

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

FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2016

And Reports of Independent Auditor

**HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
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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, 2016, 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, 2016, 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, 2016, 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 17 to 20 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 13, 2016 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 13, 2016

FINANCIAL STATEMENTS

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

SEPTEMBER 30, 2016

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
ASSETS			
Cash and cash equivalents	\$ 5,998,302	\$ 10,520,551	\$ 16,518,853
Due from Board of County Commissioners	83,391	–	83,391
Due from other governments	256,651	–	256,651
Due from Title IV-D Reimbursement	152,214	–	152,214
Total Assets	\$ 6,490,558	\$ 10,520,551	\$ 17,011,109
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 796,036	\$ 69,939	\$ 865,975
Accrued liabilities	2,012,041	633,459	2,645,500
Due to Board of County Commissioners	3,259,994	–	3,259,994
Due to other governments	422,487	4,048,953	4,471,440
Total Liabilities	\$ 6,490,558	4,752,351	11,242,909
Fund Balances:			
Restricted for state court operations	–	722,854	722,854
Restricted for court equipment and information systems	–	5,045,346	5,045,346
Total Fund Balances	–	5,768,200	5,768,200
Total Liabilities and Fund Balances	\$ 6,490,558	\$ 10,520,551	\$ 17,011,109

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2016

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Revenues:			
Intergovernmental revenue:			
Board of County Commissioners	\$ 18,704,952	\$ –	\$ 18,704,952
Value Adjustment Board	693,404	–	693,404
Title IV-D Reimbursement	1,126,533	–	1,126,533
State Appropriations	–	1,256,885	1,256,885
Charges for services	6,814,862	23,027,281	29,842,143
Fines and forfeitures	–	6,497,609	6,497,609
Interest earnings	31,560	44,143	75,703
Total Revenues	27,371,311	30,825,918	58,197,229
Expenditures:			
Current – general government	23,006,008	28,091,740	51,097,748
Capital outlay	2,240,504	1,386,359	3,626,863
Distribution of excess revenues to other governmental agencies	–	2,041,827	2,041,827
Total Expenditures	25,246,512	31,519,926	56,766,438
Excess of revenues over (under) expenditures	2,124,799	(694,008)	1,430,791
Other Financing Uses:			
Distribution of excess revenues to the Board of County Commissioners	(2,124,799)	–	(2,124,799)
Net change in fund balance	–	(694,008)	(694,008)
Fund balances, beginning of year	–	6,462,208	6,462,208
Fund balances, end of year	\$ –	\$ 5,768,200	\$ 5,768,200

See notes to the financial statements.

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

SEPTEMBER 30, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 46,098,048
Accounts receivable	146,585
Total Assets	<u>\$ 46,244,633</u>
LIABILITIES	
Accounts Payable	\$ 2,273
Due to other governments	6,574,108
Deposits	39,668,252
Total Liabilities	<u>\$ 46,244,633</u>

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

SEPTEMBER 30, 2016

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, 2016

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)*.

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, 2016

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. Vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is accrued as a liability as the benefits are earned by the employees, but only to the extent that it is probable that the Clerk will compensate the employees for the benefits through cash payments at termination or retirement.

The Clerk’s sick time payable liability consisted of two parts at September 30, 2016, resulting from Hillsborough County Civil Service Rules that state sick leave termination payments are to be made under two conditions. Compensation for employees in “Plan A” includes 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. A liability is recorded in the County’s basic financial statements for each employee in Plan A based on the employee’s hourly pay rate. Compensation for employees in “Plan B” includes a sick leave payment at termination for the employee’s unused sick leave hours at February 2, 1997, with payment only for each hour of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. A liability is recorded in the County’s basic financial statements for each employee who has a termination payment under Plan B. Employees hired after February 2, 1997, will not receive a sick leave payment at termination, as such sick leave liability is not recorded for these employees in the County’s basic financial statements.

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.

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

SEPTEMBER 30, 2016

Note 1—Summary of significant accounting policies (continued)

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, 2016.

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, 2016, the Clerk had restricted fund balances only in its Special Revenue Fund, consisting of \$722,854 for state court operations and \$5,045,346 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, 2016, 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, 2016, 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, 2016, 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.

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 13, 2016, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. See further discussion in Note 14.

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

SEPTEMBER 30, 2016

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, 2016, the general ledger carrying balances were \$22,700 for petty cash, \$45,035,821 for deposits and \$17,558,380 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 \$51,664,478 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 a 2a7-like pool, which is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, governing money market funds. Thus, this pool operates essentially as a money market fund. Florida PRIME has a Standard & Poor's rating of AAAM at September 30, 2016 and is recorded at amortized cost.

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.

Note 5—Compensated absences

The amount of vested accumulated compensated absences payable based upon the Clerk's annual leave and sick 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, 2016, is as follows:

Beginning balance, October 1, 2015	\$ 3,058,786
Additions	2,036,234
Deletions	(2,511,214)
Ending balance, September 30, 2016	<u>\$ 2,583,806</u>

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

SEPTEMBER 30, 2016

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.

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, 2015 through June 30, 2016 and July 1, 2016 through September 30, 2016, respectively, were as follows: 7.26% and 7.52%; special risk (e.g. law enforcement personnel) 22.04% and 22.57%; special risk administrative support 32.95% and 28.06%; county elected officials 42.27% and 42.47%; senior management 21.43% and 21.77%; and Deferred Retirement Option Program (“DROP”) 12.88% and 12.99%. During the fiscal year ended September 30, 2016, the Clerk contributed to the plan an amount equal to 7.85% 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.

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

SEPTEMBER 30, 2016

Note 6—Defined benefit and defined contribution pension plan (continued)

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 \$2,845,000, \$587,000, and \$325,000 respectively, for the fiscal year ended September 30, 2016. The Clerk's payments for the Pension Plan and the HIS Plan after June 30, 2016, the measurement date used to determine the net pension liability associated with the Pension Plan and HIS Plan, amounted to \$616,000. 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, 2016

Note 7—Other Postemployment Benefits (“OPEB”)

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the County expenses the cost of postemployment benefits over the active service lives of its employees rather than using a “pay-as-you-go” basis. Expensing the cost of a future benefit over the active work-lives of employees is a fiscally sound approach because employees actually earn the future benefits over their working careers. For fund accounting purposes, the Clerk recognizes OPEB expenditures as amounts are paid.

OPEB includes 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. Although retirees pay for healthcare at group rates, they are receiving a valuable benefit because they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an “implicit subsidy” for retirees. (b) The Clerk offers a monthly stipend of \$5 for each year of service up to a maximum benefit of \$150 per month to retirees from ages 62 to 65. The stipend is to be used to offset the cost of health insurance. Although the implicit subsidy is required by state law when healthcare is offered as an employee benefit, the stipend may be canceled at any time. This OPEB plan is a single-employer plan and does not issue a stand-alone financial report. The plan’s financial activity is included in the financial activity of the County.

The County engages an actuary to provide actuarial estimates of the County’s OPEB liabilities. The actuary estimated the County’s actuarial accrued liability for OPEB, which approximates the present value of all future expected postemployment medical premiums and administrative costs which are attributable to the past service of those retired and active employees, at \$35.924 million as of September 30, 2016. The County’s annual OPEB cost, which is defined as annual OPEB expenses on an accrual basis, was \$4.569 million at September 30, 2016. The annual OPEB cost is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost (current and future benefits earned) each year and to amortize any unfunded actuarial liabilities over a period of time not to exceed 30 years. The County’s estimated ARC for fiscal year 2016 was \$1.843 million. The net OPEB obligation, at the end of the year, is the net amount the County was obligated for at year-end and is equivalent to the annual OPEB cost for the fiscal year, plus the net OPEB obligation at the start of the fiscal year, less contributions such as through retiree claims and stipends paid by the County. The inter-relationships between the ARC, annual OPEB cost, and net OPEB obligations are presented in the following chart:

	Fiscal Year 2016
Annual required contribution (ARC)	\$ 1,843,000
Interest on the Net OPEB obligation for fiscal year	260,000
Less amortization of Net OPEB obligation for fiscal year.	<u>(232,000)</u>
Annual OPEB Cost for fiscal year	1,871,000
Net OPEB Obligation, beginning of year	6,505,000
Less contributions (claims paid etc.) for fiscal year	<u>(3,807,000)</u>
Net OPEB obligation, end of fiscal year	<u><u>\$ 4,569,000</u></u>

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

SEPTEMBER 30, 2016

Note 7—Other Postemployment Benefits (“OPEB”) (continued)

The County’s net OPEB obligation at September 30, 2016 was \$4.569 million. The net OPEB obligation increased slightly from the prior year primarily due to increased health care costs for retirees as well as interest imputed on the net OPEB obligation since the County did not “fund” its OPEB liabilities (see next paragraph).

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 1,875,000	131 %	\$ 7,981,000
2015	1,912,000	177 %	6,505,000
2016	1,871,000	204 %	4,569,000

Funding Policy, Status and Progress – In order for OPEB obligations to be considered funded under GASB Statement No. 45, an irrevocable trust fund must be used. Since that would be considered very restrictive, the County did not “fund” the net OPEB obligation, but instead chose to appropriate and set aside an equivalent amount in the Self-Insurance Internal Service Fund. Each fund was assessed its share of OPEB costs based on an allocation using the number of employees in the fund divided by the total number of County employees. Assessments were then placed to the Self-Insurance Internal Service Fund. Even though money was set aside to more than completely offset the net OPEB obligation, the County is not considered to have funded the obligation since an irrevocable trust fund was not used. It is the County’s intent for future years to continue setting aside an amount equivalent to the annual OPEB cost. The County, however, has no legal or contractual obligation to do so.

The calculation of the actuarial estimates is based on a number of estimates and assumptions, including interest rates on investments, the healthcare cost trend, future employment and average retirement age, life expectancy, and healthcare costs per employee, many of which factors are subject to future economic and demographic variations. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements in the County’s Comprehensive Annual Financial Report, will present multi-year trend information on whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The entry age actuarial cost method was used in the September 30, 2016 actuarial valuation. Other actuarial assumptions included a 4.0% investment rate of return, a 3.5% salary increase assumption, and an initial annual healthcare cost trend rate of approximately 7.0% (approximately 6.0% post-Medicare) grading down about 1% each year to an ultimate rate of 4.5%. The actuarial value of the County’s assets was determined using the fair value of cash and investments at September 30, 2016. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period used by the County at September 30, 2016 was 30 years.

The Clerk participates in the County’s employee group health insurance and stipend programs. The Clerk’s OPEB is calculated as part of a County-wide actuarial valuation, the most recent of which was September 30, 2016. As a result, the Clerk paid \$124,205 into the County’s Self-Insurance Internal Service Fund to pay for the Clerk’s share of the County’s net OPEB obligation for the fiscal year ending September 30, 2016.

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

SEPTEMBER 30, 2016

Note 8—Deferred compensation

The Clerk offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Clerk employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Note 9—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, 2016, the Clerk has no minimum future lease payments on noncancelable 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, 2016 were \$112,826.

Note 10—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 11—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 12—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, 2016

Note 13—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, 2016, the Clerk paid \$229,249 to the BOCC for insurance coverage.

Note 14—Contingent Liability of Title IV-D's 2016 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. At the time the financial statements were available to be issued, the indirect cost rate for 2016 was yet to be determined. Preliminary discussions with the State would indicate the rate is likely to be materially lowered and would result in a recapture of a material amount of 2016's Title IV-D Reimbursement revenues on a prospective basis. 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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue:				
Board of County Commissioners	\$ 18,704,952	\$ 18,704,952	\$ 18,704,952	\$ -
Value Adjustment Board	693,404	693,404	693,404	-
Title IV-D Reimbursement	1,380,359	1,380,359	1,126,533	(253,826)
Charges for services	6,186,752	6,186,752	6,814,862	628,110
Interest earnings	76,147	76,147	31,560	(44,587)
Total Revenues	<u>27,041,614</u>	<u>27,041,614</u>	<u>27,371,311</u>	<u>329,697</u>
Expenditures:				
Salaries	19,529,019	18,514,895	17,256,330	1,258,565
Operating	6,318,815	6,019,668	5,749,678	269,990
Capital outlay	929,594	2,242,862	2,240,504	2,358
Total Expenditures	<u>26,777,428</u>	<u>26,777,425</u>	<u>25,246,512</u>	<u>1,530,913</u>
Excess of revenues over expenditures	264,186	264,189	2,124,799	1,860,610
Other Financing Uses:				
Distribution of excess revenues to Board of County Commissioners	<u>(264,186)</u>	<u>(264,189)</u>	<u>(2,124,799)</u>	<u>(1,860,610)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, 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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue:				
State Appropriations	\$ –	\$ –	\$ 1,256,885	\$ 1,256,885
Charges for services	24,823,879	23,942,302	23,027,281	(915,021)
Fines and forfeitures	6,311,130	6,221,429	6,497,609	276,180
Interest earnings	31,861	31,861	44,143	12,282
Total Revenues	<u>31,166,870</u>	<u>30,195,592</u>	<u>30,825,918</u>	<u>630,326</u>
Expenditures:				
Salaries	28,144,327	27,561,240	26,211,070	1,350,170
Operating	3,193,675	2,842,991	1,880,670	962,321
Capital outlay	1,447,332	2,217,902	1,386,359	831,543
Total Expenditures	<u>32,785,334</u>	<u>32,622,133</u>	<u>29,478,099</u>	<u>3,144,034</u>
Excess of revenues over (under) expenditures	(1,618,464)	(2,426,541)	1,347,819	3,774,360
Other Financing Uses:				
Distribution of excess revenues to other governmental agencies	(488,862)	(488,862)	(2,041,827)	(1,552,965)
Budgetary reserves	2,107,326	2,915,403	–	(2,915,403)
Excess of revenues over expenditures and other financing uses	–	–	(694,008)	(694,008)
Fund balance, beginning of year	6,462,208	6,462,208	6,462,208	–
Fund balance, end of year	<u>\$ 6,462,208</u>	<u>\$ 6,462,208</u>	<u>\$ 5,768,200</u>	<u>\$ (694,008)</u>

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

SEPTEMBER 30, 2016

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

SEPTEMBER 30, 2016

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, 2016

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, 2016

	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	\$ 5,987,242	\$ –	\$ –	\$ 5,987,242
Clerk to the BOCC	–	–	12,717,710	12,717,710
Title IV-D reimbursement	–	1,126,533	–	1,126,533
Value Adjustment Board	–	–	693,404	693,404
Total Intergovernmental Revenue	5,987,242	1,126,533	13,411,114	20,524,889
Charges for Services:				
Recording fees	–	6,071,343	–	6,071,343
Duplicating and microfilming fees	–	170,279	–	170,279
Data processing service fees	–	11,050	–	11,050
Tax deed fees	–	74,063	–	74,063
Passport fees	–	338,648	–	338,648
Other services	–	149,479	–	149,479
Total Charges for Services	–	6,814,862	–	6,814,862
Interest earnings	6,635	11,665	13,260	31,560
Total Revenues	5,993,877	7,953,060	13,424,374	27,371,311
Expenditures:				
General government:				
Salaries	2,796,536	5,388,309	9,071,485	17,256,330
Operating expenditures	2,352,971	1,138,974	2,257,733	5,749,678
Capital outlay	403,038	262,292	1,575,174	2,240,504
Total Expenditures	5,552,545	6,789,575	12,904,392	25,246,512
Excess of revenues over expenditures	441,332	1,163,485	519,982	2,124,799
Other Financing Uses:				
Distribution of excess revenues to Board of County Commissioners	(441,332)	(1,163,485)	(519,982)	(2,124,799)
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, 2016

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.

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, 2016

	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:						
State Appropriations	\$ –	\$ –	\$ –	\$ –	\$ 1,256,885	\$ 1,256,885
Charges for services	667,013	2,019,354	8,572	–	20,332,342	23,027,281
Fines and forfeitures	–	–	–	1,298,341	5,199,268	6,497,609
Interest earnings	15,925	6,671	54	4,241	17,252	44,143
Total Revenues	682,938	2,026,025	8,626	1,302,582	26,805,747	30,825,918
Expenditures:						
General government:						
Salaries	–	876,746	–	1,676,109	23,658,215	26,211,070
Operating expenditures	184,837	571,563	5,700	34,806	1,083,764	1,880,670
Capital outlay	1,256,073	117,838	–	–	12,448	1,386,359
Distribution of excess revenues to other governmental agencies	–	–	–	–	2,041,827	2,041,827
Total Expenditures	1,440,910	1,566,147	5,700	1,710,915	26,796,254	31,519,926
Excess of revenues over (under) expenditures	(757,972)	459,878	2,926	(408,333)	9,493	(694,008)
Fund balances, beginning of year	4,096,690	1,230,363	13,461	1,121,694	–	6,462,208
Fund balances, end of year	\$ 3,338,718	\$ 1,690,241	\$ 16,387	\$ 713,361	\$ 9,493	\$ 5,768,200

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

SEPTEMBER 30, 2016

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 budgeted allocations for 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, 2016

	General Agency Fund	Registry of the Court Fund	Support Collections Fund	Jury and Witness Fund	Total All Funds
Assets:					
Cash and cash equivalents	\$ 19,007,562	\$ 26,915,444	\$ 80,082	\$ 94,960	\$ 46,098,048
Accounts receivable	143,464	–	3,121	–	146,585
Total Assets	<u>\$ 19,151,026</u>	<u>\$ 26,915,444</u>	<u>\$ 83,203</u>	<u>\$ 94,960</u>	<u>\$ 46,244,633</u>
Liabilities:					
Accounts Payable	\$ 126	\$ 2,147	\$ –	\$ –	\$ 2,273
Due to other governments	6,500,670	–	–	73,438	6,574,108
Deposits	12,650,230	26,913,297	83,203	21,522	39,668,252
Total Liabilities	<u>\$ 19,151,026</u>	<u>\$ 26,915,444</u>	<u>\$ 83,203</u>	<u>\$ 94,960</u>	<u>\$ 46,244,633</u>

HILLSBOROUGH COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT

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

YEAR ENDED SEPTEMBER 30, 2016

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
General Agency Fund:				
Assets:				
Cash and cash equivalents	\$ 15,684,426	\$ 361,854,940	\$ 358,531,804	\$ 19,007,562
Accounts receivable	68,265	13,517,535	13,442,336	143,464
Total Assets	<u>\$ 15,752,691</u>	<u>\$ 375,372,475</u>	<u>\$ 371,974,140</u>	<u>\$ 19,151,026</u>
Liabilities:				
Accounts payable	\$ –	\$ 18,300,861	\$ 18,300,735	\$ 126
Due to other governments	5,508,689	189,463,556	188,471,575	6,500,670
Deposits	10,244,002	177,997,002	175,590,774	12,650,230
Total Liabilities	<u>\$ 15,752,691</u>	<u>\$ 385,761,419</u>	<u>\$ 382,363,084</u>	<u>\$ 19,151,026</u>
Registry of the Court Fund:				
Assets:				
Cash and cash equivalents	\$ 29,196,735	\$ 164,347,732	\$ 166,629,023	\$ 26,915,444
Total Assets	<u>\$ 29,196,735</u>	<u>\$ 164,347,732</u>	<u>\$ 166,629,023</u>	<u>\$ 26,915,444</u>
Liabilities:				
Accounts payable	\$ –	\$ 181,925,048	\$ 181,922,901	\$ 2,147
Deposits	29,196,735	176,141,300	178,424,738	26,913,297
Total Liabilities	<u>\$ 29,196,735</u>	<u>\$ 358,066,348</u>	<u>\$ 360,347,639</u>	<u>\$ 26,915,444</u>
Support Collections Fund:				
Assets:				
Cash and cash equivalents	\$ 72,753	\$ 4,108,364	\$ 4,101,035	\$ 80,082
Accounts receivable	4,956	369,586	371,421	3,121
Total Assets	<u>\$ 77,709</u>	<u>\$ 4,477,950</u>	<u>\$ 4,472,456</u>	<u>\$ 83,203</u>
Liabilities:				
Accounts payable	\$ –	\$ 1,365	\$ 1,365	\$ –
Deposits	77,709	8,482,852	8,477,358	83,203
Total Liabilities	<u>\$ 77,709</u>	<u>\$ 8,484,217</u>	<u>\$ 8,478,723</u>	<u>\$ 83,203</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, 2016

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
Jury and Witness Fund:				
Assets:				
Cash and cash equivalents	\$ 152,671	\$ 360,839	\$ 418,550	\$ 94,960
Total Assets	<u>\$ 152,671</u>	<u>\$ 360,839</u>	<u>\$ 418,550</u>	<u>\$ 94,960</u>
Liabilities:				
Accounts payable	\$ –	\$ 361,375	\$ 361,375	\$ –
Due to other governments	152,671	434,807	514,040	73,438
Deposits	–	38,214	16,692	21,522
Total Liabilities	<u>\$ 152,671</u>	<u>\$ 834,396</u>	<u>\$ 892,107</u>	<u>\$ 94,960</u>
Total All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 45,106,585	\$ 530,671,875	\$ 529,680,412	\$ 46,098,048
Accounts receivable	73,221	13,887,121	13,813,757	146,585
Total Assets	<u>\$ 45,179,806</u>	<u>\$ 544,558,996</u>	<u>\$ 543,494,169</u>	<u>\$ 46,244,633</u>
Liabilities:				
Accounts payable	\$ –	\$ 200,588,649	\$ 200,586,376	\$ 2,273
Due to other governments	5,661,360	189,898,363	188,985,615	6,574,108
Deposits	39,518,446	362,659,368	362,509,562	39,668,252
Total Liabilities	<u>\$ 45,179,806</u>	<u>\$ 753,146,380</u>	<u>\$ 752,081,553</u>	<u>\$ 46,244,633</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, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2016, 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 style.

Tampa, Florida
December 13, 2016

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 the Circuit Court (the "Clerk"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated December 13, 2016.

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 Reports

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and 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 13, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action was not successful in preventing the 2015-01 finding from reoccurring in 2016. See tabulation of uncorrected audit findings below:

Tabulations of Uncorrected Audit Findings	
Current Year Finding No.	2015-2016 FY Finding No.
2016-01	2015-01

Official Title and Legal Authority

Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that we 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.

Other Matters

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we identified instances of non-compliance with the requirements of Section 28.35(2)(d), *Florida Statutes*, as disclosed in Appendix A. We did not audit the Clerk's response to this matter, which is also provided in Appendix A, and, accordingly, we express no opinion on it.

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 13, 2016

**HILLSBOROUGH COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
Appendix A – Management Letter Comments
For the Year Ended September 30, 2016**

Article V Compliance

2016-01: 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”). 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. The total variances amounted to 19% of the total cases and defendants reported to the CCOC for Timeliness Measures #1, as defined in the Form, and to 9% of the total docket entries reported to the CCOC for Timeliness Measures #2, as defined in the Form, for the year ended September 30, 2016.

Recommendation: We recommend the Clerk thoroughly review reports prior to submission to the CCOC and tie the total cases into the internal supporting documents in order to detect potential errors.

Management’s Corrective Action: Based on a deficiency of our current version of the Odyssey Timeliness Report we were not able to produce audit detail requested. We diligently worked to provide the necessary documentation from other reports, when available, to support the data submitted. We are currently testing and verifying a new version of the report that includes the Monthly Outputs and Quarterly Timeliness with the necessary detail supporting documentation.

**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:

Report on Compliance

We have examined the Hillsborough County, Florida Clerk of the Circuit Court's (the "Clerk's") compliance with the local government investment policy requirements of 218.415, *Florida Statutes*, Article V requirements of Sections 28.35 and 28.36, *Florida Statutes*, and requirements of Section 61.181, *Florida Statutes*, for the year ended September 30, 2016. 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.

Scope

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.

Opinion

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Tampa, Florida
December 13, 2016