

**FLORIDA CLERKS OF COURT  
OPERATIONS CORPORATION  
(A Component Unit of the State of Florida)  
TALLAHASSEE, FLORIDA**



**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Executive Council  
Florida Clerks of Court Operations Corporation  
Tallahassee, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the major fund (special revenue) of Florida Clerks of Court Operations Corporation (a component unit of the State of Florida), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund (special revenue) of Florida Clerks of Court Operations Corporation, as of September 30, 2023, and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Florida Clerks of Court Operations Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Florida Clerks of Court Operations Corporation's ability to continue as a going concern for a reasonable period of time.

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-7 and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Florida Clerks of Court Operations Corporation's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024, on our consideration of Florida Clerks of Court Operations Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Clerks of Court Operations Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Clerks of Court Operations Corporation's internal control over financial reporting and compliance.



**LAW, REDD, CRONA & MUNROE, P.A.**  
Tallahassee, Florida  
June 10, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Florida Clerks of Court Operations Corporation's (the CCOC) financial performance provides an overview of the CCOC's financial activities for the year ended September 30, 2023. Please read it in conjunction with the CCOC's basic financial statements, which begin on page 8.

### **Background and Financial Information**

The Florida Clerks of Court Operations Conference (the Conference) was established in 2003 by Section 28.35, *Florida Statutes*, to establish a process for the review and approval of court-related proposed budgets submitted by the respective Clerks of the Court. The 2004 session of the Florida Legislature amended Section 28.35, *Florida Statutes*, making the Conference a public corporation and changing its name to Florida Clerks of Court Operations Corporation.

During the 2009 session, the Florida Legislature changed the CCOC from a quasi-governmental form of government to a governmental fund housed under the Justice Administrative Commission (JAC). The Florida Legislature identified a source of court fees, collected from the Clerks throughout the State, to fund the operations of the CCOC.

Beginning on July 1, 2013, the Florida Legislature changed the structure and funding for the CCOC. The corporation reverted back to being a separate entity (public corporation) with a September 30 fiscal year end and was no longer housed under the JAC. Instead, the CCOC is funded pursuant to a contract with the Chief Financial Officer of the State of Florida. The employees of the Corporation participate in the Florida Retirement System. Further, the Corporation may hire staff and pay other expenses necessary to perform the official duties and responsibilities. CCOC is considered a blended component unit of the State of Florida.

### **Overview of the Financial Statements and Financial Highlights**

The CCOC issues basic financial statements comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements:** The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. All CCOC's basic services are considered to be governmental activities and state courts programs. Operations are funded through court fees collected from the Clerks throughout the state of Florida.

Section 744.2112, *Florida Statutes*, signed into law in June 2022, requires CCOC and the clerks of court to establish a statewide database of guardian and guardianship case information to facilitate improving court oversight of guardianship cases. As such, CCOC was awarded a reimbursement grant not to exceed \$2.4M from the Justice Administrative Commission to fulfill this task.

The Statement of Net Position presents information on CCOC's assets, deferred inflows/outflows and liabilities, the difference being reported as net position. Over time, changes in net position (increases and decreases) may serve as a useful indicator of whether the financial position of CCOC is improving or deteriorating.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Statement of Activities presents the change in the CCOC's net position during the fiscal year. Revenues and expenses are accounted for on the accrual basis of accounting in this report. CCOC's financial statements include the governmental activities related to state courts programs and grants.

The following table presents the CCOC's condensed Statement of Net Position as of September 30, 2023 and 2022, as derived from the government-wide Statement of Net Position.

**Table 1 – Net Position**

	Governmental Activities	
	2023	2022
Current and Other Assets	\$ 2,580,105	\$ 2,208,530
Capital Assets	1,207,990	19,177
Deferred Outflows of Resources	387,914	308,657
Current Liabilities	(615,031)	(157,712)
Noncurrent Liabilities	(1,369,537)	(1,051,156)
Deferred Inflows of Resources	(52,725)	(74,031)
Net Position	<u>\$ 2,138,716</u>	<u>\$ 1,253,465</u>

In 2023, investment in capital assets (software, furniture and equipment) totals \$1,207,990 and represents 56% of CCOC's net position. The remaining 44% of net position is restricted for program costs.

The following table presents the CCOC's condensed Statement of Activities for the years ended September 30, 2023 and 2022, as derived from the government-wide Statement of Activities.

**Table 2 – Changes in Net Position**

	2023	2022
Total Revenues	\$ 3,517,801	\$ 1,603,132
Total Expenditures	2,632,550	1,539,225
Change in Net Position	885,251	63,907
Net Position – Beginning of Year	1,253,465	1,189,558
Net Position – End of Year	<u>\$ 2,138,716</u>	<u>\$ 1,253,465</u>

State appropriations and court fees revenue increased \$371,906 (or 23%) compared to the previous year. This increase was due to an increase in fees collected from the State Clerks. CCOC also recognized revenues of \$1,537,873, expenditures of \$342,873 and capital outlay of \$1,195,000 related to the Guardianship Database.

During the fiscal year, CCOC was involved in a cyber attack resulting in a loss from fraud of \$303,412. CCOC is continuing to work with state officials on a resolution of the matter. After the incident, CCOC implemented various procedures to prevent further attacks. See Views of Responsible Official in the Schedule of Findings and Questioned Costs for details.

**Fund Financial Statements:** A fund is a self-balancing group of accounts used to maintain control over resources intended to be used for specific purposes. The fund financial statements focus on the only fund of the CCOC, the special revenue fund.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The governmental fund financial statements provide information based on current sources and uses of resources of CCOC's operations. A reconciliation of the governmental fund financial statements with the Statement of Net Position (prepared on the accrual basis of accounting) is provided at the end of the related financial statements to facilitate comparison. The capital assets, long-term debt and deferred inflows and outflows used in governmental activities, which are not current sources and uses of financial resources, are not reported in the fund financial statements

**Notes to the Financial Statements:** The notes provide additional information that is important to the reader in attaining a full understanding of the data presented in the financial statements.

### **Requests for Information**

Questions concerning any of the information provided in this report or requests for additional information should be addressed to John Dew, Executive Director, Florida Clerks of Court Operations Corporation, 2560-102 Barrington Circle, Tallahassee, Florida 32308.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 1,740,937
Accounts Receivable	837,873
Prepaid Expenses and Other Assets	1,295
Total Current Assets	2,580,105
<b>Noncurrent Assets</b>	
Capital Assets:	
Software, Furniture and Equipment, Net	1,207,990
Total Noncurrent Assets	1,207,990
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Pensions	387,914
Total Deferred Outflows of Resources	387,914
Total Assets and Deferred Outflows of Resources	\$ 4,176,009
 <b>LIABILITIES , DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>Current Liabilities</b>	
Accounts Payable and Accrued Liabilities	\$ 554,085
Compensated Absences - Current	60,946
Total Current Liabilities	615,031
<b>Noncurrent Liabilities</b>	
Compensated Absences	118,836
Pension Liability	1,250,701
Total Noncurrent Liabilities	1,369,537
Total Liabilities	1,984,568
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pensions	52,725
Total Deferred Inflows of Resources	52,725
<b>Net Position</b>	
Net Investment in Capital Assets	1,207,990
Restricted	930,726
Total Net Position	2,138,716
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 4,176,009

See accompanying notes to the financial statements.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Capital Grants</u>	<u>State Appropriations and Court Fees</u>	
<b>Primary Government:</b>				
Governmental Activities:				
State Courts	\$ 2,329,138	\$ 1,537,873	\$ 1,973,992	\$ 1,182,727
Total Governmental Activities	<u>\$ 2,329,138</u>	<u>\$ 1,537,873</u>	<u>\$ 1,973,992</u>	1,182,727
Other Revenue				5,936
Loss from Fraud				<u>(303,412)</u>
Change in Net Position				885,251
Net Position - Beginning of Year				<u>1,253,465</u>
<b>Net Position - End of Year</b>				<u><b>\$ 2,138,716</b></u>

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**SEPTEMBER 30, 2023**

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	<u>Special Revenue Fund</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 1,740,937
Accounts Receivable	837,873
Prepaid Expenses and Other Assets	<u>1,295</u>
<b>Total Current Assets</b>	<b><u>\$ 2,580,105</u></b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Current Liabilities</b>	
Accounts Payable and Accrued Liabilities	\$ 554,085
<b>Fund Balance</b>	
Restricted Fund Balance	<u>2,026,020</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 2,580,105</u></b>
Amounts reported for "Governmental Activities" in Statement of Net Position are different because:	
Fund Balance - Governmental Fund	\$ 2,026,020
Capital Assets, Net of Depreciation used in Governmental Activities, are not financial resources and, therefore, are not reported in the fund financial statements.	1,207,990
Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year-end consist of:	
Deferred Outflows Related to Pensions	387,914
Deferred Inflows Related to Pensions	(52,725)
Long-term liabilities, including compensated absences and pension, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(1,430,483)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 2,138,716</u></b>

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	<b>Special Revenue Fund</b>
<b>Revenues</b>	
State Financial Assistance	\$ 3,511,865
Interest Income	5,936
	3,517,801
<b>Total Revenues</b>	<b>3,517,801</b>
<b>Expenditures</b>	
Current:	
Personnel Services	1,106,342
Expenses	994,130
Capital Outlay	1,195,000
	3,295,472
<b>Total Expenditures</b>	<b>3,295,472</b>
Excess of Revenues over Expenditures	222,329
Loss from Fraud	(303,412)
	(81,083)
<b>Net Change in Fund Balance - Governmental Fund</b>	<b>(81,083)</b>
Restricted Fund Balance, September 30, 2022	2,107,103
	2,026,020
<b>Restricted Fund Balance, September 30, 2023</b>	<b>\$ 2,026,020</b>

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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Net change in Fund Balance - Governmental Fund	\$	(81,083)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$1,195,000 exceeded depreciation expense of \$6,187 in the current period.</p>		
		1,188,813
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in Pension Related Balances		(197,488)
Change in Compensated Absences		(24,991)
		885,251
Change in Net Position of Governmental Activities	\$	885,251

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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<b>NOTE 1: <i>Summary of Significant Accounting Policies</i></b>
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***Reporting Entity***

These financial statements are intended to present the financial position and results of operations of the Florida Clerks of Court Operations Corporation (CCOC). The CCOC is a blended component unit of the State of Florida and is included in the State of Florida's annual financial report. The financial statements contained herein represent the financial transactions of only the CCOC.

The 2013 session of the Florida Legislature amended Section 28.35, *Florida Statutes*, making the Florida Clerks of Court Operations Corporation a public corporation financed through a contract with the Department of Financial Services, effective July 1, 2013.

CCOC's activities are accounted for in a special revenue fund. The CCOC has no component units.

***Government-Wide and Fund Accounting***

The CCOC's financial statements have been prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34 establishes financial reporting requirements for state and local governments throughout the United States. The financial data of the CCOC is presented in the required GASB format as discussed on the following pages.

***Government-Wide Accounting***

The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, report information regarding the activities of the CCOC. Government-wide statements distinguish between government-type and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

As a branch of government that does not levy taxes, the CCOC is funded by an appropriation of the Florida Legislature through a portion of the fees collected by the Clerks of Court for filing a civil action in Circuit Court, as specified in Section 28.241, *Florida Statutes*. In addition, CCOC was awarded a grant from the Justice Administrative Commission to establish a statewide database of guardian and guardianship case information to facilitate improving court oversight of guardianship cases in accordance with Section 744.2112, *Florida Statutes*. The government-wide financial statements present this activity as a special revenue fund.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 1: *Summary of Significant Accounting Policies (continued)***

***Fund Accounting***

In fund accounting, the diverse nature of governmental operations and the necessity of determining compliance with legal provisions require modification of accounting systems commonly used by commercial enterprises. The CCOC special revenue fund is considered a separate entity with self-balancing accounts that include, where applicable, its assets, liabilities, fund equity, revenues, expenditures and other financial sources and uses.

**Government Fund Type: Special Revenue Fund** – Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or expendable trusts) that are legally restricted to expenditures for specified purposes.

GASB Statement No. 54 requires fund balance reported in the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Within this hierarchy, fund balance is first classified as non-spendable, then restricted, committed, assigned, and unassigned.

- *Non-spendable* – This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- *Restricted* – This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- *Committed* – This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the CCOC's board. These committed amounts cannot be used for any other purpose unless the board removes or changes the specified use by taking the same type of action employed to constrain those amounts.
- *Assigned* – This component of fund balance consists of amounts that are constrained by the CCOC board's intent to be used for specific purposes but are neither restricted nor committed.

The CCOC is a special revenue fund and is a component unit of the State of Florida. The activities of the CCOC are directed by Florida Statute. Accordingly, the fund balance is classified as restricted.



**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 1: *Summary of Significant Accounting Policies (continued)***

***Net Position***

Net position represents all assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net position is presented on the Statement of Net Position into the following categories:

- *Net Investment in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – Net position subject to externally imposed stipulations on their use.
- *Unrestricted* – All remaining net position that do not meet the definition of “net investment in capital assets” or “restricted”.

When both restricted and unrestricted resources are available for the same purpose, restricted net position are considered to be used first over unrestricted net position.

***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 relates to the timing of the measurements made, regardless of the measurement focus applied. The accounting and financial reporting treatment applied is determined by the type of financial statement presentation.

***Measurement Focus***

The government-wide statements are reported using an economic resources management focus and accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated.

In the Special Revenue Fund, revenues are based on transfers required by law and actual billings to other governmental agencies and are recognized when they become measurable and available. Expenditures are generally recognized under a modified accrual basis of accounting when the related fund liability is incurred.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 1: *Summary of Significant Accounting Policies (continued)***

***Cash***

Cash consists of demand deposits held at qualified public depositories. Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. Therefore, any amount of the CCOC's demand deposits in excess of FDIC protection would be fully insured or collateralized.

***Accounts Receivable***

Accounts receivable consists of balances due from the Justice Administrative Commission for expenditures incurred through September 30, 2023 under the Guardianship Database project. Management deems these balances to be fully collectible. Therefore, there is no allowance for doubtful accounts.

***Capital Assets***

In the governmental fund statements, general fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental fund types.

In the government-wide statements, tangible assets used in operations with an initial useful life that extends beyond one year and valued at more than a specified threshold (\$1,000) are capitalized. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized. Capital assets are depreciated using the straight-line method of depreciation over their estimated useful lives (3-10 years). These assets are reported net of accumulated depreciation on the Statement of Net Position.

***Deferred Inflows of Resources***

Represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The CCOC has deferred inflows of resources related to pension items.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 1: *Summary of Significant Accounting Policies (continued)***

***Deferred Outflows of Resources***

Represents a consumption of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense) until that future time. The CCOC has deferred outflows of resources related to pension items.

***Support from State Government***

The CCOC received all of its support and revenue to fund operations from a contract with the State of Florida's Chief Financial Officer. The contract is renewed and/or renegotiated annually. Revenue is recognized as it is received from the Department of Financial Services' CCOC Trust Fund. The CCOC Trust Fund collects court filing fees for Circuit Civil Court cases. The CCOC receives \$4.50 from each filing fee.

During the year, CCOC also received capital grant funds on a reimbursement basis.

***Estimates***

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires CCOC to make estimates and assumptions based on analytical methods in determining depreciation and various accruals. Actual results may differ from those estimates.

***Subsequent Events***

Effective October 1, 2023, CCOC renewed its lease agreement for office space for a three-year term at a monthly rate of \$3,093.

Subsequent events were evaluated through June 10, 2024, which is the date the financial statements were available to be released.

**NOTE 2: *Budgetary Process***

Pursuant to its Plan of Operation, CCOC shall adopt an annual operating budget and program work plan for each fiscal year, as recommended by the Executive Council. The program work plan shall clearly outline the annual objectives of the Executive Council relative to duties and responsibilities and provide an anticipated schedule for completion of those objectives. The budget is adopted on the modified accrual basis of accounting.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 3: *Capital Assets***

Capital asset activity for the year ended September 30, 2023 was as follows:

	September 30, 2022	Additions	Retirements	September 30, 2023
Fixed Assets -				
Software	\$ -	\$ 1,195,000	\$ -	\$ 1,195,000
Development In - progress				
Furniture and Equipment	111,470	-	-	111,470
Less Accumulated Depreciation	(92,293)	(6,187)	-	(98,480)
Capital Assets, Net	<u>\$ 19,177</u>	<u>\$(1,188,813)</u>	<u>\$ -</u>	<u>\$ 1,207,990</u>

Depreciation expense of \$6,187 is recorded in the Statement of Activities for the government-wide statements.

**NOTE 4: *Long-Term Liabilities***

Long-term liability activity for the year ended September 30, 2023 is as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion of Long-term Liabilities
Compensated Absences Liability	\$ 154,791	\$ 84,899	\$ (59,908)	\$ 179,782	\$ 60,946
Pension Liability	952,650	780,777	(482,726)	1,250,701	-
Total Long-Term Debt	<u>\$ 1,107,441</u>	<u>\$ 865,676</u>	<u>\$(542,634)</u>	<u>\$ 1,430,483</u>	<u>\$ 60,946</u>

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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<b>NOTE 5: <i>Florida Retirement System Plans</i></b>
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Florida Retirement System:

General Information – All of the CCOC’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 (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The 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 State Legislature.

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/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 5: *Florida Retirement System Plans (continued)***

**Pension Plan**

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided – 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. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 5: *Florida Retirement System Plans (continued)***

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost of living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS 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.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent 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 established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular—11.91% and 13.57%; Senior Management Service—31.57% and 34.52%; and DROP participants—18.60% and 21.13%. These employer contribution rates include 1.66% and 2.00% HIS Plan subsidy for the years ended June 30, 2023 and June 30, 2024, respectively. It also includes the applicable unfunded actuarial liability (UAL) and the 0.06% administrative/educational assessment.

The CCOC's contributions, including employee contributions, to the Pension Plan totaled \$119,842 for the fiscal year ended September 30, 2023.

The CCOC recognizes pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions on the accrual basis of accounting. At September 30, 2023, the CCOC reported a liability of \$981,866 for their proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The CCOC's proportionate share of the net pension liability was based on the CCOC's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the CCOC's proportionate share for all funds was 0.0025 percent. As of September 30, 2023, CCOC had 7 active employees in the Pension Plan.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: *Florida Retirement System Plans (continued)***

For the fiscal year ended September 30, 2023, the CCOC recognized pension expense/(benefit) of \$108,270. In addition, these activities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>FRS Pension</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 92,189	\$ -
Changes of Assumptions	64,006	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	41,005	11,763
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	129,336	-
Pension Plan Contributions Subsequent to the Measurement Date	26,226	-
Total	\$ 352,762	\$ 11,763

The Pension Plan's deferred outflows of resources related to the CCOC's contributions to the Plan subsequent to the measurement date, totaling \$26,226, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b>FRS Amount</b>
2024	\$ 42,900
2025	(16,997)
2026	257,417
2027	24,452
2028	7,001
Total	\$ 314,773

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of the measurement date of July 1, 2021 using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

The mortality assumption is based on the Generational PUB-2010 with Projection Scale MP-2018 tables.



**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: *Florida Retirement System Plans (continued)***

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.0%	2.6%
Fixed Income	19.8%	4.4%
Global Equity	54.0%	8.8%
Real Estate	10.3%	7.4%
Private Equity	11.1%	12.0%
Strategic Investments	3.8%	6.2%
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the CCOC's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the CCOC's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: *Florida Retirement System Plans (continued)***

	1% Decrease (5.70%)	FRS Net Pension Liability Current Discount Rate (6.70%)	1% Increase (7.70%)
Proportionate Share of the Net Pension Plan Liability	\$ 1,677,227	\$ 981,866	\$ 400,113

Pension Plan Fiduciary Net Position – Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**HIS Plan**

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2022 through June 30, 2023 was 1.66% and from July 1, 2023 through September 30, 2023 was 2.00%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The CCOC’s contributions to the HIS Plan totaled \$12,215 for the fiscal year ended September 30, 2023.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: *Florida Retirement System Plans (continued)***

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The basis of accounting and financial reporting of the CCOC’s HIS Plan is identical to that of the CCOC’s Pension Plan. At September 30, 2023, the CCOC reported a liability of \$268,835 for their proportionate share of the CCOC’s HIS Plan’s net pension liability. The CCOC’s proportionate share of the net pension liability was based on the CCOC’s 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the CCOC’s proportionate share of all funds was .0017% rounded.

For the fiscal year ended September 30, 2023, the CCOC recognized pension expense/(benefit) of \$89,218. In addition, these activities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>HIS Pension</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,936	\$ 631
Changes of Assumptions	7,068	23,295
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	139	-
Changes in Proportion and Differences Between HIS Plan Contributions and Proportionate Share of Contributions	20,556	17,036
HIS Plan Contributions Subsequent to the Measurement Date	3,453	-
Total	\$ 35,152	\$ 40,962

The deferred outflows of resources related to the HIS Plan resulting from the CCOC’s contributions to the HIS Plan subsequent to the measurement date, totaling \$3,453, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources related to the HIS Plan will be recognized as pension expense as follows:

<b>Year ended June 30:</b>	<b>HIS Amount</b>
2024	\$ (1,619)
2025	(981)
2026	(1,633)
2027	(3,203)
2028	(1,696)
Thereafter	(131)
Total	\$ (9,263)

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: *Florida Retirement System Plans (continued)***

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of the measurement date of July 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.54%

The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%. The mortality assumption is the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used were based on certain results of an actuarial experience study for the pension plan for the period July 1, 2013 through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor.

Sensitivity of the CCOC’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the CCOC’s proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	HIS Net Pension Liability		
	Current Discount		
	1% Decrease (2.54%)	Rate (3.54%)	1% Increase (4.54%)
Proportionate Share of the Net HIS Plan Liability	\$ 306,698	\$ 268,835	\$ 237,448

Pension Plan Fiduciary Net Position – Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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<b>NOTE 5: <i>Florida Retirement System Plans (continued)</i></b>
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**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. 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 Pension 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 the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

CCOC's Investment Plan pension expense totaled \$14,840 for the fiscal year ended September 30, 2023. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to CCOC.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 6: *Risk Management***

CCOC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; forgery and alteration; bodily injury and fraud for which CCOC carries commercial insurance. The primary coverage limits include: \$1,000,000 for 90 days for newly acquired or constructed property; \$500,000 for 90 days for newly acquired business personal property; \$100,000 per accident for bodily injury by accident; \$100,000 per employee for bodily injury by disease with a policy limit of \$500,000; \$15,000 for employee dishonesty; \$10,000 for forgery and alteration; \$1,000,000 each policy period for directors and officers, employment practices and internet liability. Liabilities for losses would be recorded when a loss occurs, and the amount can be reasonably estimated. There are no such losses as of September 30, 2023.

**NOTE 7: *Contingencies***

On August 25, 2023, CCOC was the victim of cyber fraud which resulted in the theft of \$303,412. CCOC reported the theft to the federal and local authorities and the bank when it was discovered in October 2023. At this time, it is unknown if the funds will be recovered.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**SCHEDULE OF CCOC PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
CCOC's proportion of the net pension liability	0.002464100%	0.002123906%	0.001945531%	0.001898979%	0.002025194%	0.001732449%	0.001858821%	0.002392839%	0.001867358%	0.001691518%
CCOC's proportionate share of the net pension liability	\$ 981,866	\$ 790,264	\$ 146,963	\$ 823,046	\$ 697,448	\$ 521,823	\$ 549,827	\$ 604,194	\$ 241,194	\$ 103,207
CCOC's covered-employee payroll	\$ 490,142	\$ 493,748	\$ 474,202	\$ 429,818	\$ 447,195	\$ 264,015	\$ 297,968	\$ 297,903	\$ 282,374	\$ 262,967
CCOC's proportionate share of the net pension liability as a percentage of its covered-employee payroll	200.32%	160.05%	30.99%	191.49%	155.96%	197.65%	184.53%	202.82%	85.42%	39.25%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

\* The amounts presented for each fiscal year were determined as of 6/30.



**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION  
SCHEDULE OF CCOC CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 119,842	\$ 93,183	\$ 78,691	\$ 64,417	\$ 64,190	\$ 52,392	\$ 48,390	\$ 58,353	\$ 45,528	\$ 37,051
Contributions in relation to the contractually required contribution	(119,842)	(93,183)	(78,691)	(64,417)	(64,190)	(52,392)	(48,390)	(58,353)	(45,528)	(37,051)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCOC's covered-employee payroll	\$ 490,142	\$ 493,748	\$ 474,202	\$ 429,818	\$ 447,195	\$ 264,015	\$ 297,968	\$ 297,903	\$ 282,374	\$ 262,967
Contributions as a percentage of covered-employee payroll	24.45%	18.87%	16.59%	14.99%	14.35%	19.84%	16.24%	19.59%	16.12%	14.09%

\* The amounts presented for each fiscal year were determined as of 6/30.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**SCHEDULE OF CCOC PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**HEALTH INSURANCE SUBSIDY PROGRAM**  
**LAST TEN FISCAL YEARS\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
CCOC's proportion of the net pension liability	0.001692771%	0.001533160%	0.001578550%	0.001583518%	0.001860836%	0.001779764%	0.001686976%	0.001685738%	0.001633944%	0.001527621%
CCOC's proportionate share of the net pension liability	\$ 268,835	\$ 162,386	\$ 186,188	\$ 193,345	\$ 208,209	\$ 188,372	\$ 180,381	\$ 196,466	\$ 166,637	\$ 142,836
CCOC's covered-employee payroll	\$ 490,142	\$ 493,748	\$ 474,202	\$ 429,818	\$ 447,195	\$ 264,015	\$ 297,968	\$ 297,903	\$ 282,374	\$ 262,967
CCOC's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.85%	32.89%	39.26%	44.98%	46.56%	71.35%	60.54%	65.95%	59.01%	54.32%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

\* The amounts presented for each fiscal year were determined as of 6/30.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION  
SCHEDULE OF CCOC CONTRIBUTIONS  
HEALTH INSURANCE SUBSIDY PROGRAM  
LAST TEN FISCAL YEARS\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 12,215	\$ 9,382	\$ 9,123	\$ 8,654	\$ 10,063	\$ 10,120	\$ 8,928	\$ 8,640	\$ 6,246	\$ 5,233
Contributions in relation to the contractually required contribution	(12,215)	(9,382)	(9,123)	(8,654)	(10,063)	(10,120)	(8,928)	(8,640)	(6,246)	(5,233)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FCCOC's covered-employee payroll	\$ 490,142	\$ 493,748	\$ 474,202	\$ 429,818	\$ 447,195	\$ 264,015	\$ 297,968	\$ 297,903	\$ 282,374	\$ 262,967
Contributions as a percentage of covered-employee payroll	2.49%	1.90%	1.92%	2.01%	2.25%	3.83%	3.00%	2.90%	2.21%	1.99%

\* The amounts presented for each fiscal year were determined as of 6/30.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Governmental Fund</u>			
	<u>Special Revenue</u>			
	<u>Budgeted Amounts</u>			<b>Variance - Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
State Financial Assistance	\$ 1,778,928	\$ 1,778,928	\$ 3,511,865	\$ 1,732,937
Interest Income	-	-	5,936	5,936
Total Revenues	<u>1,778,928</u>	<u>1,778,928</u>	<u>3,517,801</u>	<u>1,738,873</u>
<b>Expenditures:</b>				
Current				
Personnel Services	898,565	898,565	1,106,342	(207,777)
Expenses	880,363	880,363	994,130	(113,767)
Capital Outlay	-	-	1,195,000	(1,195,000)
Total Expenditures	<u>1,778,928</u>	<u>1,778,928</u>	<u>3,295,472</u>	<u>(1,516,544)</u>
Excess of Revenues over Expenditures	-	-	222,329	222,329
Loss from Fraud	-	-	(303,412)	(303,412)
Net Change in Fund Balance - Governmental Fund	<u>-</u>	<u>-</u>	(81,083)	<u>(81,083)</u>
Restricted Fund Balance, Beginning of Year			<u>2,107,103</u>	
<b>Restricted Fund Balance, End of Year</b>			<u><b>\$ 2,026,020</b></u>	

**OTHER REPORTS AND  
SUPPLEMENTARY INFORMATION**

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

To the Executive Council  
Florida Clerks of Court Operations Corporation  
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund (special revenue) of Florida Clerks of Court Operations Corporation, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Florida Clerks of Court Operations Corporation's basic financial statements, and have issued our report thereon dated June 10, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Florida Clerks of Court Operations Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Florida Clerks of Court Operations Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Clerks of Court Operations Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **CCOC’s Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the CCOC’s response to the finding identified in our audit and described in the accompanying management letter. The CCOC’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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



**LAW, REDD, CRONA & MUNROE, P.A.**  
Tallahassee, Florida  
June 10, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

To the Executive Council  
Florida Clerks of Court Operations Corporation  
Tallahassee, Florida

**Report on Compliance for Each Major State Project**

***Opinion on Each Major State Project***

We have audited Florida Clerks of Court Operations Corporation's compliance with the types of compliance requirements described in the *Department of Financial Service's State Projects Compliance Supplement* that could have a direct and material effect on the Florida Clerks of Court Operations Corporation's major state projects for the year ended September 30, 2023. Florida Clerks of Court Operations Corporation's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Florida Clerks of Court Operations Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state projects for the year ended September 30, 2023.

***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance 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 the audit requirements of Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and Chapter 10.550, Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Florida Clerks of Court Operations Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of Florida Clerks of Court Operations Corporation's compliance with the compliance requirements referred to above.



***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Florida Clerks of Court Operations Corporation's state projects.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Florida Clerks of Court Operations Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Florida Clerks of Court Operations Corporation's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Florida Clerks of Court Operations Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Florida Clerks of Court Operations Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Florida Clerks of Court Operations Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



**LAW, REDD, CRONA & MUNROE, P.A.**

Tallahassee, Florida

June 10, 2024

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	<b>CSFA Number</b>	<b>Contract Number</b>	<b>Expenditures</b>
<b><u>STATE:</u></b>			
<u>State of Florida, Department of Financial Services</u>			
CCOC/CFO Contract	N/A	N/A	\$ 1,986,265
<u>Justice Administrative Commission</u>			
Guardianship Database	21.012	JCOC1	1,537,873
<b>TOTAL STATE FINANCIAL ASSISTANCE EXPENDED</b>			<b>\$ 3,524,138</b>

**NOTES:**

- (1) The Schedule of Expenditures of State Financial Assistance was prepared on the accrual basis of accounting.
- (2) The programs do not utilize sub-recipients.
- (3) Total expenditures for the Guardianship Database project above of \$1,537,873 contain capital outlay expenditures totaling \$1,195,000 which have been capitalized on the Statement of Net Position and included in the line item Software, Furniture and Equipment, Net.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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**SECTION I - SUMMARY OF AUDIT RESULTS**

**1. Type of Audit Report issued on the Financial Statements**

Unmodified

**2. Significant Deficiencies and/or Material Weaknesses in Internal Control Over Financial Reporting**

Yes. Significant deficiency.

**3. Noncompliance Material to Audited Financial Statements**

Audit disclosed no material instances of noncompliance.

**4. Significant Deficiencies and/or Material Weaknesses in Internal Control Over Each Major State Project**

Yes. Significant deficiency.

**5. Type of Audit Report Issued on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major State Project**

Unmodified

**6. Audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(l)(4), Rules of the Auditor General**

Yes

**7. Audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(i)(3), Rules of the Auditor General?**

No

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023 (continued)**

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**8. Major State Projects**

**State Projects**

State of Florida, Department of Financial Services  
FCCOC/CFO Contract

Justice Administrative Commission  
Guardianship Database  
CSFA #21.012

**9. Threshold**

The threshold for distinguishing Type A or Type B programs was \$750,000.

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Type of Finding: Significant Deficiency**

**2023-01 Cybersecurity**

**Criteria:** The CCOC receives all of its support and revenue to fund operations from the State of Florida. As such, the CCOC is responsible for maintaining an adequate system of internal control in order to safeguard the Organization’s assets and ensure they are utilized to fulfill the Organization’s responsibilities as outlined in Chapters 28.35, 28.36 and 28.37, *Florida Statutes*.

**Condition:** On August 25, 2023, CCOC was the victim of cyber fraud which resulted in the theft of \$303,412.

**Cause:** Controls surrounding cybersecurity could have been enhanced.

**Effect:** Lack of strong cybersecurity controls increases the risk of fraud and other misuse of e-mail and other information technology resources that will not be prevented or timely detected.

**Recommendation:** We recommend CCOC establish additional cybersecurity controls to reduce the risk of unauthorized access to the Corporation’s e-mail and other information technology resources such as multifactor authentication for log-ons to its network, email and basic website. We further recommend that CCOC establish a written cybersecurity policy and provide ongoing security awareness training for all staff.

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023 (continued)**

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**Views of Responsible Official:** The cyber attack was reported to Council Leadership, the FBI, and FDLE within hours of CCOC staff becoming aware of the fraudulent action. We worked with our bank to install multi-factor authentication as well as procedures to prevent attacks; purchased Microsoft Defender to help prevent future attacks, used “Brainstorm” software within a few weeks to train staff to be aware of prepare for attacks, contacted our insurance agency to seek a policy for future attacks, purchased “KnowB4” software for continuous training of employees to prepare for attacks, and hired a firm to evaluate and then recommend how to prevent future attacks and have implemented the recommendations.

**SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

See Finding 2023-01 above

**SECTION IV – PRIOR YEAR AUDIT FINDINGS**

None Reported