay liabilities of the current period. Expenditures are recorded when liabilities are incurred. Intergovernmental revenue is funding appropriated by the BOCC. Interest earnings and other revenue are recognized as they are earned and become measurable and available to pay current expenditures of the fiscal year.

The full accrual basis of accounting is used by agency funds. Since agency funds do not show revenues or expenditures, a measurement focus is not applicable for agency funds.

Intergovernmental grant revenues are recognized when eligibility requirements are met and related amounts are available from grantors. All other revenues are recognized as revenues if expected to be received within 60 days after fiscal year-end.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1—Summary of significant accounting policies (continued)

All governmental funds are accounted for on a spending or “financial flow” measurement basis in that generally, only current assets and current liabilities are included in their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

In applying the “susceptible to accrual” concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Clerk; therefore, revenues are recognized when the expenditures have been incurred. Grant revenues are recorded in this manner. In the other, monies are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period.

Cash Equivalents – Cash equivalents include all highly liquid investments with original maturities of three months or less, which consists of Florida PRIME, formerly known as the State Board of Administration’s Local Government Surplus Fund Trust Fund, presented at amortized cost.

Distribution of Excess Revenues – Florida Statute 218.36 requires that the Clerk distribute any excess revenues in the General Fund to the BOCC within thirty-one (31) days following the end of the fiscal year. The distribution to the BOCC is presented in the accompanying financial statements as “Distribution of excess revenues to the Board of County Commissioners” (“Other Financing Uses”).

Prepaid Items – The cost of prepaid items is recorded as an expenditure at the time it is acquired, which is in accordance with the purchase method.

Compensated Absences – In accordance with Government Accounting Standards Board (“GASB”) Statement No. 16, *Accounting for Compensated Absences*, the Clerk determines a liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences that are recorded and reported by the County in its basic financial statements. The County’s compensated absences liability at September 30, 2017 consisted of accruals for vacation, sick leave and personal time off (“PTO”). Vacation and sick leave apply to all other employees at the County other than the Clerk. PTO is a combined leave benefit that Clerk employees can use for either sick and/or vacation time. PTO is accrued as a liability as benefits are earned, similar to vacation time.

The Clerk’s sick time payable liability consisted of two parts prior to August 6, 2017, resulting from the Hillsborough County Civil Service Rules that state sick leave termination payments are to be made under two conditions. Compensation for employees in “Plan A” included a sick leave payment at termination for all hours of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. Compensation for employees in “Plan B” included a sick leave payment at termination if any of the employee’s sick leave hours accrued at February 2, 1997 remain unused, with payment only for all hours of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1—Summary of significant accounting policies (continued)

The Clerk started a PTO program in August 2017. To reduce compensated absences liabilities prior to implementation, the Clerk offered an optional sick leave buy out of amounts that would be payable at termination to employees in Plan A and employees in Plan B hired before February 2, 1997. Remaining sick hours were converted partly to PTO and partly to a “catastrophic leave account” based on the formulas set for employees in Plan A, Plan B (hired by February 2, 1997) and Plan B (hired after February 2, 1997). Hours placed in the catastrophic leave account cannot be used by employees except in the event of catastrophic health problems where all PTO balances have been exhausted and use is approved by the Clerk. There is no payout at termination for any catastrophic leave account balance. Because the conditions under which “catastrophic leave account” balances may be used are so restrictive, these balances are not included in the compensated absences liability calculation.

The compensated absences liability also includes other salary-related costs incrementally associated with the payment of compensated absences such as the Clerk’s share of Social Security and Medicare taxes.

Pension Plan – Employees of the Clerk participate in the state of Florida Retirement System, a cost sharing, multiple-employer public employee retirement system. The plan provides defined benefits to the participants.

Governmental Fund Balances – In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Clerk as of September 30, 2017.

Spendable fund balances are classified based on a hierarchy of the County’s ability to control the spending of these fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2017, the Clerk had restricted fund balances only in its Special Revenue Fund, consisting of \$5,244,250 for court equipment and information systems.

Committed fund balances are fund balances constrained for specific purposes imposed by the Clerk’s formal action of the highest level of decision making authority. As of September 30, 2017, the Clerk had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2017, the Clerk had no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2017, the Clerk had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the BOCC and there were no negative residual balances in the Special Revenue Fund.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1—Summary of significant accounting policies (continued)

The Clerk considers restricted funds to be used first when an expenditure is incurred and both restricted and unrestricted funds are available, followed by committed, assigned, and then unassigned as applicable.

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

Subsequent Events – The Clerk has evaluated subsequent events through December 14, 2017, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Note 2—Cash and cash equivalents

The Clerk's policy is to follow the guidelines in Section 219.075, *Florida Statutes*, regarding the deposit of funds received and the investment of surplus funds. Sections 219.075 and 218.415, *Florida Statutes*, authorize the Clerk to invest in the SBA pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission registered money market funds with the highest quality rating from a nationally recognized rating agency; direct obligations of the United States Treasury; federal agencies and instrumentalities, or interest-bearing time deposits and savings accounts held in federal or state-chartered banks and saving and loan associations doing business in Florida, provided that any such deposits are secured by collateral as may be prescribed.

At September 30, 2017, the general ledger carrying balances were \$22,700 for petty cash, \$46,173,745 for deposits and \$8,361,287 for investments in Florida PRIME, which equals the total of cash and cash equivalents as presented in the accompanying financial statements. The bank balance was \$50,973,128 for deposits. Bank deposits are insured by the Federal Deposit Insurance Corporation or covered by the State of Florida collateral pool, a multiple financial pool with the ability to assess its members for collateral shortfalls if a member institution fails. Florida PRIME is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate as a qualifying external investment pool. Thus, this pool operates essentially as a money market fund. Florida PRIME has a Standard & Poor's rating of AAAM at September 30, 2017 and is recorded at amortized cost. There are currently no limitations as to the frequency of redemptions; however, Florida Prime has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and Florida Prime's responsibilities should such an event occur is described in Section 218.409(8)(a), *Florida Statutes*.

Note 3—Accounts receivable and other assets

Accounts receivable included in the agency funds are the result of credit card transactions and returned checks from the citizenry. Funds due from the BOCC are the amounts due from the Hillsborough County BOCC. Funds due from other governments are the amounts due from governmental entities other than the BOCC.

Note 4—Accounts payable and other liabilities

Accounts payable and other liabilities result from transactions with various vendors. Funds due to the BOCC are amounts due to the Hillsborough County BOCC. Funds due to other governments are amounts due to governmental entities other than the BOCC. Deposits are funds held in trust that are due to the citizenry or their authorized representatives.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 5—Compensated absences

The amount of vested accumulated compensated absences payable based upon the Clerk’s PTO leave policy is reported as a liability in the statement of net position in the Hillsborough County Comprehensive Annual Financial Report. The change in accumulated compensated absences during the fiscal year ended September 30, 2017, is as follows:

Beginning balance, October 1, 2016	\$ 2,583,806
Additions	4,088,416
Deletions	<u>(3,757,307)</u>
Ending balance, September 30, 2017	<u>\$ 2,914,915</u>

Note 6—Defined benefit and defined contribution pension plan

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

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

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

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 6—Defined benefit and defined contribution pension plan

Funding Policy – All enrolled members of the FRS Pension Plan are required to contribute 3.0% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and July 1, 2017 through September 30, 2017, respectively, were as follows: 7.52% and 7.92%; special risk (e.g. law enforcement personnel) 22.57% and 23.27%; special risk administrative support 28.06% and 34.63%; county elected officials 42.47% and 45.50%; senior management 21.77% and 22.71%; and Deferred Retirement Option Program (“DROP”) 12.99% and 13.26%. During the fiscal year ended September 30, 2017, the Clerk contributed to the plan an amount equal to 8.33% of covered payroll.

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

In addition to the above benefits, the FRS administers a DROP. This program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

For those members who elect participation in the Investment Plan, rather than the Pension Plan, vesting occurs at one year of service. These participants receive a contribution for self-direction in an investment product with a third-party administrator selected by the State Board of Administration. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

The Clerk recognizes pension expenditures in an amount equal to amounts paid to the Pension Plan, the HIS Plan and the defined contribution plan, amounting to \$1,780,000, \$513,000, and \$397,000, respectively, for the fiscal year ended September 30, 2017. The Clerk's payments for the Pension Plan and the HIS Plan after June 30, 2017, the measurement date used to determine the net pension liability associated with the Pension Plan and HIS Plan, amounted to \$608,000. The Clerk is not legally required to and does not accumulate expendable available resources to liquidate the retirement obligation related to its employees. Accordingly, the net pension liability and associated deferred outflows and deferred inflows are presented on the government-wide financial statements of the County.

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

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 7—Other Postemployment Benefits (“OPEB”)

Plan description - Other postemployment benefits include retiree healthcare benefits. The Clerk provides the following health-related benefits to retirees and certain other employees: (a) the Clerk is required by *Florida Statute* 112.0801 to allow retirees and certain other former employees to buy healthcare coverage at the same “group insurance rates” that current employees are charged and (b) the Clerk offers a small health insurance stipend that retirees under age 65 can use to partially offset the cost of health insurance. Allowing retirees to buy health insurance at group rates is a valuable benefit and represents an “implicit subsidy” because retirees can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. Although the implicit subsidy is required by law as long as healthcare is offered as an employee benefit, the stipend may be cancelled at any time.

The Clerk participates in the County’s employee group health insurance and stipend programs. The Clerk pays an additional \$20 per active employee per month to the County’s Self-Insurance Service Fund to pay for the Clerk’s share of the County’s OPEB obligation. The Clerk’s OPEB is calculated as a part of a County-wide actuarial valuation. Total payments to the County for the year ended September 30, 2017 were \$121,500.

Note 8—Lease obligations

The Clerk has entered into various operating leases. The leases state they may be canceled in the event that budget appropriations are not sufficient to meet the Clerk’s obligations under the leases. As of September 30, 2017, the Clerk has no minimum future lease payments on noncancellable operating leases.

The Clerk has additional operating leases for the office and data processing equipment cancelable upon 30-days written notice. Lease expenditures for all operating leases for the year ended September 30, 2017 were \$114,783.

Note 9—Capital assets

The tangible personal property used by the Clerk is reported as capital assets in the statement of net position as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the General Fund or the Special Revenue Fund and are capitalized at cost in the capital assets accounts of the County. The Clerk maintains custodial responsibility for the capital assets used by its office.

Note 10—Data processing

The Clerk maintains a data processing center that provides service to the BOCC, certain constitutional officers, and other clients through the Public Access System. The public users of this service are billed at rates that cover the costs of the operation.

Note 11—Litigation

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

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 12—Risk management

The County has established various self-insurance funds, in which the Clerk participates. These funds are accounted for as internal service funds in the basic financial statements of the County. Workers' compensation claims exceeding \$650,000 per claim are covered with specific excess insurance for the life of the claim. The County is also self-insured under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the County involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, *Florida Statutes*, can only be recovered through an act of the state of Florida Legislature. Effective October 1, 2013, the County no longer maintains excess insurance coverage on these types of claims. Settled claims have not exceeded then-present commercial coverage in the past year. Reserves have been established at the County for both claims that have been reported but not paid and claims incurred but not reported. Employee medical benefits claims exceeding \$550,000 per claim are covered with specific excess insurance with no limit (the medical benefits fund is covered by aggregate excess insurance through reinsurance purchased from private insurance carriers). During the fiscal year ended September 30, 2017, the Clerk paid \$192,896 to the BOCC for insurance coverage.

Note 13—Contingent Liability of Title IV-D's 2017 Indirect Cost Rate

The state of Florida engages a consultant to perform a cost study related to the indirect cost rate for Title IV-D reimbursement. The indirect cost rate for 2017 was not yet determined by the consultant or approved by the Clerk at the time of the financial statement preparation. As such, the retroactive application of the rate and the exposure related to this contingency cannot be accurately estimated.

REQUIRED SUPPLEMENTARY INFORMATION

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

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

YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue:				
Board of County Commissioners	\$ 19,511,787	\$ 19,511,787	\$ 19,511,787	\$ –
Value Adjustment Board	709,740	709,740	709,740	–
Title IV-D Reimbursement	1,100,000	1,100,000	1,201,639	101,639
Charges for services	6,395,300	6,395,300	7,229,169	833,869
Interest earnings	15,886	15,886	54,835	38,949
Total Revenues	<u>27,732,713</u>	<u>27,732,713</u>	<u>28,707,170</u>	<u>974,457</u>
Expenditures:				
Salaries	20,072,600	19,122,587	18,847,592	274,995
Operating	6,403,668	6,042,818	5,272,894	769,924
Capital outlay	1,033,741	2,344,604	2,333,324	11,280
Total Expenditures	<u>27,510,009</u>	<u>27,510,009</u>	<u>26,453,810</u>	<u>1,056,199</u>
Excess of revenues over (under) expenditures	222,704	222,704	2,253,360	2,030,656
Refund of IRS Penalty returned to the BOCC in advance	–	–	(5,666)	(5,666)
Other Financing Uses:				
Distribution of excess revenues to Board of County Commissioners	(222,704)	(222,704)	(2,247,694)	(2,024,990)
Net change in fund balance	–	–	–	–
Fund balances, beginning of year	–	–	–	–
Fund balances, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND (BUDGETARY BASIS)**

YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue:				
Federal Grant	\$ –	\$ 88,433	\$ 88,433	\$ –
State Appropriations	1,593,250	1,593,250	1,598,120	4,870
Charges for services	22,819,036	22,819,036	23,783,182	964,146
Fines and forfeitures	6,184,178	6,184,178	6,506,227	322,049
Interest earnings	35,300	35,300	73,286	37,986
Total Revenues	30,631,764	30,720,197	32,049,248	1,329,051
Expenditures:				
Salaries	27,800,955	27,689,686	26,385,517	1,304,169
Operating	2,754,608	3,105,609	2,158,207	947,402
Capital outlay	765,259	1,115,801	1,053,832	61,969
Total Expenditures	31,320,822	31,911,096	29,597,556	2,313,540
Excess of revenues over (under) expenditures	(689,058)	(1,190,899)	2,451,692	3,642,591
Other Financing Uses:				
Distribution of excess revenues to Other governmental agencies	–	–	(2,975,642)	(2,975,642)
Budgetary reserves	689,058	1,190,899	–	(1,190,899)
Excess of revenues over expenditures and other financing uses	–	–	(523,950)	(523,950)
Fund balance, beginning of year	5,768,200	5,768,200	5,768,200	–
Fund balances, end of year	\$ 5,768,200	5,768,200	\$ 5,244,250	\$ (523,950)

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS)

SEPTEMBER 30, 2017

Budgetary Data

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. Budgets are adopted only for governmental funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The budgeted revenues and expenditures in the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, included as required supplementary information, reflects all approved amendments.

For the special revenue fund, there is a difference between the budgetary basis of accounting and the financial statement basis of accounting for the treatment of excess fee distributions to entities outside of the County's reporting entity. On a budgetary basis, distributions of excess fees to other governmental agencies are reported as other financing uses. For financial statement purposes, these distributions are reported as expenditures because there is a reduction in financial resources of the County.

Section 218.35, *Florida Statutes*, governs the preparation, adoption and administration of the Clerk's annual budget. The Clerk establishes an annual budget for its operations, which clearly reflects the revenues available to support its operations and the functions for which the money is to be expended.

The Clerk prepares the budget in two parts:

- a. The budget for the performance of court-related functions is developed according to Section 28.36, *Florida Statutes*.
 - 1) On or before June 1, the proposed budget is prepared, summarized, and submitted to the Clerk of the Court Operations Corporation in the manner and form prescribed by the corporation.
 - 2) The budget must be balanced such that total estimated revenues equals or exceeds total estimated expenditures.
 - 3) The Clerk of the Court Operations Corporation will verify that the proposed budget is limited to the standard list of court-related functions as outlined in Section 28.35(4)(a), *Florida Statutes* and certify the budget. By August 1, the certified budget will be submitted for final approval to the Legislative Budget Commission.
 - 4) The Legislative Budget Commission may approve, increase or reduce the certified budget prior to October 1.

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS)

SEPTEMBER 30, 2017

Budgetary Data (continued)

- b. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the BOCC, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county-related duties is developed in accordance with Section 218.35, *Florida Statutes*. For the budget relating to BOCC funded operations, the Clerk follows the procedures listed below in establishing the budgetary data reflected in the financial statements.
- 1) Prior to May 1, the Clerk submits to the BOCC a tentative budget for the ensuing year.
 - 2) A public hearing is conducted to obtain taxpayer comments.
 - 3) At the public hearing, the BOCC may amend, modify, increase or reduce the tentative budget.
 - 4) Prior to October 1, the budget is legally enacted through the passage of a resolution by the BOCC.
 - 5) The budget is filed with the Clerk to the BOCC by September 1, prior to the fiscal year for the budget.

Effective July 1, 2013, Section 28.36, *Florida Statutes* was revised to direct the Clerk to retain court-related fees, service charges, costs, and fines in an amount necessary to fund the approved budget for court-related operations. In addition, the budget period was changed to the local fiscal year (October – September).

Amendments to the budget relating to BOCC funded operations are submitted to the BOCC for approval. Amendments to the budget relating to the Clerk's court-related functions are submitted to the Clerks of Court Operations Corporation ("CCOC") for approval.

The annual budgetary data represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by either the BOCC or the CCOC.

OTHER FINANCIAL INFORMATION

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
GENERAL FUND DIVISIONS – DESCRIPTIONS

SEPTEMBER 30, 2017

Courts and Administration – Board of County Commissioners Funded – The BOCC is responsible for funding certain expenditure activities related to the functions of the courts. Related expenditures include the use of facilities such as acquisition, rent, maintenance, utilities, security, and communications. Data processing related expenditures such as supplies, software and agreements, and equipment are BOCC-funded with exception to expenditures related to the Public Records Modernization Trust Fund and the Public Records Court Technology Trust Fund. All costs related to these activities, with related appropriations by the BOCC, are recorded within this General Fund Division.

County Recorder and General Government – As County Recorder, the Clerk is responsible for recording, indexing, and archiving all of the documents which create the Official Records of Hillsborough County. In addition, the Clerk issues marriage licenses and delayed birth certificates and collects money for documentary stamp taxes, intangible taxes, recording fees and other miscellaneous fees. The Clerk is also responsible for conducting Tax Deed sales in accordance with Chapter 197, *Florida Statutes*. Additionally, the Clerk's data processing center provides electronic data processing services for the Court system, the BOCC, certain Constitutional Officers, and other clients through the Public Access System. The cost of operating the data processing center is allocated to other Clerk divisions or billed directly to various clients for services rendered. Revenues of the data processing center are exclusively derived from such billings. All costs related to these activities, with related fees charged for the services, are recorded within this General Fund Division.

Clerk as Ex Officio Clerk to the Board of County Commissioners – The Florida Constitution provides that the Clerk of the Circuit Court shall be Ex Officio Clerk to the BOCC, County Auditor, County Recorder, and Custodian of all County funds. The Clerk has the duty to keep minutes and records of the BOCC, maintain instruments of the BOCC, receive, deposit, invest County funds, and keep accurate, complete records. As County Auditor, the Clerk ensures that sound accounting practices are followed with adequate internal control. The Clerk must inquire into the legal validity of claims paid out and is personally liable for illegal payments. All costs related to these activities, with related appropriations by the BOCC, are recorded within this General Fund Division.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINED STATEMENT OF REVENUES AND EXPENDITURES –
ALL GENERAL FUND DIVISIONS

YEAR ENDED SEPTEMBER 30, 2017

	Courts and Administration – Board of County Commissioners Funded	County Recorder and General Government	Clerk as Ex Officio Clerk to the Board of County Commissioners	Total All General Fund Divisions
Revenues				
Intergovernmental Revenue for the Operation of:				
Clerk of the Circuit Court	\$ 5,996,906	\$ –	\$ –	\$ 5,996,906
Clerk to the BOCC	–	–	13,514,881	13,514,881
Title IV-D reimbursement	–	1,201,639	–	1,201,639
Value Adjustment Board	–	–	709,740	709,740
Total Intergovernmental Revenue	5,996,906	1,201,639	14,224,621	21,423,166
Charges for services:				
Recording fees	–	6,475,107	–	6,475,107
Duplicating and microfilming fees	–	205,180	–	205,180
Data processing service fees	–	9,950	–	9,950
Tax deed fees	–	86,046	–	86,046
Passport fees	–	270,689	–	270,689
Other services	–	182,197	–	182,197
Total Charges for Services	–	7,229,169	–	7,229,169
Interest earnings	11,060	21,859	21,916	54,835
Total Revenues	6,007,966	8,452,667	14,246,537	28,707,170
Expenditures				
General government:				
Salaries	2,950,501	5,866,007	10,031,084	18,847,592
Operating expenditures	2,259,494	878,324	2,135,076	5,272,894
Capital outlay	504,191	147,186	1,681,947	2,333,324
Total Expenditures	5,714,186	6,891,517	13,848,107	26,453,810
Excess of revenues over expenditures	293,780	1,561,150	398,430	2,253,360
Refund of IRS penalty returned to the BOCC in advance	–	–	(5,666)	(5,666)
Other Financing Uses:				
Distribution of excess revenues to Board of County Commissioners	(293,780)	(1,561,150)	(392,764)	(2,247,694)
Revenues in excess of expenditures and other financing uses	–	–	–	–
Fund balances, beginning of year	–	–	–	–
Fund balances, end of year	\$ –	\$ –	\$ –	\$ –

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL REVENUE FUND DIVISIONS – DESCRIPTIONS

SEPTEMBER 30, 2017

Public Records Modernization Trust Fund – The Public Records Modernization Trust Fund accounts for the collection of an additional service charge to be paid to the Clerk of the Circuit Court and to be deposited into the Public Records Modernization Trust Fund pursuant to *Florida Statute 28.24(12)(d)*. The fund is held in trust by the Clerk and used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the Clerk’s Office. All costs related to these activities, with related fees charged for the services, are recorded within this special revenue fund division.

Public Records Court Technology Trust Fund – The Public Records Court Technology Trust Fund accounts for the collection of an additional service charge pursuant to *Florida Statute 28.24(12)(e)(1)* to be retained by the Clerk of the Circuit Court. The fund is held in trust by the Clerk and used exclusively to operate and support an integrated computer system for the judicial agencies and to support the operations and management of the state court system. All costs related to these activities, with related fees charged for the services, are recorded within this special revenue fund division.

Foreclosure Public Education Fund – The Foreclosure Public Education Fund accounts for the collection of a service charge pursuant to *Florida Statute 45.035(2)(a)* to be retained by the Clerk of the Circuit Court. The fund is held by the Clerk and may only be used for purposes of educating the public as to the rights of homeowners regarding foreclosure proceedings. All costs related to these education activities, with related fees charged for the services, are recorded within this special revenue fund division.

Public Records Court Operations Trust Fund – The Public Records Court Operations Trust Fund accounts for the Clerk’s 10% retention of court-related fines collected by the Clerk pursuant to *Florida Statute 28.37(2)*. The fund may only be used exclusively for additional Clerk court-related operational needs and program enhancements. All costs related to these activities are recorded within this special revenue fund division. Effective June 2017 with the approval of Senate bill 2506, *Florida Statute 28.37(5)* was revised to redirect the 10% retention of court-related fines to the fine and forfeiture fund to be used exclusively for clerk court-related functions as provided in *Florida Statute 28.35(3)*.

Court Operations Special Revenue Fund – The Clerk is an officer of the Court and is responsible for the clerical and administrative functions of the Court’s activities, keeping its records, maintaining its dockets, providing courtroom clerks for the judiciary, and collecting and disbursing all fines, forfeitures and costs of the Court. The Clerk conducts sales of property by order of the Court and is responsible for the care and custody of Court funds. The Clerk runs the depository for collecting and disbursing court ordered child support and alimony payments. All costs related to these activities are recorded within this special revenue fund division.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINED STATEMENT OF REVENUES AND EXPENDITURES –
ALL SPECIAL REVENUE FUND DIVISIONS

YEAR ENDED SEPTEMBER 30, 2017

	Public Records Modernization Trust Fund	Public Records Court Technology Trust Fund	Foreclosure Public Education Fund	Public Records Court Operations Trust Fund	Court Operations Special Revenue Fund	Total All Special Revenue Fund Divisions
Revenues:						
Intergovernmental revenue:						
Federal Grant	\$ –	\$ 88,433	\$ –	\$ –	\$ –	\$ 88,433
State Appropriations	–	–	–	–	1,598,120	1,598,120
Charges for services	703,823	2,130,054	8,815	–	20,940,490	23,783,182
Fines and forfeitures	–	–	–	1,051,150	5,455,077	6,506,227
Interest earnings	24,230	13,532	152	3,827	31,545	73,286
Total Revenues	728,053	2,232,019	8,967	1,054,977	28,025,232	32,049,248
Expenditures:						
General government:						
Salaries	–	860,883	–	1,733,655	23,790,979	26,385,517
Operating expenditures	290,786	564,634	–	34,683	1,268,104	2,158,207
Capital outlay	564,691	489,141	–	–	–	1,053,832
Distribution of excess revenues to other governmental agencies	–	–	–	–	2,975,642	2,975,642
Total Expenditures	855,477	1,914,658	–	1,768,338	28,034,725	32,573,198
Excess of revenues over (under) expenditures	(127,424)	317,361	8,967	(713,361)	(9,493)	(523,950)
Fund balances, beginning of year	3,338,718	1,690,241	16,387	713,361	9,493	5,768,200
Fund balances, end of year	\$ 3,211,294	\$ 2,007,602	\$ 25,354	\$ –	\$ –	\$ 5,244,250

**HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
AGENCY FUND – DESCRIPTIONS**

SEPTEMBER 30, 2017

General Agency Fund – To account for the collection and disbursement of trust accounts including, tax account, estreated (forfeited) bond accounts, fines and forfeitures accounts and other trust accounts.

Registry of the Court Fund – To account for the collection and disbursement of funds as required to be deposited into and disbursed from the Registry Account by court orders or by *Florida Statutes*.

Support Collections Fund – To account for the collection and disbursement of court-ordered child support and/or marriage dissolution orders.

Jury and Witness Fund – To account for the disbursement of payments of jurors for services performed and the disbursement of advances received, by the Clerk from the state, for payment of witnesses from state funds and unclaimed payments made from these funds.

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
ALL AGENCY FUNDS

SEPTEMBER 30, 2017

	General Agency Fund	Registry of the Court Fund	Support Collections Fund	Jury and Witness Fund	Total All Funds
ASSETS					
Cash and cash equivalents	\$ 22,474,948	\$ 16,316,723	\$ 124,468	\$ 67,927	\$ 38,984,066
Accounts receivable	128,460	–	3,481	–	131,941
Total Assets	\$ 22,603,408	\$ 16,316,723	\$ 127,949	\$ 67,927	\$ 39,116,007
LIABILITIES					
Due to other governments	7,510,678	–	–	47,909	7,558,587
Deposits	15,092,730	16,316,723	127,949	20,018	31,557,420
Total Liabilities	\$ 22,603,408	\$ 16,316,723	\$ 127,949	\$ 67,927	\$ 39,116,007

HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –
ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2017

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
General Agency Fund				
Assets:				
Cash and cash equivalents	\$ 19,007,562	\$ 347,236,034	\$ 343,768,648	\$ 22,474,948
Accounts receivable	143,464	17,139,182	17,154,186	128,460
Total assets	<u>\$ 19,151,026</u>	<u>\$ 364,375,216</u>	<u>\$ 360,922,834</u>	<u>\$ 22,603,408</u>
Liabilities:				
Accounts payable	\$ 126	\$ 17,458,854	\$ 17,458,980	\$ –
Due to other governments	6,500,670	201,023,620	200,013,612	7,510,678
Deposits	12,650,230	151,350,087	148,907,587	15,092,730
Total liabilities	<u>\$ 19,151,026</u>	<u>\$ 369,832,561</u>	<u>\$ 366,380,179</u>	<u>\$ 22,603,408</u>
Registry of the Court Fund				
Assets:				
Cash and cash equivalents	\$ 26,915,444	\$ 129,741,727	\$ 140,340,448	\$ 16,316,723
Total assets	<u>\$ 26,915,444</u>	<u>\$ 129,741,727</u>	<u>\$ 140,340,448</u>	<u>\$ 16,316,723</u>
Liabilities:				
Accounts payable	\$ 2,147	\$ 153,017,611	\$ 153,019,758	\$ –
Deposits	26,913,297	142,054,289	152,650,863	16,316,723
Total liabilities	<u>\$ 26,915,444</u>	<u>\$ 295,071,900</u>	<u>\$ 305,670,621</u>	<u>\$ 16,316,723</u>
Support Collections Fund				
Assets:				
Cash and cash equivalents	\$ 80,082	\$ 4,077,493	\$ 4,033,107	\$ 124,468
Accounts receivable	3,121	312,033	311,673	3,481
Total assets	<u>\$ 83,203</u>	<u>\$ 4,389,526</u>	<u>\$ 4,344,780</u>	<u>\$ 127,949</u>
Liabilities:				
Accounts payable	\$ –	\$ 179	\$ 179	\$ –
Deposits	83,203	8,493,629	8,448,883	127,949
Total liabilities	<u>\$ 83,203</u>	<u>\$ 8,493,808</u>	<u>\$ 8,449,062</u>	<u>\$ 127,949</u>

Continued on next page.

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –
ALL AGENCY FUNDS (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2017

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
Jury and Witness Fund				
Assets:				
Cash and cash equivalents	\$ 94,960	\$ 347,760	\$ 374,793	\$ 67,927
Total assets	<u>\$ 94,960</u>	<u>\$ 347,760</u>	<u>\$ 374,793</u>	<u>\$ 67,927</u>
Liabilities:				
Accounts payable	\$ –	\$ 319,383	\$ 319,383	\$ –
Due to other governments	73,438	347,835	373,364	47,909
Deposits	21,522	17,185	18,689	20,018
Total liabilities	<u>\$ 94,960</u>	<u>\$ 684,403</u>	<u>\$ 711,436</u>	<u>\$ 67,927</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 46,098,048	\$ 481,403,014	\$ 488,516,996	\$ 38,984,066
Accounts receivable	146,585	17,451,215	17,465,859	131,941
Total assets	<u>\$ 46,244,633</u>	<u>\$ 498,854,229</u>	<u>\$ 505,982,855</u>	<u>\$ 39,116,007</u>
Liabilities:				
Accounts payable	\$ 2,273	\$ 170,796,027	\$ 170,798,300	\$ –
Due to other governments	6,574,108	201,371,455	200,386,976	7,558,587
Deposits	39,668,252	301,915,190	310,026,022	31,557,420
Total liabilities	<u>\$ 46,244,633</u>	<u>\$ 674,082,672</u>	<u>\$ 681,211,298</u>	<u>\$ 39,116,007</u>

SUPPLEMENTARY REPORTS

**Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

To the Honorable Pat Frank,
Clerk of the Circuit Court
Hillsborough 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 each major fund and the aggregate remaining fund information of the Hillsborough County, Florida, Clerk of Circuit Court (the "Clerk") as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2017, for the purpose of compliance with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free 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*.

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 "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida
December 14, 2017

Independent Auditor’s Management Letter

To the Honorable Pat Frank
Clerk of the Circuit Court
Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of the Hillsborough County, Florida Clerk of Circuit Court (the “Clerk”) as of and for the fiscal year ended September 30, 2017 and have issued our report thereon dated December 14, 2017.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Report of Independent Accountant on Compliance with Local Government Investment Policies, Article V Requirements and Florida Statute 61.181 Requirements, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 14, 2017, 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 financial audit report. Corrective actions were taken for findings in the prior periods; however, certain lesser exceptions were still noted for 2017; see Appendix A.

Tabulation of Uncorrected Audit Findings		
Current Year	2015-16 FY	2014-15 FY
Finding #	Finding #	Finding #
2017-001	2016-001	2015-001

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 was established by Article V, Section 16, and Article VIII, Section 1(d) of the Florida Constitution. There are no component units related to the Clerk.

Financial Management

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

Annual Financial Report

Section 10.554(1)(i)5.b and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Clerk for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

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 did not have any such findings, with the exception of finding 2017-001 noted above.

Purpose of this Letter

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

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

Tampa, Florida
December 14, 2017

**HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
Appendix A – Management Letter Comments
For the Year Ended September 30, 2017**

Article V Compliance

2017-01: System-generated reports are used to populate the data entered into the “Timeliness Quarterly Report Form for CCOC” (the “Form”), a report that is required to be sent to the Florida Clerk of Court Operations Corporation (the “CCOC”).

In the prior year, we noted multiple instances in which the number of cases and defendants and docket entries per the system-generated reports did not agree to the number of cases and defendants and docket entries per the Form. Those prior year variances amounted to 19% of the total cases and defendants reported to the CCOC for Timeliness Measure #1, as defined in the Form, and to 9% of the total docket entries reported to the CCOC for Timeliness Measure #2, as defined in the Form, for the year ended September 30, 2016.

Corrective action taken by management was successful in improving the accuracy of the Form. However, we noted two instances in which keying errors resulted in a 1,000 docket entry overstatement of docket entries opened within 3 business days and 4,000 docket entry overstatement of total docket entries for the year ended September 30, 2017. This is a variance of less than 0.5% of total docket entries reported to the CCOC for Timeliness Measures #2.

Recommendation: We recommend the Clerk continue to improve the process for the accurate reporting of the Form by implementing a dual level of review of the Form, in which a comparison is made between the supporting schedules and the reported figures, prior to submission to the CCOC.

Management’s Corrective Action: A second level verification review will be performed by a senior court business analyst prior to submission of the monthly and quarterly reports submission to CCOC.

**Report of Independent Accountant on Compliance with Local Government Investment Policies,
Article V Requirements and Florida Statute 61.181 Requirements**

To the Honorable Pat Frank
Clerk of the Circuit Court
Hillsborough County, Florida:

We have examined the Hillsborough County, Florida Clerk of the Circuit Court's (the "Clerk") compliance with the local government investment policies requirements of Section 218.415, *Florida Statutes*, Article V requirements of Sections 28.35 and 28.36, *Florida Statutes*, and requirements of Section 61.181, *Florida Statutes*, for the year ended September 30, 2017. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the local investment policy requirements of Section 218.415, *Florida Statutes*, Article V requirements of Section 28.35 and 28.36, *Florida Statutes* and requirements of Section 61.181, *Florida Statutes*, during the year ended September 30, 2017.

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



Tampa, Florida
December 14, 2017