ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS

SPECIAL-PURPOSE FINANCIAL STATEMENTS

For the Year Ended September 30, 2013

And Reports of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

ORANGE COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Honorable Eddie Fernandez,
Clerk of the Circuit and County Courts of Orange County, Florida:

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk") as of and for the year ended September 30, 2013, and the related notes to the financial statements, as listed in the table of contents. We also have audited the Other Postemployment Benefits Trust Fund, as displayed in the Clerk's special-purpose financial statements, and the financial statements of each of the Clerk's agency funds as of and for the year ended September 30, 2013, presented as other supplementary information in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 special-purpose 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 special-purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose 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 special-purpose 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 well as of the Other Postemployment Benefits Trust Fund, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each agency fund of the Clerk as of September 30, 2013, and the respective changes thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying special-purpose 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*, and are not intended to be a complete presentation of the financial position and changes in financial position of the Clerk. Additionally, the special-purpose financial statements present only the Clerk and are not intended to present the financial position and changes in financial position of Orange County, Florida taken as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 17 through 19 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2014 on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

This report is intended solely for the information and use of the Clerk's management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.

Cherry Bekaert LLP

Orlando, Florida
February 7, 2014

SPECIAL-PURPOSE FINANCIAL STATEMENTS

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
SPECIAL-PURPOSE BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	Major Funds			
	General Fund	Public Records Modernization	Foreclosure Education	Totals
ASSETS				
Cash and cash equivalents	$ 5,269,441	$ 3,660,679	$ 24,832	$ 8,954,952
Due from Board of County Commissioners	4,223	-	-	4,223
Due from General Fund	-	-	50	50
Due from Public Records Modernization Fund	61,754	-	-	61,754
Due from other governmental agencies	540,939	221,730	-	762,669
Total assets	$ 5,876,357	$ 3,882,409	$ 24,882	$ 9,783,648
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued liabilities	$ 915,099	$ 22,140	$ -	$ 937,239
Due to individuals	781,711	-	-	781,711
Due to Board of County Commissioners	187,598	-	-	187,598
Due to other governmental agencies	3,665,773	-	-	3,665,773
Due to General Fund	-	61,754	-	61,754
Due to Mortgage Foreclosure Education Fund	50	-	-	50
Total liabilities	5,550,231	83,894	-	5,634,125
Fund Balance:				
Restricted:				
Court operations	326,126	-	-	326,126
Public records modernization	-	3,798,515	-	3,798,515
Mortgage foreclosure education	-	-	24,882	24,882
Total fund balance	326,126	3,798,515	24,882	4,149,523
Total liabilities and fund balance	$ 5,876,357	$ 3,882,409	$ 24,882	$ 9,783,648

See notes to special-purpose financial statements.

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2013

	Major Funds			
	General Fund	Public Records Modernization	Mortgage Foreclosure Education	Totals
Revenues				
Court-related:				
Intergovernmental:	$ 22,492,310	$ -	$ -	$ 22,492,310
Charges for services:				
Filing fees	3,453,320	-	-	3,453,320
Service charges	2,863,194	-	-	2,863,194
Court costs	2,067,500	-	-	2,067,500
Fines and Forfeitures	2,222,192	1,781,177	-	4,003,369
Interest income	9,387	-	-	9,387
Non-court-related:				
Charges for services:				
Marriage and passport	1,052,386	-	-	1,052,386
Recording fees from Comptroller	-	2,931,781	-	2,931,781
Other	-	12,075	8,581	20,656
Intergovernmental:				
County funded items	120,900	-	-	120,900
Child support federal reimbursement	1,233,892	-	-	1,233,892
Interest income	1	-	-	1
Total revenues	35,515,082	4,725,033	8,581	40,248,696
Expenditures				
Court-related:				
Current:				
General government:				
Salaries and benefits	24,177,088	-	-	24,177,088
Operating	5,601,706	-	-	5,601,706
Capital outlay	22,335	-	-	22,335
Distribution of excess fees	4,356,353	-	-	4,356,353
Non-court-related:				
Current:				
General government:				
Salaries and benefits	1,229,027	1,806,070	-	3,035,097
Operating	469,890	1,853,684	-	2,323,574
Capital outlay	708,262	308,774	-	1,017,036
Total expenditures	36,564,661	3,968,528	-	40,533,189
Excess of revenues over (under) expenditures	(1,049,579)	756,505	8,581	(284,493)
Fund balance, beginning of year	1,375,705	3,042,010	16,301	4,434,016
Fund balance, end of year	$ 326,126	$ 3,798,515	$ 24,882	$ 4,149,523

See notes to special-purpose financial statements.

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2013

	Other Postemployment Benefits Trust	Agency
ASSETS		
Cash and cash equivalents	$ 3,169,170	$ 45,465,326
Due from individuals	-	5,879
Total assets	$ 3,169,170	$ 45,471,205
LIABILITIES		
Due to individuals	$ -	$ 42,032,942
Due to Board of County Commissioners	-	796,028
Due to other governmental agencies	-	2,642,235
Total liabilities	$ -	$ 45,471,205
Net Position		
Held in trust for other postemployment benefits	3,169,170	
Total net position	$ 3,169,170	

See notes to special-purpose financial statements.

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
SPECIAL-PURPOSE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

YEAR ENDED SEPTEMBER 30, 2013

Additions		
Employer contributions	$	2,900,000
Net investment income		212
Total additions		2,900,212
Net position, beginning of year		268,958
Net position, end of year	$	3,169,170

See notes to special-purpose financial statements.

Note 1 – Summary of significant accounting policies

Reporting entity – The Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk") is a separately elected county official established pursuant to the Constitution of the State of Florida. The Clerk's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Orange County, Florida (the "County") taken as a whole. The special-purpose financial statements of the Clerk have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board ("GASB").

Entity status for financial reporting purposes is governed by GASB Statement No. 14, as amended. Although the Clerk's office is operationally autonomous and legally separate from the Board, it does not hold sufficient corporate powers of its own to be considered a separate entity for financial reporting purposes. Therefore, under GASB guidelines, the Clerk is reported as a part of the primary government of the County.

Description of funds – The accounting records are organized for reporting purposes on the basis of governmental funds and fiduciary funds.

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Clerk.

Special revenue funds – The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The Public Records Modernization Trust Fund, which was established pursuant to an act of the 1987 Florida Legislature, receives 25% of the additional recording fees which are collected by the Orange County, Florida Comptroller's office, a Constitutional officer, and are earmarked for the modernization of recording service operations. Effective July 1, 2004, this fund also receives $1.90 of the additional recording fees which are collected by the Orange County, Florida Comptroller's office, and are earmarked for the Clerk's technology needs. Effective July 1, 2009, this fund also receives 10% of all fine monies collected by the Clerk to be used for any court-related purpose. The Mortgage Foreclosure Education Trust Fund, established July 1, 2006 under House Bill 65 and Section 45.035(2)a, Florida Statutes, entitles the Clerk to collect a $25 service charge on any surplus resulting from a mortgage foreclosure sale. Proceeds from this service charge may only be used for purposes of educating the public as to the rights of homeowners regarding foreclosure proceedings.

Fiduciary funds – Fiduciary funds of the Clerk include an Other Postemployment Benefit Fund, which is used to account for the receipt and disbursement of assets held in trust for participants of the Clerk's other postemployment benefit plan, and agency funds, which are used to account for assets held by the Clerk as agent.

Note 1 – Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation – The Clerk's special-purpose financial statements are prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General* (the "Rules"), which require the Clerk to only present fund financial statements. In conformity with the Rules, the Clerk has not presented the government-wide financial statements, related disclosures or management's discussion and analysis, which are required to present a complete presentation of its financial position and changes in financial position.

The General Fund and special revenue funds are governmental funds which use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers amounts collected on grants within 120 days after year-end, and amounts collected on all other government funds within 60 days after year-end, to be available and thus recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Clerk reports the General Fund, the Public Records Modernization Trust Fund, and the Mortgage Foreclosure Education Trust Fund as major governmental funds. Agency funds are custodial in nature and do not involve measurement of results of operations; related assets and liabilities are measured on the accrual basis of accounting. The Other Postemployment Benefit Fund uses a flow of economic resources measurement focus to determine net position. The accounting principles used are similar to those applicable to businesses in the private sector and, thus, this fund is maintained on the accrual basis of accounting. Additions are recognized when earned and deductions are recognized when incurred.

Effective July 1, 2004, as a result of Revision 7 to Article V of the Constitution of the State of Florida, the passage of Senate Bill 2962 and the revision of numerous Sections of Florida Statutes (collectively, Article V), the Clerk became an entirely fee-based Constitutional Officer.

Effective July 1, 2009, as a result of the passage of Senate Bills 2108 and 1718, the Clerk became part of the state appropriation process, wherein the Clerk receives a predetermined share of a statewide appropriation to all State of Florida Clerks of Court. This appropriation is accounted for as intergovernmental revenue.

Effective July 1, 2013, as a result of the passage of Senate Bill 1512, the Clerk returned to being an entirely fee-based Constitutional Officer. In accordance with this Bill, fee revenue began being recognized effective June 1, 2013.

The Clerk's operations are segregated between court-related and non-court-related activities as defined in Article V. Any excess of court-related revenue over court-related expenditures as of June 30 each year is paid to the State of Florida Department of Revenue Clerks' Trust Fund ("DOR"). The excess of court-related revenue over court-related expenditures from July 1, 2013 to September 30, 2013 will be paid to DOR. Effective October 1, 2013, any excess of court-related revenue over court-related expenditures as of September 30 each year will be paid to DOR. Any excess of non-court-related revenue over non-court-related expenditures is reflected as a liability to the Orange County Board of County Commissioners (the "Board").

Note 1 – Summary of significant accounting policies (continued)

Fund balance presentation – All fund balances of the governmental funds are classified as restricted. This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Budgetary requirements – Expenditures are controlled by appropriations in accordance with the budgetary requirements set forth in the Florida Statutes. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

The Florida Clerks of Court Operations Corporation ("CCOC") approved the budget for the Clerk's court-related activities for the twelve months ended June 30, 2013 and for the three-month period beginning July 1, 2013 through September 30, 2013 to conform to statutory revisions in Senate Bill 1512. The Clerk's statutory fiscal year is from October 1, 2012 through September 30, 2013. The Clerk is not required to submit its non-court-related activities budget for approval. These budgets collectively comprise the Clerk's General Fund budget. The Clerk is not required to submit its special revenue funds budgets for approval. The Clerk increased its court and non-court-related budgets in the amount of $1,103,328 and $153,000, respectively, through a budget amendment.

Cash and cash equivalents – The Clerk's cash and cash equivalents consist of demand deposits and highly liquid investments with maturities of 90 days or less when purchased. Investments are reported at fair value.

Capital assets – Tangible personal property used by the Clerk's operations is recorded in the General Fund as an expenditure at the time assets are received and a liability is incurred. Purchased assets are recorded at historical cost in the government-wide financial statements of the County.

In addition, the Board provides administrative office space used by the Clerk at no charge. The Board incurred $162,039 for lease costs in connection with the office space during fiscal 2013.

Compensated absences – The Clerk permits employees to accumulate earned but unused vacation and sick pay benefits. The Clerk is not legally required to and does not accumulate expendable available financial resources to liquidate this obligation. The obligation for compensated absences is accrued in the government-wide financial statements of the County. A summary of activity for the Clerk's compensated absences obligation is as follows:

Beginning Balance	$	2,307,706
Earned		1,558,443
Used		(1,625,850)
Ending Balance	$	2,240,299

:

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.

Note 1 – Summary of significant accounting policies (continued)

New accounting pronouncement - Effective October 1, 2013, the Clerk adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Implementation of GASB 63 required the Clerk to present a Statement of Fiduciary Net Position, replacing the previously presented Statement of Fiduciary Net Assets, in the Clerk's special-purpose financial statements.

Note 2 – Deposits and investments

Cash – Cash accounts are maintained in demand deposits, which are insured by the Federal Deposit Insurance Corporation or covered by the State of Florida collateral pool, a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails.

Investments – The Clerk follows Florida Statutes for its investment policy, which authorizes investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, and obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government.

The Clerk's deposits and investments include $55,984,916 in interest bearing bank accounts, and $1,578,712 in demand deposits at September 30, 2013. Cash on hand amounted to $25,820.

Note 3 – Interfund receivables and payables

Interfund receivables and payables at September 30, 2013 consist of the following:

	Due from Other Funds	Due to Other Funds
General Fund	$ 61,754	$ 50
Public Records Modernization Trust Fund	-	61,754
Foreclosure Education Trust Fund	50	-
	$ 61,804	$ 61,804

The amounts due to the General Fund are related to expenditures made for costs that are reimbursable by the Public Records Modernization Fund. The amounts due to the Foreclosure Education Trust Fund are related to unreimbursed revenue earned.

Note 4 – Retirement system

Plan description – The Clerk's employees participate in the Florida Retirement System ("FRS"), administered by the Florida Department of Management Services. Employees elect participation in either the defined benefit plan ("Pension Plan"), a multiple-employer cost-sharing defined benefit plan, or the defined contribution plan ("Investment Plan") under the FRS. 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 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 will be based on the eight highest years of salary. A post-employment health insurance subsidy is also provided to eligible retired members through the FRS in accordance with Florida Statutes.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (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.

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.

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, or from the website www.dms.myflorida.com/retirement.

Note 4 – Retirement system (continued)

Funding policy – Effective July 1, 2011, all enrolled members of the FRS other than DROP participants are required to contribute 3% 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, 2012 through June 30, 2013 and July 1, 2013 through September 30, 2013, respectively, were as follows: regular, 5.18% and 6.95%; county elected officers, 10.23% and 33.03%; senior management, 6.30% and 18.31%; and DROP participants, 5.44% and 12.84%.

During the fiscal year ended September 30, 2013, the Clerk contributed to the Plan an amount equal to 5.81% of covered payroll. Clerk contributions to the FRS for the fiscal years ended September 30, 2011 through 2013 were $1,872,464, $966,392 and $1,165,738, respectively, which were equal to the required contributions for each fiscal year. The Clerk has historically contributed amounts equal to required contributions and, therefore, does not have a pension asset or liability as determined in accordance with GASB Statement No. 27.

Note 5 – Insurance coverage

Orange County maintains a self-insurance program that provides for coverage of substantially all risks. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the loss fund. The Clerk participated in the County's self-insurance program during fiscal year 2013 at a cost of $126,252. There have been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2013.

Note 6 – Other Postemployment Benefit (OPEB) Plan

Plan description – The Clerk offers a single-employer defined benefit plan ("OPEB plan") that subsidizes the cost of health care for its retirees and eligible dependents. Retirees with at least 10 years of service under the Clerk who are receiving benefits from the FRS are eligible to receive a monthly benefit of five dollars per year of service up to a maximum of $150 per month. Additionally, Clerk employees who retire and immediately begin receiving benefits from the FRS have the option of continuing in the County health insurance plan at the same group rate as for active employees.

In June 2009, the Clerk established the Orange County Clerk of the Circuit and County Courts Retiree Health Insurance Subsidy Trust ("Trust"), a qualifying trust, and began funding its OPEB Plan obligation. Separate stand-alone financial statements for the Trust are not prepared.

At October 1, 2013, the date of the latest actuarial valuation, plan participation consisted of:

Active Employees	442
Inactive Participants	112
Total	554

Funding policy – The Clerk funds its OPEB obligations on a pay-as-you-go basis, and has the authority to establish and amend its funding policy. However, the Clerk has contributed $3,200,000 to the Trust to be used to fund current subsidy payments to participants for upcoming fiscal years.

Note 6 – Other Postemployment Benefit (OPEB) Plan (continued)

Annual OPEB cost and net OPEB obligation – The Clerk engaged an actuarial firm to determine the estimated obligation associated with postemployment health insurance benefits as of September 30, 2013 and September 30, 2014, as well as the actuarially required contribution (ARC) for funding this obligation. Based on this report, including assumptions that the ARC is funded and has an average return on investment of 3.5%, the ARC for the Clerk's office in fiscal year 2013 was $551,490.

The annual cost (expense) of the OPEB plan is calculated based on the ARC. The Clerk's annual OPEB cost, contributions made, and net OPEB obligation (asset) for 2013 are as follows:

Net OPEB obligation as of September 30, 2012		$ 1,732,823
ARC for the fiscal year	$ 551,490	
Interest on OPEB obligation	60,649	
Adjustment to ARC	(57,761)	
Annual OPEB cost for the fiscal year		554,378
Less: Contributions made during the fiscal year		(3,162,372)
Net OPEB asset as of September 30, 2013		$ (875,171)

The Clerk's annual OPEB cost (AOC), OPEB contributions net of amounts received from retirees, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (NOO)/net OPEB asset (NOA) as of September 30, 2013 and the two preceding years were as follows:

Fiscal Year	AOC	Net Contribution	Percent of AOC Contributed	NOO(NOA)
September 30, 2013	$ 554,378	$ 3,162,372	570%	$ (875,171)
September 30, 2012	$ 526,053	$ 246,398	47%	$ 1,732,823
September 30, 2011	$ 498,622	$ 352,055	71%	$ 1,453,168

Funded status and funding progress – The following table shows the funded status of the plan as of September 30, 2013, the most recent actuarial valuation date, and the two preceding actuarial valuation dates:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
09/30/2011	$ 263,139	$ 6,257,734	$ 5,994,595	4.2%	$ 19,993,723	30.0%
09/30/2012	$ 268,958	$ 6,496,442	$ 4,227,484	4.1%	$ 20,758,553	30.0%
09/30/2013	$ 3,169,170	$ 8,961,748	$ 5,792,578	35.4%	$ 20,057,017	28.9%

The above schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Note 6 – Other Postemployment Benefit (OPEB) Plan (continued)

The Clerk recognizes OPEB expenditures as amounts are funded. The amount of the ARC in excess of contributions funded is a long-term obligation and, accordingly, is presented on the government-wide statement of net assets in the County's Comprehensive Annual Financial Report.

Actuarial methods and assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods are:

Actuarial cost method	Entry Age actuarial cost method
Amortization method	Level percentage of payroll projected to grow 3.5% per year
Amortization period (closed)	30 years
Asset valuation method	Fair value

The actuarial assumptions are:

Investment rate of return	3.5%
Projected annual salaries increase	3.5%
Healthcare cost trend rate	Increase of 9.5% pre - Medicare and 7.0% post - Medicare for the 2014 fiscal year, grading to an ultimate rate of 5.5% for the 2019 fiscal year

Note 7 – Lease commitments

Operating leases – The Clerk leases various office equipment under arrangements accounted for as operating leases. Total lease expenditures were $253,301 for the year ended September 30, 2013. The following is a schedule of minimum future rent obligations under non-cancelable leases with terms in excess of one year:

2014	$	144,220
2015		112,222
2016		88,155
Total	$	344,597

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Court-related:				
Intergovernmental	$ 28,058,278	$ 22,492,310	$ 22,492,310	$ -
Charges for services:				
Filing fees	-	3,000,000	3,453,320	453,320
Service charges	-	1,800,000	2,863,194	1,063,194
Court costs	-	1,600,000	2,067,500	467,500
Fines and forfeitures	-	1,645,000	2,222,192	577,192
Interest Income	-	-	9,387	9,387
Non-court-related:				
Charges for services:				
Marriage and passport	934,000	1,053,000	1,052,386	(614)
Intergovernmental:				
County funded items	120,900	120,900	120,900	-
Child support federal reimbursement	1,200,000	1,234,000	1,233,892	(108)
Interest income	-	-	1	1
Total revenues	30,313,178	32,945,210	35,515,082	2,569,872
Expenditures				
Court-related:				
Current:				
General government:				
Salaries and benefits	26,184,960	25,165,105	24,177,088	988,017
Operating	3,249,023	6,007,767	5,601,706	406,061
Capital outlay	-	23,972	22,335	1,637
Distribution of excess fees	-	716,171	4,356,353	(3,640,182)
Non-court-related:				
Current:				
General government:				
Salaries and benefits	985,597	1,229,714	1,229,027	687
Operating	376,400	469,891	469,890	1
Capital outlay	892,903	708,295	708,262	33
Total expenditures	31,688,883	34,320,915	36,564,661	(2,243,746)
Excess of revenues over (under) expenditures	(1,375,705)	(1,375,705)	(1,049,579)	326,126
Fund balance, beginning of year	1,375,705	1,375,705	1,375,705	-
Fund balance, end of year	$ -	$ -	$ 326,126	$ 326,126

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC RECORDS MODERNIZATION TRUST FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services:				
Recording fees from Comptroller	$ 2,200,000	$ 2,200,000	$ 2,931,781	$ 731,781
Other	10,000	10,000	12,075	2,075
Fines	1,800,000	1,800,000	1,781,177	(18,823)
Total revenues	4,010,000	4,010,000	4,725,033	715,033
Expenditures				
Current:				
General government:				
Salaries and benefits	1,771,400	1,814,400	1,806,070	8,330
Operating	2,338,600	2,289,899	1,853,684	436,215
Capital outlay	1,200,000	1,205,701	308,774	896,927
Total expenditures	5,310,000	5,310,000	3,968,528	1,341,472
Excess of revenues over (under) expenditures	(1,300,000)	(1,300,000)	756,505	2,056,505
Fund balance, beginning of year	3,042,010	3,042,010	3,042,010	-
Fund balance, end of year	$ 1,742,010	$ 1,742,010	$ 3,798,515	$ 2,056,505

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MORTGAGE FORECLOSURE EDUCATION TRUST FUND

SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	$ 5,000	$ 5,000	$ 8,581	$ 3,581
Total revenues	5,000	5,000	8,581	3,581
Expenditures				
Current:				
General government:				
Operating	20,000	20,000	-	20,000
Total expenditures	20,000	20,000	-	20,000
Excess of revenues over (under) expenditures	(15,000)	(15,000)	8,581	23,581
Fund balance, beginning of year	16,301	16,301	16,301	-
Fund balance, end of year	$ 1,301	$ 1,301	$ 24,882	$ 23,581

OTHER SUPPLEMENTARY INFORMATION

The Combining Statement of Changes in Assets and Liabilities - All Agency Funds for the Clerk is presented on the following pages. The purpose of each fund shown on this statement is described below.

Domestic Relations Fund – This fund supports the collection and disbursement of child support and alimony payments.

Registry of the Court Fund – This fund is maintained for civil actions, which result in the court ordering the Clerk to collect and disburse funds in a specific manner. The court orders are a result of civil actions initiated by individuals or organizations.

Agency Fines Fund – This fund is used for the collection, disbursement, and maintenance of funds resulting from various illegal acts. These actions may involve traffic violations, as well as other illegal actions.

Witness Payroll Fund – This fund is maintained to support the payment of witnesses for the County and Circuit Courts.

Other Agency Funds – This fund supports the collection and disbursement of funds resulting from mortgage foreclosure actions, filing of civil action cases, and the issuance of marriage licenses as well as other civil actions. Other civil actions may result in the court ordering the clerk to manage the funds in a specific manner. The funds are disbursed to governmental agencies, private and nonprofit organizations, and individuals.

Criminal Cash Bond Fund – This fund is maintained for the collection and disbursement of funds resulting from cash posted to release individuals charged with criminal activities from jail.

Online Foreclosure Sales Fund – This fund is maintained for the collection and disbursement of funds resulting from mortgage foreclosure actions that occur using the Clerk's online foreclosure sales website. The funds are disbursed to individuals and private and nonprofit organizations.

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2013

Domestic Relations	Balance 09/30/12	Additions	Deductions	Balance 09/30/13
ASSETS				
Cash and cash equivalents	$ (3,879)	$ 5,282,649	$ 5,194,034	$ 84,736
Due from individuals	3,879	3,000	1,000	5,879
Total assets	$ -	$ 5,285,649	$ 5,195,034	$ 90,615
LIABILITIES				
Due to individuals	$ -	$ 5,285,649	$ 5,195,034	$ 90,615
Registry of the Court				
ASSETS				
Cash and cash equivalents	$ 7,659,205	$ 48,250,045	$ 49,361,312	$ 6,547,938
LIABILITIES				
Due to individuals	$ 7,659,205	$ 48,250,045	$ 49,361,312	$ 6,547,938
Agency Fines				
ASSETS				
Cash and cash equivalents	$ 6,218,122	$ 62,504,460	$ 64,728,816	$ 3,993,766
LIABILITIES				
Due to individuals	$ 1,435,665	$ 2,654,002	$ 2,782,658	$ 1,307,009
Due to Board of County Commissioners	719,162	10,424,548	10,347,682	796,028
Due to other governmental agencies	4,063,295	49,425,910	51,598,476	1,890,729
Total liabilities	$ 6,218,122	$ 62,504,460	$ 64,728,816	$ 3,993,766
Witness Payroll				
ASSETS				
Cash and cash equivalents	$ 39,848	$ 293,962	$ 282,624	$ 51,186
LIABILITIES				
Due to other governmental agencies	$ 39,848	$ 293,962	$ 282,624	$ 51,186

ORANGE COUNTY, FLORIDA
CLERK OF CIRCUIT AND COUNTY COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2013

Other Agency Funds	Balance 09/30/12	Additions	Deductions	Balance 09/30/13
ASSETS				
Cash and cash equivalents	$ 2,816,612	$ 14,074,529	$ 14,244,150	$ 2,646,991
LIABILITIES				
Due to individuals	$ 1,704,392	$ 898,256	$ 655,977	$ 1,946,671
Due to other governmental agencies	1,112,220	13,176,273	13,588,173	700,320
Total liabilities	$ 2,816,612	$ 14,074,529	$ 14,244,150	$ 2,646,991
Criminal Cash Bond				
ASSETS				
Cash and cash equivalents	$ 1,533,628	$ 2,525,457	$ 2,531,059	$ 1,528,026
LIABILITIES				
Due to individuals	$ 1,533,628	$ 2,525,457	$ 2,531,059	$ 1,528,026
Online Foreclosure Sales				
ASSETS				
Cash and cash equivalents	$ 21,010,907	$ 495,390,272	$ 485,788,496	$ 30,612,683
LIABILITIES				
Due to individuals	$ 21,010,907	$ 495,369,187	$ 485,767,411	$ 30,612,683
Due to other governmental agencies	-	21,085	21,085	-
Total liabilities	$ 21,010,907	$ 495,390,272	$ 485,788,496	$ 30,612,683
Total Agency Funds				
ASSETS				
Cash and cash equivalents	$ 39,274,443	$ 628,321,374	$ 622,130,491	$ 45,465,326
Due from individuals	3,879	3,000	1,000	5,879
Total assets	$ 39,278,322	$ 628,324,374	$ 622,131,491	$ 45,471,205
LIABILITIES				
Due to individuals	$ 33,343,797	$ 554,982,596	$ 546,293,451	$ 42,032,942
Due to Board of County Commissioners	719,162	10,424,548	10,347,682	796,028
Due to other governmental agencies	5,215,363	62,917,230	65,490,358	2,642,235
Total liabilities	$ 39,278,322	$ 628,324,374	$ 622,131,491	$ 45,471,205

SUPPLEMENTARY REPORTS OF INDEPENDENT AUDITOR

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Eddie Fernandez,
Clerk of the Circuit and County Courts of Orange County, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk") as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2014 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*. We also have audited the Other Postemployment Benefits Trust Fund, as displayed in the Clerk's special-purpose financial statements, and the financial statements of each of the Clerk's agency funds, presented as supplementary information as of and for the year ended September 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose 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 special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Cherry Bekaert LLP

Orlando, Florida
February 7, 2014

Cherry Bekaert LLP
CPAs & Advisors

Independent Auditors' Management Letter

To the Honorable Eddie Fernandez,
Clerk of the Circuit and County Courts of Orange County, Florida:

We have audited the special-purpose financial statements of the Orange County, Florida Clerk of the Circuit and County Courts (the "Clerk"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated February 7, 2014.

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. 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 Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 7, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

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. No recommendations were made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit of the special-purpose financial statements, nothing came to our attention that would cause us to believe that the Clerk was in noncompliance with Section 218.415 regarding the investment of public funds.

Section 10.554(1)(i)3., *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)(e)(4)., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with out audit, we did not have any such findings.

Section 10.554(1)(i)5., *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 the management letter, unless disclosed in the notes to the special-purpose financial statements. The Clerk is a separately elected county official established pursuant to the Constitution of the State of Florida. There are no component units related to the Clerk.

Section 10.554(1)(i)7., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, *Florida Statutes*. In connection with our audit, our testing did not indicate that the Clerk was in noncompliance with the requirements of Section 28.35 or 28.36, *Florida Statutes*.

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.

Cherry Bekaert LLP

Orlando, Florida
February 7, 2014