PART II

SHERIFF, BROWARD COUNTY

SHERIFF, BROWARD COUNTY, FLORIDA

SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

SHERIFF, BROWARD COUNTY, FLORIDA
Fort Lauderdale, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

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Independent Auditor's Report

Honorable Gregory Tony
Broward County, Florida Sheriff
Fort Lauderdale, 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 Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2018, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's special-purpose financial statements as listed 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 the special-purpose 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.

(Continued)

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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 Sheriff as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the special-purpose financial statements were prepared for the purpose of complying with the financial reporting provisions of Section 218.39, *Florida* Statutes, and Chapter 10.550, *Rules of the Auditor General*, and are not intended to be a complete presentation of the financial position of the Sheriff or Broward County, Florida as of September 30, 2018 and the changes in their financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison schedules 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 Information

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Sheriff's special-purpose financial statements. The combining non-major fund financial statements and combining statement of changes in fiduciary assets and liabilities – agency funds are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The combining non-major fund financial statements and combining statement of changes in assets and liabilities – agency funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining non-major fund financial statements and combining statement of changes in fiduciary assets and liabilities – agency funds are fairly stated, in all material respects, in relation to the special-purpose financial statements as a whole.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of the Sheriff'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 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 the Sheriff'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 the Sheriff's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
March 18, 2019

SHERIFF, BROWARD COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2018

	Major Funds		Nonmajor Funds	
	General Fund	Grants and Special Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 82,578,494	$ 6,484,115	$ 8,182,473	$ 97,245,082
Due from other funds	16,610,053	-	-	16,610,053
Accounts receivable	11,940	7,248	99,499	118,687
Due from other governmental agencies (net of allowance for uncollectibles)	96,864	13,824,942	-	13,921,806
Due from Board of County Commissioners	233,479	118,464	-	351,943
Prepaid items	123,385	66,121	-	189,506
Inventory	4,312,457	-	-	4,312,457
Total assets	$ 103,966,672	$ 20,500,890	$ 8,281,972	$ 132,749,534
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to Board of County Commissioners	$ 67,684,973	$ 31,588	$ 352,685	$ 68,069,246
Due to other funds	-	16,610,053	-	16,610,053
Accounts payable and accrued liabilities	31,534,233	956,397	374,762	32,865,392
Due to other governmental agencies	274,854	188,582	344,660	808,096
Due to individual depositors	36,770	-	-	36,770
Unearned revenue	-	571,896	516,352	1,088,248
Total liabilities	99,530,830	18,358,516	1,588,459	119,477,805
Deferred inflows of resources:				
Unavailable revenue	-	10,281,694	-	10,281,694
Total deferred inflows of resources	-	10,281,694	-	10,281,694
Fund balances (deficit)				
Nonspendable	4,435,842	66,121	-	4,501,963
Restricted	-	1,989,410	6,693,513	8,682,923
Unassigned	-	(10,194,851)	-	(10,194,851)
Total fund balances (deficit)	4,435,842	(8,139,320)	6,693,513	2,990,035
Total liabilities, deferred inflows of resources and fund balances	$ 103,966,672	$ 20,500,890	$ 8,281,972	$ 132,749,534

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA

SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended September 30, 2018

	Major Funds		Nonmajor Funds	
	General Fund	Grants and Special Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues and appropriations				
County appropriation	$ 895,520,479	$ -	$ -	$ 895,520,479
County law enforcement trust revenues	-	-	9,376,271	9,376,271
Operating grants, projects and contributions	-	29,115,084	33,238	29,148,322
Charges for services	-	-	1,311,802	1,311,802
Total revenues and appropriations	895,520,479	29,115,084	10,721,311	935,356,874
Expenditures				
Current:				
General – crime prevention	354,318,657	26,548,029	8,446,532	389,313,218
Bailiffs – court services	8,600,982	-	-	8,600,982
Consolidated dispatch	40,973,770	-	-	40,973,770
Corrections and rehabilitation	252,377,250	-	-	252,377,250
Fire rescue and emergency services	129,913,567	-	-	129,913,567
Capital outlay	33,267,641	2,473,939	792,889	36,534,469
Debt services:				
Principal retirement	4,815,695	-	-	4,815,695
Interest and fiscal charges	75,212	-	-	75,212
Total expenditures	824,342,774	29,021,968	9,239,420	862,604,163
Excess (deficiency) of revenues and appropriations over expenditures	71,177,705	93,116	1,481,891	72,752,712
Other financing sources (uses)				
Transfers out to County/excess appropriations	(71,177,705)	-	-	(71,177,705)
Sale of capital assets	-	712,929	-	712,929
Total other financing sources (uses)	(71,177,705)	712,929	-	(70,464,776)
Net change in fund balances (deficit)	-	806,045	1,481,891	2,287,936
Fund balances (deficit) at beginning of year	4,371,302	(8,945,365)	5,211,622	637,559
Changes in nonspendable for prepaids	(98,190)	-	-	(98,190)
Changes in nonspendable for inventory	162,730	-	-	162,730
Fund balances (deficit) at end of year	$ 4,435,842	$ (8,139,320)	$ 6,693,513	$ 2,990,035

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA

SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
September 30, 2018

ASSETS		
Cash	$	13,665,544
Accounts receivable		2,004,709
Due from other governmental agencies, net of allowance for uncollectibles		2,617,360
Total assets	$	18,287,613
LIABILITIES		
Due to Board of County Commissioners	$	6,990,167
Due to other governmental agencies		1,991,872
Due to individuals		492,783
Accounts payable and accrued liabilities		370,963
Inmate escrow		222,561
Evidence seizures		5,376,189
Cash bond liability		2,843,078
Total liabilities	$	18,287,613

See accompanying notes to special-purpose financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Sheriff, Broward County, Florida (the Sheriff) is a Constitutional Office in Florida and the Chief Law Enforcement Officer in Broward County (the County). The Sheriff is elected by the electors of the County for terms of four (4) years. The Florida Legislature has recognized the independence of the Sheriff in Section 30.53, *Florida Statutes*, which specifically preserves such independence concerning the purchase of supplies and equipment, selection of personnel, and the hiring, firing, and setting of salaries of such personnel.

The special-purpose financial statements presented include the funds of the Sheriff's Office and were prepared for complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*. The special-purpose financial statements are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* as a result the special- purpose financial statements are not intended to be a complete presentation of the financial position of the Sheriff or County, or the changes in financial position and, where applicable, cash flows, in conformity with accounting principles generally accepted in the United States. The financial activities of the Sheriff, as a constitutional officer, are included in the County's comprehensive annual financial report.

The Sheriff's Office is funded by appropriations requisitioned monthly from the County's Board of County Commissioners (Board). Section 218.36(2), *Florida Statutes*, provides that unexpended year-end balances in the General Fund shall be distributed back to the Board.

Basis of Presentation: These special-purpose financial statements are fund financial statements that have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental and financial reporting principles. The Sheriff's significant accounting policies are described below.

The special-purpose financial statements were prepared in accordance with applicable GASB pronouncements for the financial reporting entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Sheriff, organizations for which the Sheriff is financially accountable and other organizations for which the nature and significance of their relationship with the Sheriff are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Sheriff is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Sheriff. Based upon the application of these criteria, there were no organizations that met the criteria for component units described above.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Sheriff considers revenues available if they are collected within 60 days of the end of the current fiscal period except for grants, which are considered collectible if they are collected within six months. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures for capital leases, as well as expenditures related to compensated absences, pension and other post-employment benefits are recorded only when payment is due. The Agency funds which are fiduciary funds report only assets and liabilities have no measurement focus and use the accrual basis of accounting.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Substantially all of the Sheriff's funding is appropriated by the Board. In applying the "susceptible to accrual" concept to intergovernmental revenues, there are essentially two types of revenues. In one type, monies must be expended on the specific purpose or project before any amounts will be paid to the Sheriff; therefore, revenues are recognized when the expenditures have been incurred. The majority of grant revenues are recorded in this manner however there are some where the cash is received in advance but the applicable eligibility requirements have not been met, revenue for these grants is not recorded until all eligibility requirements have been met. In the other, monies are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period. Other revenues susceptible to accrual include interest and charges for services.

The Sheriff reports the following major governmental funds:

General Fund: The General Fund is used to account for all revenues, appropriations and expenditures applicable to the general operations of the Sheriff which are not properly accounted for in another fund. All operating revenues and appropriations which are not specifically restricted or designated as to use are recorded in the General Fund. General property taxes levied by the Board that are allocated to the Sheriff are reported as County Appropriation. Excess revenues and appropriations over expenditures (surplus) at year end that are due back to the County are reported as Transfers out to County / Excess appropriations.

Grants and Special Projects Fund: The Grants and Special Projects Fund are used to account for all Federal, State and local grant related revenues and expenditures. The grants received in the fund are used to supplement the Sheriff's public safety services overall.

The Sheriff also reports the following fund types:

Special Revenue Funds: Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specific purposes. These include funds received from donations for youth-related programs, funds from the Broward County Law Enforcement Trust Fund and funds from various federal and state grantor agencies to be used for specific law enforcement purposes, and funds to be used for inmate welfare and victim witness purposes. All of the Special Revenue Funds are considered non-major funds for financial reporting purposes except for the Grants and Special Projects Fund, which is considered a major fund.

Agency Funds: Agency Funds are used to account for assets held by the Sheriff in a fiduciary capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Agency Funds are also used to account for charges to municipalities for services provided (contract cities). These assets include amounts held for inmates of the County jail system, surety (appearance) bonds of accused individuals, civil fees for services performed by the Sheriff, such as subpoena or summons, and other miscellaneous items.

Fund equity at the governmental fund financial reporting level is classified as "fund balance."

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance: Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Sheriff is bound to honor constraints for the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Non-spendable: Fund balances are reported as non-spendable when amounts cannot be spent because they are either :(a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact. As of September 30, 2018, there were no amounts that were legally or contractually required to be maintained intact including the non-spendable category. Non-spendable consists of prepaid items and inventory: $123,385 of prepaid items in the General Fund; $66,121 of prepaid items in the Grants and Special Projects Fund and $4,312,457 of inventory in the General Fund.

Restricted: Fund balances are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted either by the Sheriff or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted fund balance of the Grants and Special Projects Fund consists of amounts restricted for various projects funded primarily by federal and state grants. Restricted fund balance of the Non-major Governmental Funds consists of $2,021,569 restricted for inmate welfare, $4,495,025 restricted for law enforcement, and $176,919 restricted for other purposes.

Committed: Fund balances are reported as committed when they can be used only for specific purposes pursuant to the constraints imposed by formal action of the Sheriff through the adoption of a resolution. The Sheriff also may modify or rescind the commitment.

Assigned: Fund balances are reported as assigned when amounts are constrained by the Sheriff's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Sheriff has authorized the finance committee or the finance director to assign fund balances.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Sheriff reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions: When both restricted and unrestricted resources are available for use for expenditures incurred, it is the Sheriff's policy to use restricted amounts first and then unrestricted amounts, as they are needed. For unrestricted amounts of fund balance, it is the Sheriff's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Fund Balance Policy: The Sheriff does not have a minimum fund balance policy.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments: Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with a maturity date of three months or less when purchased. Certificates of deposit with maturities greater than three months are classified as investments. All investments are stated at fair value. The Sheriff had no such investments as of September 30, 2018.

Inventory and Prepaid Items: Inventories recorded in the General Fund consist of expendable supplies held in the Sheriff's operations. Inventories are stated at cost, principally on a weighted-average cost basis. This inventory is accounted for under the purchase method and is recorded as expenditures when purchased. Inventory in the Inmate Commissary Trust Fund is stated at the lower of cost or market (first- in, first-out) and consists primarily of snacks and personal sundries held for resale to prisoners. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets: Capital assets, which include vehicles, software, equipment, and building improvements, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net position as part of the basic government-wide financial statements of the County. The capitalization threshold set by the Sheriff is $1,000.

Capital assets are depreciated using the straight-line method over five to seven years for motor vehicles; five years for communications equipment; three to ten years for furniture and other equipment; and 40 years for building improvements. The depreciation expense is recorded in the statement of activities as part of the basic government-wide financial statements of the County.

Compensated Absences: Employees of the Sheriff accumulate vacation and sick leave based on the number of years of continuous service in addition to unused holiday and overtime pay. Upon termination of employment, employees can receive payment for accumulated unused leave, if they meet certain criteria. The long-term liability for accumulated leave is recorded in the governmental activities column of the statement of net position as part of the basic financial statements of the County. A liability for these amounts is reported in governmental funds only if they have matured, due to employee retirement or resignation.

Pensions: In the governmental funds, no liability is recorded for the net pension liability and the expense is recorded when due and payable. In the government-wide statement of net position, liabilities are recognized for the Sheriff's proportionate share of each pension plan's net pension liability. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Post-Employment Benefits Other Than Pensions: The Sheriff's Office applies GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions,* for measurement, recognition, and display of OPEB expenses, OPEB liabilities and deferred outflows/inflows of resources which are recorded in the governmental activities column of the statement of net position and statement of activities as part of the basic financial statements of the County. In the governmental funds, no liability is recorded for the total OPEB liability and the expense is recorded when due and payable.

Unavailable and Unearned Revenue: Unavailable revenue and unearned revenue - Amounts related to governmental fund receivables that are measurable, but not available, are recorded as deferred inflow of resources-unavailable revenue in the governmental funds.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues that are not considered measurable are recognized when received by the Sheriff. Amounts received that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the governmental funds and in the statement of net position. The unavailable and unearned items consist primarily of grant revenues.

Use of Estimates: The special-purpose financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the special-purpose financial statements and revenue and expenditures during the period reported. These estimates include assessing collectability of accounts receivable. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the special-purpose financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

New Accounting Standards: In November 2016, the GASB issued statement 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 financial statements. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

In March 2017, GASB Statement No. 85, *Omnibus 2017.* This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 financial statements. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2017, GASB Statement No. 86*, Certain Debt Extinguishment Issues*. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 financial statements. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

In June 2017, GASB Statement No. 87, *Leases.* This Statement outlines new guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The goal is to better align reporting these leases with their particular situations, as well as provide greater transparency and usefulness of financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 financial statements. Management is currently evaluating the impact of the adoption of this statement on the special-purpose financial statements.

In March 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placement*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 financial statements. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

In August 2018, GASB Statement No. 90, *Majority Equity Interests.* This Statement clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 financial statements. Management is currently evaluating the impact of the adoption of this statement on the special-purpose financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents: In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Chief Financial Officer to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

(Continued)

NOTE 3 – CAPITAL ASSETS

The following summarizes capital asset activity for the fiscal year ended September 30, 2018:

	Beginning Balance	Additions	Disposals/ Write-offs	Transfers In (Out)	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	$ 1,950,714	$ 7,140,746	$ -	$ (8,938,109)	$ 153,351
Total capital assets, not being depreciated	1,950,714	7,140,746	-	(8,938,109)	153,351
Capital assets, being depreciated:					
Lease – Motor vehicles	15,728,281	-	134,717	-	15,593,564
Lease – Communications equipment	936,302	-	-	-	936,302
Lease – Furniture and other equipment	472,764	-	-	-	472,764
Motor vehicles	93,038,843	17,507,696	6,388,841	8,157,616	112,315,314
Communications equipment	13,844,947	889,266	259,431	-	14,474,782
Furniture and other equipment	71,215,108	6,712,297	1,272,592	185,383	76,840,196
Software	23,504,507	740,743	-	595,110	24,840,360
Building improvements	32,531,540	3,438,640	-	-	35,970,180
Total capital assets, being depreciated	251,272,292	29,288,642	8,055,581	8,938,109	281,443,462
Less accumulated depreciation for:					
Lease – Motor vehicles	5,492,698	2,967,902	61,245	-	8,399,355
Lease – Communications equipment	702,226	187,261	-	-	889,487
Lease – Furniture and other equipment	189,106	94,552	-	-	283,658
Motor vehicles	70,277,921	7,709,273	6,235,135	-	71,752,059
Communications equipment	12,480,406	589,390	259,431	-	12,810,365
Furniture and other equipment	57,619,559	6,042,649	1,239,466	-	62,422,742
Software	21,703,309	1,112,011	-	-	22,815,320
Building improvements	5,911,881	1,044,316	-	-	6,956,197
Total accumulated depreciation	174,377,106	19,747,354	7,795,277	-	186,329,183
Total capital assets, being depreciated, net	76,895,186	9,541,288	260,304	8,938,109	95,114,279
Capital assets (net)	$ 78,845,900	$ 16,682,034	$ 260,304	$ -	$ 95,267,630

These assets are capitalized at cost in the statement of net position and the related depreciation expense is recorded in the statement of activities as part of the government activities in the basic financial statements of the County.

(Continued)

NOTE 4 – FLORIDA RETIREMENT SYSTEM

Funding Policy: Substantially, all full-time employees of the Sheriff are eligible to participate in the State of Florida Retirement System (System or FRS), a cost-sharing, multiple-employer defined benefit plan administered by the State of Florida, Division of Retirement. The system is a defined benefit plan for all state, and participating county, district school board, community college, and university employees (Pension Plan). The System also offers eligible employees participation in an alternative defined contribution plan (Investment Plan). The Sheriff participates in the Elected State Officers' Class investment plan. The plan is administered by the State of Florida. Contribution rates are established statewide for all participating governmental units. The System publishes an annual report that provides information about how progress is being made to accumulate sufficient assets to pay benefits when due. This report may be obtained by writing to Division of Retirement, Research, Education, and Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1266, or accessing their Internet site at:

http://dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

The Sheriff is required to contribute an actuarially determined rate. The contribution requirements of the Sheriff are established and may be amended by the State of Florida. The required contribution rates by job class were as follows: special-risk employees 23.27%, county elected officials 45.50%, regular 7.92%, and DROP employees 13.26% from October 1, 2017 through June 30, 2018; special-risk employees 27.50%, County elected officials 51.70%, regular 11.26%, and DROP employees 14.03% from July 1, 2018 through September 30, 2018. Effective July 1, 2011, employees participating in the System were required to contribute 3% of their eligible salaries to the Pension Plan. The Sheriff's contributions to the plan for the year ended September 30, 2018, was $95,652,349, equal to the actuarially determined contributions for the year. The Sheriff's portion of the net pension liability and deferred inflows/outflows of resources and the associated footnotes are not reported in the special-purpose financial statements of the Sheriff, however they are reported in the Sheriff's Comprehensive Annual Financial Report and the basic financial statements of the County.

Pension Plan: For members first enrolled in FRS prior to July 1, 2011, the system provides for vesting of benefits after 6 years of creditable service. Regular risk employees are eligible for normal retirement at age 62. Special Risk employees are eligible for normal retirement at age 55. Early retirement may be taken any time after 6 years of service. If an eligible employee elects to take early retirement, there is a 5% benefit reduction for each year prior to Normal retirement.

For members first enrolled in FRS on or after July 1, 2011, the system provides for vesting of benefits after eight years of creditable service. Regular risk employees are eligible for normal retirement at age 65. Special Risk employees are eligible for normal retirement at age 60. Early retirement may be taken any time after eight years of service. If an eligible employee elects to take early retirement, there is a 5% benefit reduction for each year prior to normal retirement.

Plan Benefits: Benefits are computed on an employee's years of creditable service with FRS, a percentage value (1.6% for regular risk and 3.0% for special risk) and the employee's average final compensation. Average final compensation is the average of the five highest fiscal years of earnings for members first enrolled in FRS prior to July 1, 2011. Average final compensation for members enrolled after July 1, 2011, is the average of the eight highest fiscal years of earnings. The system also provides for death and disability benefits.

(Continued)

NOTE 4 – FLORIDA RETIREMENT SYSTEM (Continued)

The Deferred Retirement Option Program (DROP) is available under the Pension Plan when a member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in DROP, the member's retirement benefits accumulate in the FRS Trust Fund (increased by a cost of living adjustment each July) and earn monthly interest equivalent to an annual rate of 1.30% if the effective DROP commencement date is on or after July 1, 2011, or an annual rate of 6.50% if the DROP commencement date is before July 1, 2011.

Investment Plan: In 2000, the Florida Legislature created the FRS investment Plan, a defined contribution program available to FRS members beginning in 2002. The FRS Investment Plan is available as an option for current and future FRS members. The FRS Investment Plan is a defined contribution plan, in which employer and employee contributions are defined by law, but benefit depends in part on the performance of the investment funds.

The FRS Investment Plan is funded by employer and employee contributions that are based on the salary and FRS membership class (Regular Class, Special Risk Class, etc.) of each employee. An employee is vested upon completion of one year of service in the FRS Investment Plan. The Investment Plan directs contributions to individual member accounts, and allocates contributions and account balance among various investment funds.

Plan Benefits: Employee contributions are immediately vested. If employment is terminated prior to meeting the vesting requirements of the Investment Plan, the employee will be entitled to a refund of contributions. The Investment Plan retirement benefit is the value of the account at termination.

Other Plans: Employees acquired through inter-local agreements with cities in the County had the option of staying with their city's retirement plan, to which the Sheriff contributes the same actuarially determined rate as FRS, or electing to go with FRS. The contribution requirements for employees covered by the cities for the years ended September 30, 2018, was $10,702,882, which is equal to the required contribution for each year. The City is obligated for all pension amounts other than the current contribution, and therefore a liability, if any , is reported by the city or other government.

NOTE 5 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description: The Sheriff's plan (a single employer plan) provides postemployment health insurance benefits for employees and sworn officers upon retirement and subsidizes a portion of the premiums. The provisions of the plan for the Sheriff may be amended through negotiations between the Sheriff and its employee bargaining units. The plan has no assets and does not issue separate financial reports.

Funding Policy and Annual OPEB Cost: Retirees of the Sheriff's plan and their beneficiaries pay the same blended rates as active employees. However, the Sheriff's provides a discount of 2% for each year of service, prorated on a monthly basis, with the Sheriff up to 50% of the blended rates to retirees and their beneficiaries who meet certain qualifications. The Sheriff also pays 100% of the premiums for line-of-duty disabled retirees in accordance with Florida Statutes. Employees hired on or after October 1, 2007 are not eligible for these amounts. The Sheriff makes no advance funding contributions to the plan; rather, it pays the discounts for retirees and their beneficiaries when due. In addition, the Sheriff's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits that it includes in the Employer Contributions. This offset equals the total age-adjusted costs paid by the Sheriff or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

(Continued)

NOTE 5 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The Sheriff follows the guidance contained in GASB Statement No. 75, A*ccounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, (GASB 75); for certain post-employment health care benefits provided by the Sheriff for the fiscal year ended September 30, 2018. The Sheriff's OPEB liability and deferred inflows/outflows of resources and the associated footnotes are not reported in the special-purpose financial statements of the Sheriff, however they are reported in the Sheriff's Comprehensive Annual Financial Report and the basic financial statements of the County.

NOTE 6 – COMPENSATED ABSENCES

The following changes in compensated absences occurred during the year ended September 30, 2018:

Balance at October 1, 2017	$	68,672,853
Additions		63,708,893
Payments		(59,366,481)
Balance at September 30, 2018		73,015,265
Less current portion		(42,010,611)
Long-term portion	$	31,004,654

Compensated absences is generally liquidated by the General Fund. The liability for compensated absences is reported in the governmental activities of the statement of net position as part of the basic financial statements of the County. The current portion of compensated absences is calculated based upon a three year average amount as it represents the average one year payout based on a three year history.

NOTE 7 – RELATED PARTY TRANSACTIONS

The charges from The Board of County Commissioners includes an allocation of certain costs for motor pool, communications, legal fees, printing, subpoenas, warehouse use, maintenance, and printing. Expenditures for these services for the year ended September 30, 2018, were $1,260,734. The Sheriff also utilizes the self-insurance program of the Board for coverage against Workers' Compensation claims. Additionally, certain other insurance coverage is purchased by the Board from an insurance carrier on behalf of the Sheriff. For the year ended September 30, 2018, self-insurance costs and other insurance coverage charged to the Sheriff were $4,192,100 and $1,279,046, respectively. The County also provides certain office space to the Sheriff at no charge.

In addition, the Sheriff provided police services to certain County agencies in the amount of $49,761,397 for the year ended September 30, 2018. Contract services revenues and related expenditures are reported in a special revenue fund in the County financials.

NOTE 8 – CONTRACT SERVICES

The Sheriff provides police services along with fire rescue and emergency services to various municipalities and other governmental agencies throughout Broward County. These services are performed in accordance with mutually agreed-upon contracts. The Sheriff's annual budget includes an appropriation for these contract agreements. Payments received by the Sheriff in accordance with their respective contracts are remitted to the Board. During the year ended September 30, 2018, these services amounted to $339,335,554. The Sheriff has recorded receivables from several municipalities for services rendered which are reported in the Sheriff's Agency funds. Contract services revenues and related expenditures are reported in a special revenue fund in the County financials.

NOTE 9 – INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund receivables and payables balances at September 30, 2018, are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 16,610,053	$ 16,610,053
Grants and Special Projects Fund	-	-
	$ 16,610,353	$ 16,610,053

These inter-fund balances relate primarily to payroll costs that are paid through the General Fund and subsequently reimbursed by the other funds as well as other general inter-fund-operating transactions.

NOTE 10 – RISK MANAGEMENT

The Sheriff is self-insured for its workers' compensation program up to $2,500,000 per claim. Excess Insurance is purchased for any amount paid above the retention level on a per claim basis. The County, through an independent actuary, evaluates the Sheriff's workers' compensation claim portfolio at the end of each year to determine the workers' compensation self-insured allocation. The administration of the workers' compensation program was transferred in its entirety to the Sheriff, effective October 1, 2012.

(Continued)

NOTE 10 – RISK MANAGEMENT (Continued)

The Sheriff is responsible for all claims, including the amounts needed to pay claims incurred while the workers compensation program was under the responsibility of the County's Risk Management Program, with the exception of all Firefighters claims incurred prior to October 1, 2003, which remain the sole and exclusive responsibility of the County. The Fire Rescue services were transferred from the County to the Sheriff on October 1, 2003, pursuant to an agreement. Reserves are established for all losses and a claims liability is recorded in the self-insurance internal service fund in the basic financial statements of the County.

The Sheriff's Self-Insurance Program is responsible for general, professional and auto liability claims, within the Self Insured Retention ("SIR") Limit of $500,000 per occurrence and will be funded through the County's annual budgetary process. Excess coverage for losses above the SIR, up to $2,500,000 per occurrence, is provided through commercial excess insurance coverage. This insurance coverage is purchased primarily due to the fact that there is no immunity in federal courts from cases involving 1983 civil rights violations. The state statutory sovereign immunity limits do not apply to civil rights claims, which are primarily filed in the federal courts. Claims and settlements have not exceeded coverage limits in each of the last three years.

NOTE 11 – LITIGATION AND CONTINGENCIES

The Sheriff is involved in numerous litigation matters and claims arising from the ordinary course of operations. The results of litigation proceedings cannot be predicted with certainty and the Sheriff has instructed legal counsel to defend its position vigorously. In the unforeseen circumstance that judgments, if any, against the Sheriff are in excess of funds budgeted or insurance coverage, additional appropriations will be provided by the County. In the opinion of management, the outcome of these matters will not materially affect the financial position of the Sheriff and amounts of any potential obligations that are probable have been included in the claims liability amounts reported in the County's self-insurance fund.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Sheriff expects such amounts, if any, to be immaterial.

NOTE 12 – CONFISCATED PROPERTY

Property confiscated by the Sheriff is retained until a court decree is received. At that time, the goods are: 1) put up for auction and the net proceeds remitted to the County's Law Enforcement Trust Fund, 2) traded at their estimated values for usable goods which are recorded as capital assets at their estimated values, 3) recorded as capital assets at an estimated value, or 4) destroyed if there is no value. Confiscated property is inventoried only when it is recorded as a capital asset.

Proceeds from confiscated property that are remitted to the County's Law Enforcement Trust Fund are held by the County and are available to the Sheriff only for law enforcement purposes. The Sheriff must request and obtain the County's approval before funds are released for such purposes. In some cases, proceeds from confiscated property are remitted to a contract city's Law Enforcement Trust Fund if required by the contract between the city and the Sheriff and the confiscation is derived from the efforts of personnel permanently assigned to the city.

(Continued)

NOTE 13 – CAPITAL LEASES

The Sheriff has entered into several long-term capital leases for the acquisition of capital equipment. A summary of the long-term debt is as follows:

	Balance as of October 1, 2017	Additions	Deletions	Balance as of September 30, 2018	Balance Due Within One Year
2014 Vehicles	$ 486,674	$ -	$ 158,032	$ 328,642	$ 162,188
2014 Hazmat Vehicle	182,461	-	105,530	76,931	76,931
2015 DLE Vehicles	4,552,133	-	4,552,133	-	-
	$ 5,221,268	$ -	$ 4,815,695	$ 405,573	$ 239,119

The 2014 Vehicles lease represents the purchase of three vehicles, for which a yearly payment is spread over seven years based on an annual compounding interest rate of 2.6303%. As of September 30, 2018, the outstanding balance was $328,642. The assets acquired under the lease are reported at a cost of $1,105,290 less accumulated depreciation of $663,174. Debt service requirements to maturity were as follows:

Payment Schedule	Beginning Balance	Interest	Principal	Ending Balance
FY 09/30/19	$ 328,642	$ 8,644	$ 162,188	$ 166,454
FY 09/30/20	$ 166,454	$ 4,378	$ 166,454	$ -

The 2014 Hazmat Vehicle lease represents the purchase of a vehicle, for which a yearly payment is spread over five years based on an annual compounding interest rate of 5.19%. As of September 30, 2018, the outstanding balance was $76,931. The assets acquired under the lease are reported at a cost of $698,485 less accumulated depreciation of $314,463. Debt service requirements to maturity were as follows:

Payment Schedule	Beginning Balance	Interest	Principal	Ending Balance
FY 09/30/19	$ 76,931	$ 3,993	$ 76,931	$ -

(Continued)

NOTE 13 – CAPITAL LEASES (Continued)

The debt service payments will be funded through the Sheriff's General Fund are paid out of the General Fund. A summary of the debt service payments follows:

Fiscal Year Ended September 2018	
2019	$ 251,756
2020	170,832
Total minimum lease payments	422,588
Less amount representing interest	(17,015)
Present value of minimum lease	$ 405,573

NOTE 14 – SUBSEQUENT EVENT

On October 30, 2018, the Sheriff entered into an equipment lease/purchase agreement for a total purchase price of $7,770,926. On December 7, 2018, the equipment lease/purchase agreement was amended for the purpose of acquiring additional radio equipment. As a result, the lease purchase agreement increased to a total purchase price of $8,135,831. The agreement requires annual lease payments of $2,711,944, including interest at 2.33%, over the next 3 years, starting May 1, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

SHERIFF, BROWARD COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended September 30, 2018

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
County appropriation	$ 877,153,740	$ 946,074,961	$ 895,520,479	$ (50,554,482)
Expenditures:				
General – crime prevention:				
Personal services	333,198,290	331,701,067	310,449,453	21,251,614
Operations	57,241,490	53,745,074	43,869,204	9,875,870
Capital outlay	10,578,330	33,444,301	22,742,456	10,701,845
Contingencies/reserves/transfers	7,484,240	38,555,583	-	38,555,583
Total general – crime prevention	408,502,350	457,446,025	377,061,113	80,384,912
Bailiffs – court services:				
Personal services	9,463,860	9,463,860	8,563,020	900,840
Operations	60,130	60,130	37,962	22,168
Total bailiffs – court services	9,523,990	9,523,990	8,600,982	923,008
Consolidated dispatch:				
Personal services	41,187,610	41,326,330	40,670,222	656,108
Operations	934,540	795,820	303,548	492,272
Capital outlay	-	-		-
Transfers/reserves	-	47,000	-	47,000
Total consolidated dispatch	42,122,150	42,169,150	40,973,770	1,195,380
Corrections and rehabilitation:				
Personal services	207,330,050	207,330,050	199,520,109	7,809,941
Operations	56,113,490	56,931,247	52,857,141	4,074,106
Capital outlay	3,201,450	4,743,130	3,450,652	1,292,478
Total corrections and rehabilitation	266,644,990	269,004,427	255,827,902	13,176,525
Fire rescue and emergency services:				
Personal services	124,010,670	122,371,507	116,858,125	5,513,382
Operations	17,393,940	16,823,661	13,055,442	3,768,219
Capital outlay	4,796,490	11,893,395	7,074,533	4,818,862
Transfers/reserves	4,159,160	11,951,899	-	11,951,899
Total fire rescue and emergency services	150,360,260	163,040,462	136,988,100	26,052,362
Debt services:				
Principal retirement	-	4,815,695	4,815,695	-
Interest and fiscal charges	-	75,212	75,212	-
Total debt services	-	4,890,907	4,890,907	-
Total expenditures	877,153,740	946,074,961	824,342,774	121,732,187
Excess of revenues over expenditures	-	-	71,177,705	71,177,705
Unexpended County appropriations, net of advance for prepaid items	-	-	(71,177,705)	(71,177,705)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year		-	4,371,302	-
Changes in reserves for prepaids			(98,190)	
Changes in reserves for inventory	-	-	162,730	-
Fund balance at end of year	$ -	$ -	$ 4,435,842	$ -

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BUDGETARY PROCESS

The Sheriff's budget is submitted annually to the Board pursuant to Section 30.49, *Florida Statutes*. Sections 30 and 129.03(2), *Florida Statutes*, which govern the preparation, adoption and administration process of the Sheriff's annual budget. A budget is prepared annually by the Sheriff for the General Fund and is submitted to the Board for approval. Any subsequent amendments to the budget must also be approved by the Board. The budget is prepared on the modified accrual basis of accounting. Budgetary control is maintained at the major object expenditure level and expenditures may not legally exceed appropriations at the department level. Budgetary changes at the department level within the major object expenditure classification are made at the discretion of the Sheriff. Supplemental appropriations of $68,921,221 were approved by the Board during the year. Appropriations lapse at year-end. Budgets prepared for the Grants and Special Projects Fund and the other non-major governmental funds are not submitted to the Board for approval.

COMBINING NONMAJOR FUND FINANCIAL STATEMENTS

NON MAJOR GOVERNMENTAL FUNDS

SHERIFF, BROWARD COUNTY, FLORIDA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018

	Community Programs Fund	Law Enforcement Trust Fund	Inmate Commissary Trust Fund	Victim Witness	Total
ASSETS					
Cash	$ 176,760	$ 5,920,313	$ 1,979,804	$ 105,596	$ 8,182,473
Accounts receivables	158	10,457	88,884	-	99,499
Total assets	$ 176,918	$ 5,930,770	$ 2,068,688	$ 105,596	$ 8,281,972
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Board of County Commissioners	$ -	$ 251,009	$ -	$ 101,676	$ 352,685
Accounts payable and accrued liabilities	-	324,126	47,118	3,518	374,762
Due to other governmental agencies	-	344,258	-	402	344,660
Due to individual depositors	-	-	-	-	-
Unearned revenue	-	516,352	-	-	516,352
Total liabilities	-	1,435,745	47,118	105,596	1,588,459
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	176,918	4,495,025	2,021,570	-	6,693,513
Total fund balances	176,918	4,495,025	2,021,570	-	6,693,513
Total liabilities and fund balances	$ 176,918	$ 5,930,770	$ 2,068,688	$ 105,596	$ 8,281,972

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA

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

Year Ended September 30, 2018

	Community Programs Fund	Law Enforcement Trust Fund	Inmate Commissary Trust Fund	Victim Witness Fund	Total
Revenues					
County law enforcement trust revenues	$ -	$ 9,376,271	$ -	$ -	$ 9,376,271
Operating grants, projects and contributions	33,238	-	-	-	33,238
Charges for services	-	-	1,114,118	197,684	1,311,802
Total revenues	$ 33,238	$ 9,376,271	$ 1,114,118	$ 197,684	$ 10,721,311
Expenditures					
Current:					
General – crime prevention	$ 14,607	$ 7,538,138	$ 696,103	$ 197,684	$ 8,446,532
Capital outlay	1,500	762,560	28,829	-	792,889
Total expenditures	16,107	8,300,698	724,932	197,684	9,239,421
Net change in fund balances	17,131	1,075,573	389,186	-	1,481,890
Fund balance at beginning of year	159,787	3,419,452	1,632,384	-	5,211,623
Changes in Fund Balance for prepaids	-	-	-	-	-
Fund balance at end of year	$ 176,918	$ 4,495,025	$ 2,021,570	$ -	$ 6,693,513

See accompanying notes to special-purpose financial statements.

AGENCY FUNDS

SHERIFF, BROWARD COUNTY, FLORIDA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
September 30, 2018

	Civil/Detail Division	Cash Bonds Division	Inmate Welfare Fund	Evidence	Total
ASSETS					
Cash	$ 4,982,120	$ 2,828,413	$ 430,701	$ 5,424,310	$ 13,665,544
Accounts receivable	1,887,569	14,665	94,513	7,962	2,004,709
Due from other governmental agencies (net of allowance for uncollectibles)	2,617,360	-	-	-	2,617,360
Total assets	$ 9,487,049	$ 2,843,078	$ 525,214	$ 5,432,272	$ 18,287,613
LIABILITIES					
Due to Board of County Commissioners	$ 6,990,167	$ -	$ -	$ -	$ 6,990,167
Due to other governmental agencies	1,991,872	-	-	-	1,991,872
Due to individuals	492,783	-	-	-	492,783
Accounts payable and accrued liabilities	12,227	-	302,653	56,083	370,963
Inmate escrow	-	-	222,561	-	222,561
Evidence seizures	-	-	-	5,376,189	5,376,189
Cash bond liability	-	2,843,078	-	-	2,843,078
Total liabilities	$ 9,487,049	$ 2,843,078	$ 525,214	$ 5,432,272	$ 18,287,613

See accompanying notes to special-purpose financial statements.

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

Independent Auditor's Report

Honorable Gregory Tony
Broward County, Florida Sheriff
Fort Lauderdale, 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 special purpose financial statements of each major fund, and the aggregate remaining fund information of the Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2018, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated March 18, 2019. Our report was modified to reflect that these financial statements were prepared to comply with Section 218.39(2), Florida Statutes and Section 10.557(3), Rules of the Auditor General for Local Government Entity Audits.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Sheriff'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 Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying s*chedule of findings and questioned costs* as item 2018-001 that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff'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 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 result 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.

RSM US LLP

Fort Lauderdale, Florida
March 18, 2019

SHERIFF, BROWARD COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

Section II – Current Year Findings and Recommendations

IC 2018-001 Revenue, Unavailable and Unearned Revenue

Criteria: In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, recipients should recognize revenues when all applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should be reported by the recipient as unearned revenue. Resources received with purpose restrictions, which specify the purpose for which the resources are required to be used, do not affect the timing of recognition for any class of nonexchange transactions.

Prior Year Condition: It was noted that three out of the nine transactions recorded in unearned revenue which were selected for testing met the eligibility requirements which allowed revenue recognition in the current year and the amounts should not have been recorded as unearned revenue. This recording error was not captured in the review process.

Current Year Condition: It was noted that program income related to the PGI Adult Drug Program was recognized based on the grant period instead of the fiscal year, which resulted in revenues received in the last quarter of the prior year to not be recognized until the current year. In addition, it was noted revenues received in the last quarter of the current year were recorded in an unavailable revenue account. Per review of the grant agreement, revenues met the eligibility requirements, which allowed revenue recognition in the current year. This recording error was not captured in the review process.

In another instance, it was noted unapplied cash receipts resulted in unearned revenue and the related customer balances in accounts receivable to be overstated at year-end.

Context: This condition is considered to be isolated in nature.

Effect: Failure to review the unearned revenue at year-end may result in improper revenue recognition of certain nonexchange type transactions.

Prior Year Cause: The Finance department did not sufficiently review the balance to determine that all items noted as unearned revenue did not meet the criteria for revenue recognition under GASB 33.

Current Year Cause: The Finance department did not review the balance to determine that all items noted as unearned revenue did not meet the criteria for revenue recognition under GASB 33 and all cash receipts were applied to existing invoices prior to the year-end closing process.

Prior Year Recommendation: We recommend that the Finance department review its current process for review and approval of the recording of nonexchange transactions.

Current Year Recommendation: We recommend that the Finance department review its current process for review and approval of the recording of nonexchange transactions and the year-end closing process for this account.

Views of Responsible Officials and Planned Corrective Action: Management understands the notice given. We have already made changes to make sure these issues do not occur in the next fiscal year.

SECTION III – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

See Section II.

Broward County, Florida Sheriff

Management Letter in Accordance
With Chapter 10.550, *Rules of the Auditor General*
of the State of Florida
Year Ended September 30, 2018

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Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida

The Honorable Gregory Tony
Broward County, Florida Sheriff
Fort Lauderdale, Florida

Report on the Special-Purpose Financial Statements
We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2018, and have issued our report thereon dated March 18, 2019.

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

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, if any, which are dated March 18, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of recommendations made in the preceding annual financial audit report have been noted in Appendix A to this report.

Official Title and Legal Authority
Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the Special-Purpose Financial Statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff did not include any component units.

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

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Additional Matters
Section 10.554(1)(i)3. Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the Special-Purpose Financial Statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

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

RSM US LLP

Fort Lauderdale, Florida
March 18, 2019

Broward County, Florida Sheriff

Appendix A – Status of Prior Year Findings and Recommendations

No.	Prior Years' Observations	Observation is Still Relevant	Comment No Longer Relevant
2017-002	Administrative ID Access		X

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Independent Accountant's Report

Honorable Gregory Tony
Broward County, Florida Sheriff
Fort Lauderdale, Florida

We have examined the Broward County, Florida Sheriff's (the Sheriff) compliance with Section 218.415, *Florida Statutes, Local Government Investment Policies* during the year ended September 30, 2018. Management is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Sheriff complied, in all material respects, with *Section 218.415*, *Florida Statutes, Local Government Investment Policies* during the period October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Sheriff, Board of County Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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Fort Lauderdale, Florida
March 18, 2019

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PART III

BROWARD COUNTY PROPERTY APPRAISER

BROWARD COUNTY PROPERTY APPRAISER

SPECIAL PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Honorable Marty Kiar
Property Appraiser of Broward County, Florida

We have audited the accompanying financial statements of the Property Appraiser of Broward County, Florida, a component unit of Broward County, Florida (the "Property Appraiser") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Property Appraiser of Broward County, Florida as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the accompanying financial statements present the financial position and the changes in financial position of the Property Appraiser. These financial statements do not purport to, and do not present fairly the financial position of Broward County, Florida, as of September 30, 2018, and the changes in financial position and cash flows, where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2018 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Property Appraiser's internal control over financial reporting and compliance.

December 5, 2018

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BROWARD COUNTY PROPERTY APPRAISER
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018

ASSETS	
Cash and cash equivalents	$ 556,058
Total Assets	$ 556,058
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 178,295
Accrued liabilities	285,382
Due to Board of County Commissioners	6,104
Excess commissions	86,277
Total Liabilities	556,058
Fund balance	-
Total Liabilities and Fund Balance	$ 556,058

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

BROWARD COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

REVENUES	
Commissions from taxing authorities	$ 21,952,579
Less unexpended commissions	(28,031)
Other income	814,299
Total Revenues	22,738,847
EXPENDITURES	
Current:	
General government:	
Salaries and benefits	19,561,608
Operating expenditures	2,719,178
Capital outlay	458,061
Total Expenditures	22,738,847
Net change in fund balance	-
Fund balance - beginning of year	-
Fund balance - end of year	$ -

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

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies used in the preparation of these special purpose financial statements.

Reporting Requirement

The Broward County Property Appraiser (the "Property Appraiser") is a separately elected county official established pursuant to the Constitution of the State of Florida. The Property Appraiser's financial statements do not purport to reflect the financial position or the results of operations of Broward County, Florida, taken as a whole. These special purpose financial statements are presented to comply with the requirements of Florida Statutes and the Rules of the Auditor General of the State of Florida. The Property Appraiser's General Fund is combined with the Board of County Commissioners' (the "Board") and other constitutional officers' general funds in the Broward County, Florida ("County"), Comprehensive Annual Financial Report ("CAFR") to properly reflect the county-wide General Fund.

Description of Fund

The accounting records are organized on the basis of funds and classified for reporting purposes into one basic fund type:

> *General Fund* – The General Fund is a governmental fund used to account for all revenues and expenditures applicable to the general operations of the Property Appraiser. The General Fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources, rather than upon net income determination).

Basis of Accounting and Presentation

The accounts of the General Fund are maintained on the modified accrual basis. Under the modified accrual basis of accounting, expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or when they are considered both measurable and available and, as such, susceptible to accrual. The extent to which General Fund revenues exceed General Fund expenditures is reflected as a liability in compliance with Florida Statutes.

Budgetary Requirements and Basis

Expenditures are controlled by appropriations in accordance with the budgetary requirements set forth in the Florida Statutes. The budgeted revenues and expenditures in these financial statements reflect all amendments approved by the Florida Department of Revenue. The budget is adopted on a basis consistent with generally accepted accounting principles.

Note 2 - Cash and Cash Equivalents

Cash

Cash consists of various demand deposit accounts, which are insured by the Federal Deposit Insurance Corporation or are 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

Florida Statutes 218.415, 219.075 and the Property Appraiser's investment policy authorize 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 Property Appraiser had investments at September 30, 2018.

Investment Type	Fair Value
Repurchase agreement	$0

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Appraiser has an investment policy that limits the maturities on repurchase agreements to no more than 60 days from the date of purchase.

Credit Risk

The Appraiser's repurchase agreement is fully collateralized by U.S. Treasury, U.S. Government agencies and/or United States Government obligations.

Note 3 - Excess Commissions

In accordance with Florida Statute 218.36 the excess funds at the end of fiscal year 2018 were divided into parts for each governmental unit which was billed and which paid for the operation of the Property Appraiser's office in the same proportion as the governmental units were originally billed. These excess funds are reported as unexpended commissions in the Financial Statements and were treated as an advance on the fiscal year 2019 second quarter budget invoices.

Note 4 - Long-Term Liabilities

The Property Appraiser incurs a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Property Appraiser is not legally required and does not accumulate expendable available financial resources to liquidate this obligation. A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018, is as follows:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018	Less Current Portion	Long Term Portion
Compensated absences	$1,204,888	$1,440,213	$(1,283,396)	$1,361,705	$ (930,909)	$430,796

Note 5 - Pension Plan

Plan Description

The Property Appraiser's employees participate in the Florida Retirement System ("FRS"), a multiple-employer, cost-sharing, defined-benefit retirement system, administered by the Florida Department of Management Services. 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. For a detailed plan description, see the Broward County, Florida, CAFR for the fiscal year ended September 30, 2018.

Funding Policy

The Property Appraiser's contributions to the FRS for fiscal years ended September 30, 2016 through 2018 were $1,228,421, $1,357,635, and $1,503,585, respectively, which were equal to the required employer contribution for each fiscal year. Beginning in July 2011 FRS Investment Plan and Pension Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employees' contributions to the FRS for fiscal year ended September 30, 2018 were $417,198.

Note 6 - Other Post-Employment Benefits

Plan Description

The Property Appraiser has a single employer defined benefit healthcare plan. The Property Appraiser plan allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The retirees are required to pay the premium(s) in advance in order to participate. The benefits of the Property Appraiser's plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue separate financial reports.

Note 6 - Other Post-Employment Benefits (cont'd)

Funding Policy and Annual OPEB Cost

The amount of any liability for the employees of the Broward County Property Appraiser has been reported in the September 30, 2018 Broward County, Florida CAFR. The County has also included a schedule of funding progress in their September 30, 2018 financial statements.

Nyhart, an actuarial and employee benefit firm, was engaged by Broward County to perform an actuarial valuation of its post-employment benefits provided to retiring employees. The OPEB information disclosed in the September 30, 2018 Broward County, Florida CAFR related to the Property Appraiser was provided by Broward County.

Note 7 - Insurance Coverage

The Property Appraiser participates in the County's self-insurance program for workers' compensation. Any losses above the self-insured retention limit would be covered by the Board's purchase of excess coverage. Expenditures for self-insured worker's compensation coverage charged by Broward County for the year ended September 30, 2018 was approximately $117,890. All required payments have been made during the fiscal year.

Note 8 - Contingencies

Various lawsuits and claims arising in the ordinary course of operations are pending against the Property Appraiser. These primarily relate to property assessments and employee lawsuits within the County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Property Appraiser, the liabilities that may arise from such action would not result in losses that would materially affect the financial position of the Property Appraiser or its changes in financial position.

Note 9 - Subsequent Events

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended September 30, 2018 through December 5, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

BROWARD COUNTY PROPERTY APPRAISER

SPECIAL PURPOSE FINANCIAL STATEMENTS

OTHER INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2018

BROWARD COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 21,943,778	$ 22,010,825	$ 21,952,579	$ (58,246)
Less unexpended portion	-	-	(28,031)	(28,031)
Miscellaneous income	-	789,424	814,299	24,875
Total Revenues	21,943,778	22,800,249	22,738,847	(61,402)
EXPENDITURES				
Current:				
General government:				
Salaries and benefits	18,637,721	19,595,661	19,561,608	34,053
Operating expenditures	2,666,059	2,746,117	2,719,178	26,939
Capital outlay	175,100	458,471	458,061	410
Non-Operating	464,898	-	-	-
Total Expenditures	21,943,778	22,800,249	22,738,847	61,402
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -

The Property Appraiser provides contractual services for non-ad valorem districts, which are not included in the budget submitted to the Department of Revenue. The Property Appraiser adopts an internal budget for these activities. Any excess revenues over expenditures at the end of the fiscal year are included in excess commissions collected in advance. Revenues budgeted internally totaled $789,424. These budgeted revenues were offset by related budgeted expenditures of $789,424.

BROWARD COUNTY PROPERTY APPRAISER

SPECIAL PURPOSE FINANCIAL STATEMENTS

COMPLIANCE SECTION

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

To the Honorable Marty Kiar
Property Appraiser of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the special-purpose financial statements of the Property Appraiser of Broward County as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements, and have issued our report thereon dated December 5, 2018.

Internal Control over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser'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 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.

December 5, 2018

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES

To the Honorable Marty Kiar
Property Appraiser of Broward County, Florida

We have examined the Property Appraiser of Broward County, Florida ("Property Appraiser"), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

In our opinion, the Property Appraiser of Broward County, Florida complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

December 5, 2018

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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Marty Kiar
Property Appraiser of Broward County, Florida

We have audited the special-purpose financial statements of the Property Appraiser of Broward County, Florida (the "Property Appraiser"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated December 5, 2018.

Auditor's Responsibility

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

Other Report and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards.* Disclosures in that report, which is dated December 5, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

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Other Matters

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

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

Purpose of this Letter

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

Fort Lauderdale, Florida
December 5, 2018

CLIENT FOCUSED AB SOLUTION DRIVEN

PART IV

SUPERVISOR OF ELECTIONS' OFFICE, BROWARD COUNTY

C Borders-Byrd, CPA LLC
Accountants and Consultants

Financial Statements and Report of Independent Certified Public Accountants

Broward County Supervisor of Elections

September 30, 2018

Supervisor of Elections' Office
Broward County, Florida

Financial Statements

September 30, 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Peter Antonacci
Broward County Supervisor of Elections
Broward County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Broward County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Supervisor of Elections as of September 30, 2018, and the respective change in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of financial position of Broward County, Florida as of September 30, 2018, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2019, on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Supervisor of Elections' internal control over financial reporting and compliance.

Lauderhill, Florida
January 11, 2019

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Supervisor of Elections' Office
Broward County, Florida

BALANCE SHEET - GOVERNMENTAL FUND

September 30, 2018

	General Fund
ASSETS	
Cash	$ 2,755,098
Total assets	$ 2,755,098
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	$ 966,968
Accrued payroll	274,849
Due to Board of County Commissioners	488,014
Unearned revenue	1,025,267
Total liabilities	2,755,098
Fund balance	-
Total liabilities and fund balance	$ 2,755,098

The accompanying notes are an integral part of this financial statement.

Supervisor of Elections' Office
Broward County, Florida

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended September 30, 2018

Revenues:	
Appropriation from Board of County Commissioners	$ 18,236,356
Grant revenue	426,427
Total revenue	18,662,783
Expenditures:	
Current:	
Personal services	8,615,769
Operating expenses	6,473,327
Capital expenditures	3,573,687
Total expenditures	18,662,783
Net change in fund balance	-
Fund balance, beginning of year	-
Fund balance, end of year	$ -

See accompanying notes to the special-purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Supervisor of Elections is an elected official in Broward County, Florida (the "County"), who is responsible for conducting all elections in the County, maintaining voter records and conducting various outreach programs, including seminars and voter registration drives. The Supervisor of Elections' Office (the "Supervisor") is part of the overall entity of the County and is included in the financial statements of the County.

The financial statements include the General Fund of the Supervisor's office. The financial statements were prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Governmental Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America. Pursuant to Florida Statutes, the Supervisor's financial statements are included in the County's Comprehensive Annual Financial Report ("CAFR").

The following is a summary of the more significant accounting principles and policies used in the preparation of these financial statements:

Basis of Presentation

Fund Financial Statements: The fund financial statements provide information about the Supervisor's General Fund. The General Fund, a governmental fund, is used to account for all financial resources applicable to the general operations of the Supervisor. The emphasis of fund financial statements is on major governmental funds.

Basis of Accounting and Measurement Focus

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Supervisor considers all revenues reported in the General Fund to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. The extent to which General Fund revenues exceeded General Fund expenditures is reflected as a liability in compliance with Florida Statutes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Requirements

The Supervisor operates under budget procedures pursuant to Florida Statutes. The Supervisor's budgeting process is based on estimates of revenue and expenditures and requires that all budgets be approved by the Broward County Board of County Commissioners (the "Board") after a public hearing is held. Subsequent amendments to the budget, if any, are approved by the Board.

Budgets are prepared on the basis of accounting consistent with accounting principles generally accepted in the United States of America. Expenditures may exceed the approved budget amounts for individual categories as long as the total does not exceed the approved budget. Budget appropriations lapse at the end of the year and are not carried over to the following year. Any remaining fund balances are remitted to the Board at the end of each year.

Accrued Vacation and Sick Pay

The Supervisor's employees accumulate vacation and sick pay based on the number of years of continuous service. Upon termination of employment, employees can receive payment for accumulated leave in accordance with Florida Statutes, if they meet certain criteria. The cost of vested vacation and sick pay benefits is recognized when payments are made to employees, using the modified accrual basis of accounting.

Capital Assets

Capital assets (vehicles, equipment, and other tangible property costing at least $1,000 with a useful life of more than one year) are recorded as capital expenditures in the fund level financial statements. Capital assets used in the operations of the Supervisor's office are recorded in the property records of the County.

NOTE 2 - CASH

At September 30, 2018, the carrying amount of the Supervisor's cash, which consists solely of demand deposits, was approximately $2,755,098. Under the State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act," the State Treasurer requires all qualified public depositories to deposit with the Treasurer or banking institution eligible collateral having an average daily balance for each month of all public deposits that meet certain statutory requirements. The percentage of eligible collateral (generally, U.S. Government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a public depository, the remaining public depositories would be responsible for covering any resulting losses. Therefore, all cash deposits in an approved Florida banking institution are collateralized and insured and not subject to a concentration of credit risk nor a custodial credit risk, as defined in Governmental Accounting Standards Board ("GASB") Statement No. 40.

NOTE 2 - CASH - Continued

As of September 30, 2018, all the depositories utilized by the Supervisor were qualified and eligible for public deposits pursuant to Florida Statute 280, Department Financial Services, State of Florida.

NOTE 3 - UNEARNED REVENUE

Unearned revenue represents grant funding received but not earned. As funds are expended for a specific purpose, grant revenue is recognized in accordance with the grant agreement.

NOTE 4 - RETIREMENT PLAN

The Supervisor participates in the Florida Retirement System ("FRS"), a cost-sharing, multiple-employer Public Employment Retirement System ("PERS") totally administered by the Florida Department of Management Services. Effective July 1, 2011, the FRS requires a 3% contribution from all employees, except those enrolled in the Deferred Retirement Option Program ("DROP") plan. 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. For financial reporting purposes, the Supervisor is deemed to be part of the primary government of Broward County, Florida. Effective October 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* A liability, if any, related to the Supervisor's proportionate share of the FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of Broward County, Florida for the fiscal year ended September 30, 2018.

The Supervisor's contributions to the FRS for fiscal years ended September 30, 2016 through 2018 were $363,786, $371,737 and $404,548, respectively, which were equal to the required contribution for each fiscal year. Employee withholdings for this purpose amounted to $94,352, $94,294 and $96,873 for the fiscal years ended September 30, 2016 through 2018, respectively, which were equal to the required contribution for each fiscal year.

NOTE 5 - INSURANCE COVERAGE

The Supervisor participates in the County's self-insurance program for services other than medical and dental insurance. Payments are made to the County in the amounts needed to pay prior and current-year claims. All required payments have been made during the fiscal year. Broward County is self-insured for workers' compensation and dental claims. Commercial insurance is purchased for all other risks, including property and casualty, vehicle, and public officials. Claims settlements have not exceeded insurance coverage during the fiscal year.

NOTE 6 - LONG-TERM LIABILITIES

The Supervisor accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Supervisor is not legally required to and does not accumulate expendable, available financial resources to liquidate this obligation. A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018 is as follows:

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Compensated absences	$528,150	$326,385	$256,792	$597,743	$210,969

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description and Funding Policy and Annual OPEB Cost

The Supervisor has a single-employer, defined-benefit healthcare plan, which allows its employees and their beneficiaries to continue obtaining health, dental, and other insurance benefits upon retirement. The plan does not issue separate financial reports.

Effective October 1, 2017, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* A liability, if any, related to the Supervisor's proportionate share of these benefits, along with a detailed plan description, is reported in the financial statements of Broward County, Florida.

NOTE 8 – CONTINGENCIES

The Supervisor of Elections received grant funding from the State of Florida. This grant is subject to audit by the State and if found to be in error or noncompliance, could result in refunds to the grantor or decreases to future grant awards. The Supervisor of Elections' Office from time to time is involved in litigation incidental to the conduct of its business. In the opinion of management, the expected liability, from these claims, in excess of insurance coverage, if any, would not be material to it's financial position or results of operations.

NOTE 9 – RELATED PARTIES

The Supervisor of Elections' Office on behalf of Broward County, Florida collects cash from the sale of voter rolls, precinct maps, etc. and reimbursements for municipal election expenditures. The amount collected during fiscal 2018 was approximately $1,142,000. These amounts are remitted to the County regularly.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended September 30, 2018, through January 11, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

Required Supplementary Information

Supervisor of Elections' Office
Broward County, Florida

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

For the Year Ended September 30, 2018

	Original Budget	Appropriated Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Appropriation from Board of County Commissioners	$ 18,536,370	$ 18,724,370	$ 18,236,356	$ (488,014)
Grant revenue	-	-	426,427	426,427
Total revenue	18,536,370	18,724,370	18,662,783	(61,587)
Expenditures:				
Current:				
Personal services	8,775,390	8,775,390	8,615,769	159,621
Operating expenditures	6,417,120	6,417,120	6,473,327	(56,207)
Capital expenditures	3,343,860	3,531,860	3,573,687	(41,827)
Total expenditures	18,536,370	18,724,370	18,662,783	61,587
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

Notes to Required Supplementary Information:

The appropriated budget is prepared by fund on the same basis of accounting as required for governmental fund types and conforms with GAAP. By County budget policy, transfers of appropriations between departments and increase of appropriations at the department level require the approval of the Board. The County's legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, is at the department level.

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

To the Honorable Peter Antonacci
Broward County Supervisor of Elections
Broward County, Florida

We have audited the financial statements of the Broward County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2018, and have issued our report thereon dated January 11, 2019. 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.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the Supervisor of Elections in a separate letter dated January 11, 2019.

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.

C. Bonders-Byrd, CPA LLC

Lauderhill, Florida
January 11, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Peter Antonacci
Broward County Supervisor of Elections
Broward County, Florida

We have examined the Broward County, Florida Supervisor of Elections' (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

C Borders-Byrd, CPA LLC

Lauderhill, Florida
January 11, 2019

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MANAGEMENT LETTER - SUPERVISOR OF ELECTIONS' OFFICE

To the Honorable Peter Antonacci
Broward County Supervisor of Elections
Broward County, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Broward County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated January 11, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated January 11, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with the preceding audit, there were no findings or recommendations.

Official Title and Legal Authority

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

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Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendation.

2018-01 Closing the Books

We noted several transactions that were not properly accrued. We proposed and passed the adjustments.

Recommendation

Management should consider contacting vendors prior to year end and request the timely submission of outstanding invoices to facilitate proper cut off.

Management's Response

We concur with this recommendation and will ensure that we adhere to our policy of requesting vendors submit invoices timely at year end.

Additional Matters

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

Purpose of this Letter

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

Lauderhill, Florida
January 11, 2019

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PART V

CLERK OF THE CIRCUIT AND COUNTY COURT

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

To Honorable Brenda Forman, Clerk of the Circuit
and County Courts of Broward County, Florida
Seventeenth Judicial Circuit of Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit and County Courts of the Broward County, Florida, Seventeenth Judicial Circuit of Florida (the Clerk), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Clerk as of September 30, 2018, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information, only for that portion of the governmental activities, major funds, and the aggregate remaining fund information, of Broward County that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Broward County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's basic financial statements. The schedule of changes in fiduciary net position - agency funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

CLIENT FOCUSED AB SOLUTION DRIVEN

Other Matters (cont'd)

The schedule of changes in fiduciary net position - agency funds, 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 changes in fiduciary net position - agency funds 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 a report on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading "Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of The Financial Statements Performed In Accordance With *Government Auditing Standards*." The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Fort Lauderdale, Florida
March 22, 2019

CLIENT FOCUSED AB SOLUTION DRIVEN

Introduction

The management of the Broward Clerk of Courts (Clerk) offers this narrative overview and analysis of the financial activities of the Clerk for the fiscal year ended September 30, 2018. It provides an introduction to the Clerk's 2018 financial statements. Information contained in this Management's Discussion and Analysis (MD&A) has been prepared by the Clerk's Finance Department and should be considered in conjunction with the financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

The clerks of court continue to function as fee offices with the following minor change enacted by the legislature in June 2017. That change directed clerks to record their 10% revenues, which had been locally retained, in the fine and forfeiture fund and eliminated the locally retained 10% revenues. The related expenditure authority for these 10% revenues was incorporated in the Florida Clerks of Court Operations Corporation (CCOC) budget process in fiscal year 2017-18. Local fees collected in excess of 1/12 of an individual clerk's approved budget continue to be sent to the state each month.

For fiscal year 2017–18, the Revenue Estimating Conference still determines the statewide budget for the 67 clerks. The Conference uses estimates from various participants in the budget process to determine the amount of dollars available to the clerks for the fiscal year. This estimated revenue functions as a cap in the CCOC budget approval process. The CCOC approved clerks' budgeted expenditures may not exceed that estimated revenue cap.

In April 2018, a circuit judge in the 2nd Judicial Circuit in Tallahassee ruled favorably in the Clerk's law suit against the Florida Department of Revenue. The circuit judge found that the current budget process is unconstitutional. One of the major findings in the circuit court's order is that the budget process improperly relies upon available revenues to the Clerk and ignores the Clerk's actual financial needs.

The Florida Department of Revenue is appealing the circuit court's decision to the First District Court of Appeal (1st DCA). The 1st DCA is expected to hear that case in the first quarter of calendar year 2019.

The Florida Supreme Court is likely to rule on this case after the 1st DCA's ruling because the issue involves a Florida constitutional matter.

A favorable ruling at the appellate court level for the Clerk will certainly have a positive impact on future budgets. Additionally, the 67 clerks are working with the legislature to address clerk funding shortages.

FINANCIAL HIGHLIGHTS - Continued

For county fiscal year 2017-18, the CCOC approved a state-wide clerk of the courts' budget of approximately $425 million for the 67 clerks of the circuit court, with an approved budget for the Clerk's office of approximately $36.8 million, which includes a specific budget allocation of $774,475 for jury management functions.

The Clerk's office continues to be fiscally constrained by the current budget process. The Clerk struggles to keep pace with increasing health and retirement employee costs in addition to paying employees lower than average market wages. Currently, over one quarter of the Clerk's employees are being paid less than the living wage in Broward County for a single adult as reflected in the most recent Living Wage Calculator published by the Massachusetts Institute of Technology.

Electronic case filings are improving case processing workloads, which alleviate staffing issues. Although electronic case filing for all case types continues to reduce paper related processes, the storage and retrieval of some paper court records still require dedicated Clerk staff. These Clerk employees continue to back scan older circuit criminal cases. Improved electronic case processing methods for civil case filings are producing additional workload efficiencies.

The following are key financial highlights for the fiscal year:

- The liabilities of the Clerk exceeded its assets and resources by $22.9 million (net position) at September 30, 2018, versus $18.6 million at September 30, 2017.
- The Clerk's total net position decreased by $4.3 million in fiscal year 2018.
- As of September 30, 2018, the Clerk's governmental funds reported combined ending fund balances of $5.4 million, an increase of approximately $100 thousand from the prior year.
- During fiscal year 2018, the Clerk spent $240 thousand in capital expenditures. These purchases are mostly related to computer equipment and service agreements.
- As of September 30, 2018, the Clerk's Public Records Modernization Trust Fund reported an ending fund balance of $57 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Clerk's basic financial statements. The Clerk's basic financial statements contain three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Clerk's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Clerk's assets and liabilities. Net position is the result of assets less liabilities. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Clerk is improving or deteriorating.

The statement of activities presents information showing how the Clerk's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Clerk's office that are principally supported by court and non-court related activities.

The government-wide financial statements include the General Fund and three special revenue funds: *Court Operations Fund*, *Public Records Modernization Trust Fund* and the *Technology Trust Fund*.

Fund Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Fund Financial Statements (cont'd)

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Clerk's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Clerk's Office. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the Clerk's operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

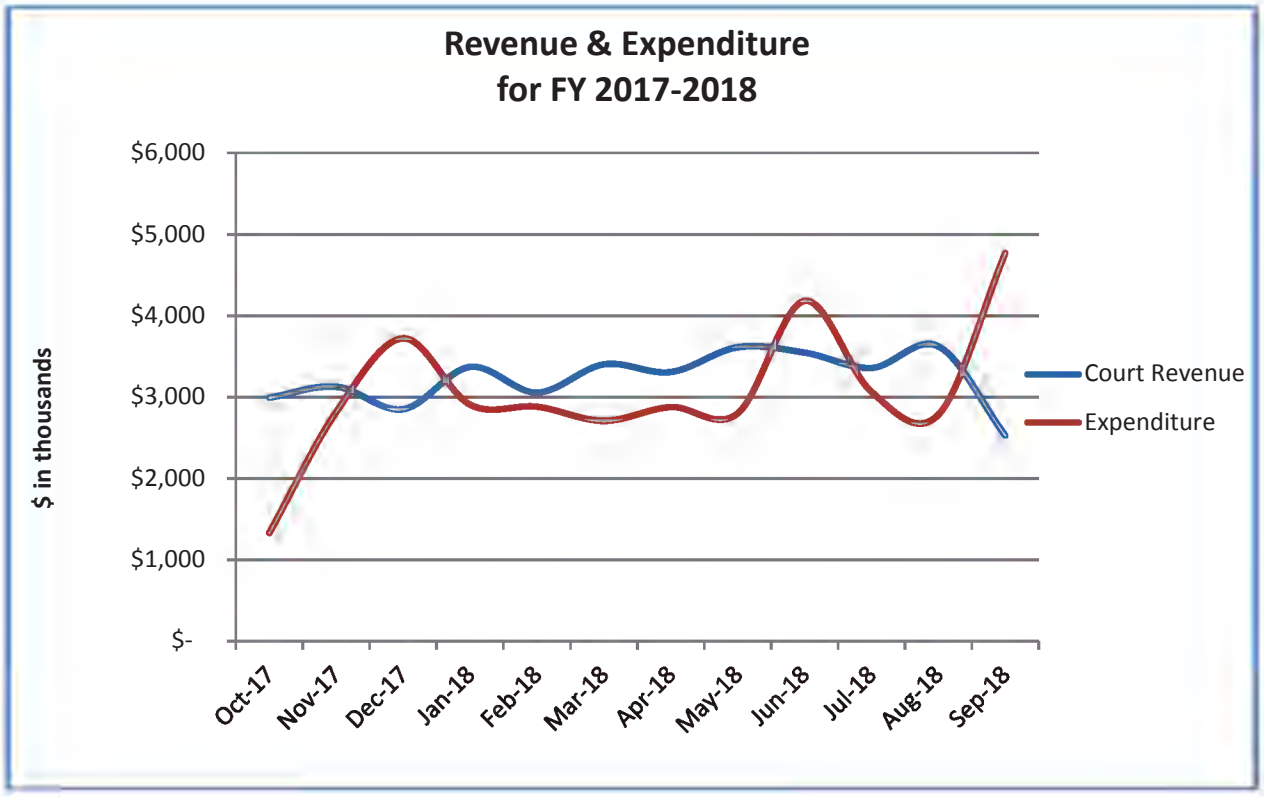
Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general and special revenue funds.

GOVERNMENT- ACTIVITIES

On average for fiscal year 2017-18, the Clerk's office generated revenues of approximately $3.2 million each month with revenues varying between a high of $3.6 million to a low of $2.8 million. During the same period, the Clerk incurred expenditures of approximately $3 million each month with expenditures varying between a high of $4.7 million and a low of $2.7 million. Graph 1 shows the Clerk's revenues and expenditures throughout the fiscal year.

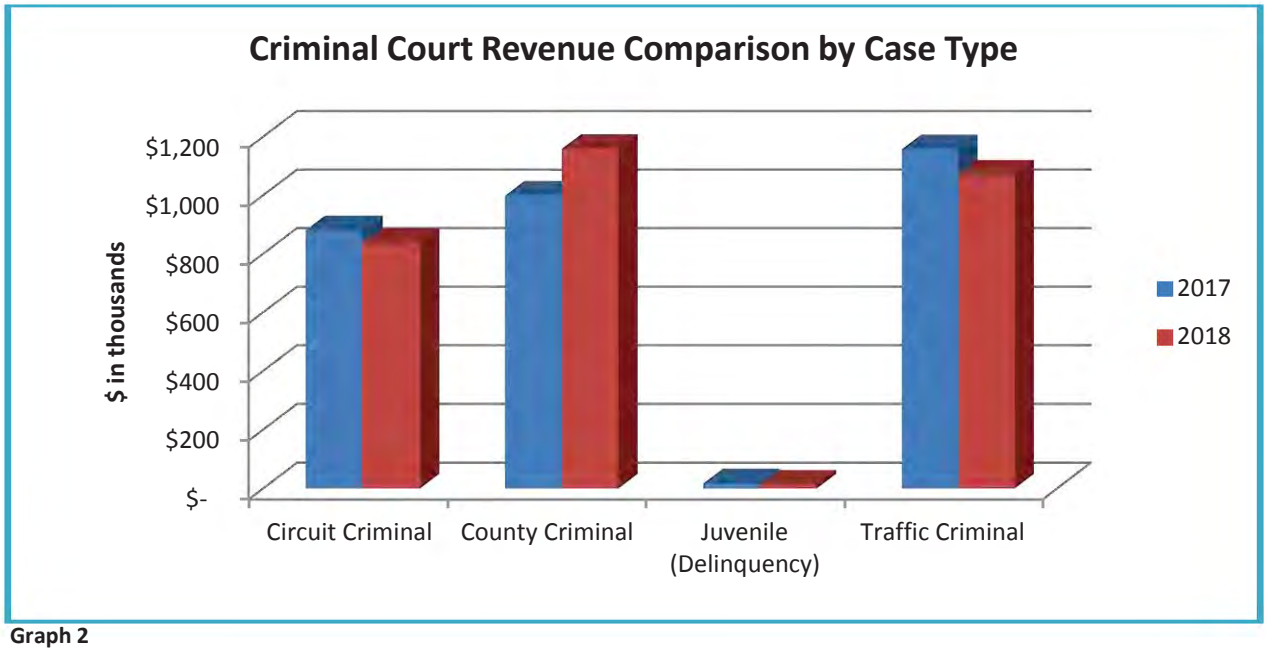
Criminal case types during the year range from as low as 3,130 for juvenile delinquency cases to as high as 26,362 for traffic criminal cases. Civil case types range from as low as 1,108 for juvenile dependency cases to as high as 243,632 for traffic civil cases.



Graph 1

GOVERNMENT- ACTIVITIES (cont'd)

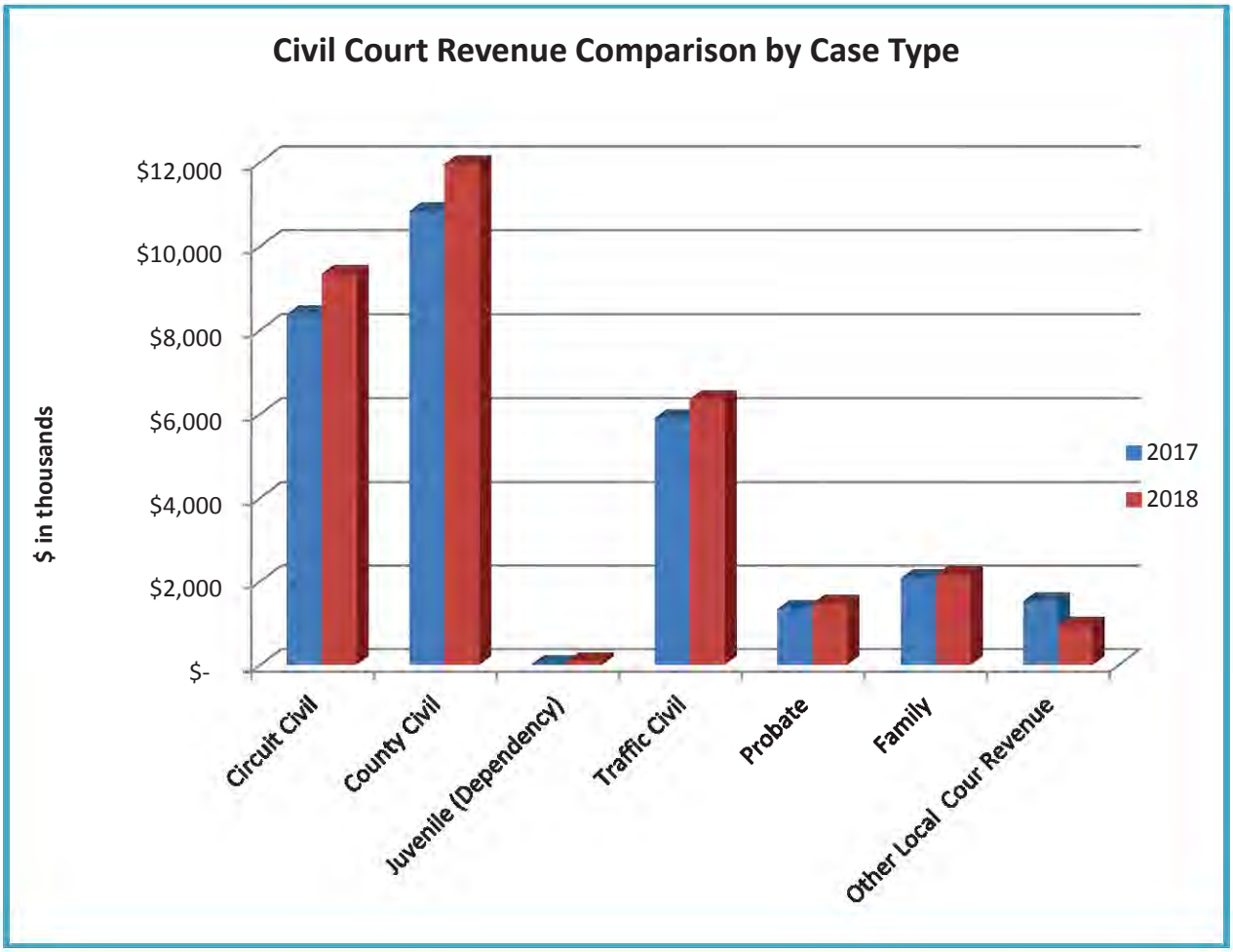
Graph 2 below compares revenues collected in criminal courts for current and prior fiscal years by case type.



Graph 2

Although revenues for three of the four criminal case types slightly decreased in FY 2018 compared to the prior year, revenues for the county criminal case type increased 16% ($160,000). The total revenues for all criminal case types increased slightly by less than 1% ($26,000).

Graph 3 below compares revenues collected in civil courts for current and prior fiscal years by case type. The civil courts experienced a 7.4% ($2.2 million) increase in revenue in FY 2018 over the prior year, with the majority of these revenues being generated in the county civil and circuit civil divisions. Revenues for county civil case types increased 10.3% ($1.1 million), while revenues for circuit civil case types increased 11.5% ($963 thousand).



Graph 3

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the Clerk uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Clerk's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Clerk's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of its fiscal year.

At September 30, 2018, the Clerk's governmental funds reported combined ending fund balances of $5.4 million, an increase of approximately $100 thousand from the prior year.

BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the *Basic Financial Statements* for the general fund and all major special revenue funds. The budget and actual comparison schedules show the final budgets, actual results, and variances between the final budgets and actual results for the general fund (and separately for court and non-court operations) and major special revenue funds.

Increases to the general fund court related budget are restricted by the state appropriation process and are determined by formula as found in Section 28.36, Florida Statutes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The legislature controls the rates for filing fees and charges for services that the Clerk collects for local use and remittance to the state as mentioned above. Court related revenues used to support Clerk operations are anticipated to increase slightly for the 2018-19 fiscal year. However, an adequate funding solution is desperately needed to address the long term consequences of inadequate funding over the last decade.

Over the last four years, the Clerk's authorized expenditure budget has decreased by an average of $1 million each year from approximately $40 million in 2014-15 to approximately to $36.8 million in 2017-18. Persistent reductions in funding for Clerk services have negatively impacted court related functions despite gains made in reducing labor costs through automated Clerk processes.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Clerk finances for all those with an interest in the Clerk's financial operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jeffrey K. Sutton, Esq., Chief Financial Officer
Jason Maraj, MBA, Assistant Chief Financial Officer
Broward County Clerk of Courts
201 Southeast 6th Street, #18120
Fort Lauderdale, FL 33301

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

(In Thousands)

ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,532
Restricted assets:	
Cash and cash equivalents	1,589
Receivables (net)	6,491
Due from primary government	183
Due from other government agencies	303
Prepaid	836
Total current assets	12,934
Capital assets:	
Depreciable (net)	761
Total Assets	13,695
DEFERRED OUTFLOWS	
Deferred outflows related to pensions	9,290
Deferred outflows related to OPEB	80
Total Deferred Outflows	9,370
LIABILITIES	
Current liabilities:	
Accounts payable	729
Accrued liabilities	1,905
Unearned revenue	2,423
Due to other government agencies	2,515
Liability for compensated absences	815
Total current liabilities	8,387
Non-current liabilities:	
Liability for compensated absences	1,932
Net pension liability	26,807
Net OPEB liability	3,343
Total non-current liabilities	32,082
Total Liabilities	40,469
DEFERRED INFLOWS	
Deferred inflows related to pension	5,434
Deferred inflows related to OPEB	34
Total Deferred Inflows	5,468
NET POSITION	
Invested in capital assets	761
Unrestricted (deficit)	(23,633)
Total Net Position	$ (22,872)

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

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

(In Thousands)

Program expenses:	
Personnel services	$ 37,825
General operating	5,791
Depreciation	334
Total program expenses	43,950
Program revenues:	
Charges for services:	
Appropriations	4,298
Recording fees	3,195
Child support federal reimbursement	473
Filing fees	19,289
Service charges	9,170
Court costs	4,175
Judgments and fines	2,006
Other fines and/or forfeitures	270
Total program revenues	42,876
Interest income	1
Total revenues	42,877
Change in net position	(1,073)
Net position, beginning of year as previously reported	(18,593)
Effect of implementing GASB No. 75	(3,206)
Net position, beginning, as restated	(21,799)
Net position, end of year	$ (22,872)

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

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

(In Thousands)

	Major Funds			Non-Major Funds	
		Special Revenue Funds			
	General Fund	Court Operations	Technology Trust Fund	Public Records Trust Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,799	$ 790	$ 1,532	$ -	$ 5,121
Due from General Fund	-	-	49	57	106
Due from Agency Fund	769	5,505	217	-	6,491
Due from Court Operations	-	-	-	-	-
Due from Board of County Commissioners	-	64	119	-	183
Due from Other Governmental Agencies	-	303	-	-	303
Prepaid expenses	-	836	-	-	836
Total Assets	$ 3,568	$ 7,498	$ 1,917	$ 57	$ 13,040
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ 553	$ 176	$ -	$ 729
Accrued liabilities	-	1,901	4	-	1,905
Unearned revenue	-	2,423	-	-	2,423
Due to General Fund	-	-	-	-	-
Due to Public Records Trust Fund	-	57	-	-	57
Due to Technology Trust Fund	-	49	-	-	49
Due to State of Florida	-	2,515	-	-	2,515
Total liabilities	-	7,498	180	-	7,678
Fund Balances:					
Unrestricted funds	3,568	-	-	-	3,568
Restricted funds	-	-	1,737	57	1,794
Total fund balances	3,568	-	1,737	57	5,362
Total Liabilities and Fund Balances	$ 3,568	$ 7,498	$ 1,917	$ 57	$ 13,040

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

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

(In Thousands)

Fund Balances - total governmental funds		$ 5,362
Amounts reported for governmental activities in the statement of net position are different as a result of:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Capital assets	$ 25,440	
Accumulated depreciation	(24,679)	761
Long-term liabilities applicable to the Clerk's governmental activities are not due and payable in the current period and are not reported as fund liabilities:		
Compensated absences		(2,747)
Net pension liability		(26,807)
Net OPEB liability		(3,343)
Deferred outflows (inflows) of resources are reported in the statement net position		
Net deferred outflow - pensions		3,856
Net deferred outflow - OPEB		46
Total net position - governmental activities		$ (22,872)

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

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

(In Thousands)

	Major Funds			Non-Major Funds	
		Special Revenue Funds			
Revenues:	General Fund	Court Operations	Technology Trust Fund	Public Records Trust Fund	Total Governmental Funds
Federal grant	$ -	$ -	$ 38	$ -	$ 38
Appropriation from Florida Clerks of Court Operations Corporation Under Florida Statutes 28.36(10)(a)	-	844	-	-	844
Appropriation under Florida Statutes 28.37(2)	-	3,416	-	-	3,416
Total appropriations	-	4,260	38	-	4,298
Operating Revenues:					
Recording fees	-	-	2,942	253	3,195
Child support federal reimbursement	-	473	-	-	473
Filing fees	-	19,289	-	-	19,289
Service charges	1,954	6,196	1,020	-	9,170
Court costs	-	4,175	-	-	4,175
Judgments and fines	-	2,006	-	-	2,006
Other fines and/or forfeitures	-	270	-	-	270
Total operating revenues	1,954	32,409	3,962	253	38,578
Interest income	-	1	-	-	1
Total Revenues	1,954	36,670	4,000	253	42,877
Expenditures:					
Personnel services	1,066	33,084	2,608	-	36,758
Operating expenses	119	3,658	1,614	400	5,791
Capital outlay	-	33	207	-	240
Total Expenditures	1,185	36,775	4,429	400	42,789
Net change in fund balances	769	(105)	(429)	(147)	88
Other financing sources (uses)					
Transfers in	-	105	-	-	105
Transfers out	(105)	-	-	-	(105)
Fund Balance, October 1	2,904	-	2,166	204	5,274
Fund Balance, September 30	$ 3,568	$ -	$ 1,737	$ 57	$ 5,362

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

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

(In Thousands)

Net change in fund balances - total governmental funds		$ 88

Total change in net position reported for governmental activities in the statement of activities is different as a result of:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as a depreciation expense. In the statement of activities, only the loss on disposed capital assets is reported. The change in net position differs from the change in fund balance by the carrying value of capital assets disposed.

Expenditures for capital assets	$ 240	
Current year depreciation	(334)	(94)

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. These expenses are:

Change in compensated absences	17
The net effect of pension contribution expenses to increase net position	(986)
The net effect of OPEB expenses	(98)
Change in net position of governmental activities	$ (1,073)

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

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
STATEMENT OF FIDUICIARY NET POSITION – AGENCY FUNDS
SEPTEMBER 30, 2018

(In Thousands)

ASSETS	
Cash and short-term investments	$ 67,301
Total Assets	$ 67,301
LIABILITIES	
Due to primary government	$ 2,538
Due to general fund	6,280
Due to technology fund	217
Un-remitted cash bond collections	2,227
Un-remitted court registry collections	54,404
Un-remitted fines, forfeitures and costs	438
Un-remitted filing, other fees and interest income	633
Un-remitted jury and witness advances	564
Total Liabilities	$ 67,301

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

Note 1 - Financial Reporting Entity

Under Article V to the Florida Constitution the clerks are funded through fines, filing fees and service charges. The Florida legislature establishes the fees associated with court related functions and the legislature passes various bills to implement the funding requirements under Article V. Establishing the fees for court services through the legislative process affects every clerk of the courts in Florida and those individuals and agencies using the Florida court system.

The clerks of court are required to prepare annual court related budgets and submit them to the CCOC. Budget revisions and amendments for individual clerk offices must also pass through the CCOC and comply with the state-wide revenue estimation provided by the Revenue Estimating Conference.

The clerks of courts continue to be funded by fees collected locally. As required under the Florida statutes, monthly revenues collected in excess of 1/12 of a clerk's approved budget are remitted to the state. The monthly portion of local fees collected up to 1/12 of a clerk's budget is retained for operational expenditures.

The county is mandated to provide facilities, security, and communications under Section 29.008, Florida Statutes. Additionally, recording fees remitted to the Clerk from Broward County are set aside for technology needs and support services (including technology related salaries).

Under Article V, the Clerk functions as an administrative office of the judiciary. The Clerk's duties are specified in the Florida statutes and the Broward County Charter. The Clerk conducts various administrative and financial functions as required by state law, local ordinances, and administrative orders. The office serves a 1,205 square mile region of South Florida containing a population of nearly 1.9 million residents. The Clerk is included in the county's general-purpose financial statements. An elected official leads the organization of approximately 750 budgeted employees in various divisions providing support to fifty-eight circuit court judges, thirty-two county court judges, and ten general magistrates/hearing officers, as well as providing services to the general public and other governmental agencies.

The Clerk's core services include recording judicial decisions in criminal court proceedings on official documents; filing and retrieving official records such as arrest warrants, information, traffic citations, affidavits, other court related documents in both criminal and civil proceedings, and marriage licenses; collecting court fees, fines, service charges, and forfeitures; creating court dockets; sending notices to participants in legal proceedings; reinstating driver's licenses; and processing online payments through the internet at *www.browardclerk.org*.

Note 1 - Financial Reporting Entity (cont'd)

As noted above, the Florida legislature establishes the amounts the Clerk collects for service charges, court costs, and fees. The Clerk receives a subsidy from the Justice Administration Commission for court related juror payments, including juror meals, lodging costs, and jury management costs. The Clerk continues to be tasked with the primary determination of indigent status, which means no fees are collected for case processing.

The financial statements presented include the funds of the Clerk's office. The accompanying financial statements are prepared in compliance with Section 10.550, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County or the changes in financial position and cash flows of the County. However, the financial statements conform to accounting principles generally accepted in the United States of America. Pursuant to Florida statutes, the Clerk's financial statements are included in the County's general-purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation

The Clerk's method of financial statement reporting conforms to Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion & Analysis for State and Local Governments.* The government-wide financial statements, consisting of the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the Clerk's office. For the most part, the effect of inter-fund activity has been removed from these statements. Only governmental activities have been reported for the current year.

The statement of activities demonstrates the degree to which the program expenditures are offset by program revenues and appropriations. Direct expenditures are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include charges to customers who use, or directly benefit from, services provided by a given function or identifiable activity and other revenues and appropriations that are often restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Other revenue items not properly included among program revenues are reported instead as general revenue.

Separate fund financial statements are provided for governmental funds, general fund, special revenue funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Governmental Funds

Major Governmental Funds

General Fund - The General Fund accounts for all revenues and expenditures applicable to the Clerk's non-court related operations of marriage licenses, passport applications and parking citation processing. All operating revenues that are not specifically restricted or designated as to use are recorded in the General Fund. The General Fund is considered a major fund as defined in GASB Statement No. 34.

Special Revenue Fund - Court Operations - The Special Revenue Fund accounts for revenue sources that are legally restricted to expenditures for specific purposes. These funds include proceeds of specific revenue related to the Public Records Modernization and Technology Trust Funds. The State approves the use of these locally collected funds to the clerks of the courts through an appropriation process pursuant to Section 28.36, Florida Statutes.

Special Revenue Fund - Technology Trust Fund - The Technology Trust Fund is supported by a statutory $4.00 county recording fee, of which the Clerk receives $1.90, and charges related to technology provided services. This fund accounts for specific revenue restricted to technology related expenditures in support of the Clerk's information and technology endeavors.

Non-major Governmental Funds

Special Revenue Fund - Public Records Trust Fund - Section 28.24 of the Florida Statutes entitles the Clerk to receive 25% of the moneys deposited by the County into the Public Records Modernization Trust Fund for equipment, maintenance of equipment, training, and technical assistance in modernizing the system for storing and maintaining records in the office of the Clerk. Related revenues and expenditures for the fiscal year ended September 30, 2018, were as follows (in thousands):

Revenues	$ 253
Expenditures	(400)
Net change in fund balance	(147)
Fund Balance, October 1	204
Fund Balance, September 30	$ 57

Note 2 - Summary of Significant Accounting Policies (cont'd)

Fiduciary Funds

Agency Fund - The Agency Fund accounts for assets held by the Clerk in a fiduciary capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These assets include amounts deposited in the Clerk's court registry accounts and amounts collected for fines, forfeitures and costs, cash bonds, filings, other fees and interest income, judicial sales and other miscellaneous items.

Measurement Focus and Basis of Accounting

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, claims and judgments are recorded only when payment is due.

Pronouncements Issued, Not Yet Effective, and Recently Adopted

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions,* in June 2015. This Statement improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The adoption of this statement resulted in a restatement of net position of the governmental activities. See Note 14 for details of the restatement.

The GASB issued Statement No. 80, *Blending Requirements for Certain Components Units;* (an amendment of GASB Statement No. 14) amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement enhance the comparability of financial statements among governments. Greater comparability improves the decision-usefulness of information reported in financial statements and enhances its value for assessing government accountability. The provisions of this Statement are effective for the financial reporting periods beginning after June 15, 2016. Management has determined that this statement will have no effect on the Clerk's financial statements.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Pronouncements Issued, Not Yet Effective, and Recently Adopted (cont'd)

The GASB issued Statement No. 81, *Irrevocable Split – Interest Agreements*; the objective is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The provisions of this Statement are effective for the financial reporting periods beginning after December 15, 2016. Management has determined that this statement will have no effect on the Clerk's financial statements.

The GASB issued Statement No. 82, *Pension Issues*; (an amendment of GASB Statements No. 67, No. 68, and No. 73) in March 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 - except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The adoption of GASB Statements No. 82 is reflected in the government-wide financial statements and in Note 8, Employee Retirement Plans.

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*; addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions of this Statement are effective for the financial reporting periods beginning after June 15, 2018.

The GASB issued Statement No. 84, *Fiduciary Activities;* the objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this Statement are effective for the financial reporting periods beginning after December 15, 2018.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Pronouncements Issued, Not Yet Effective, and Recently Adopted (cont'd)

The GASB issued Statement No. 85, *Omnibus 2017;* the objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for the financial reporting periods beginning after June 15, 2017. Management has determined that this statement will have no effect on the Clerk's financial statements.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues; the* primary objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management has determined that this statement will have no effect on the Clerk's financial statements.

The GASB issued Statement No. 87, *Leases;* the objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this Statement are effective for the financial reporting periods beginning after December 15, 2019.

Encumbrances

Encumbrance accounting (used in accounting for General Fund Types) records purchase orders, contracts and other commitments for the expenditure of moneys in order to reserve that portion of the applicable appropriation. Both the General and Special Revenue Funds use encumbrance accounting when recording purchase orders.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Stewardship, Compliance, Accountability, and Budgetary Information

State statutes require all county governments to establish budgetary systems and to approve balanced annual budgets for such funds as required by law or by sound financial practices and accounting principles generally accepted in the United States. The Clerk is required to prepare an annual budget for its court related operations using a process established by law and approved by the CCOC and the Florida Department of Financial Services.

General Fixed Assets

Certain tangible personal property acquired during the fiscal year is a capital outlay expenditure recorded in the Governmental Fund Types at the time of purchase. Under Florida law, the County provides office space, telecommunications, courier transportation, and security services used in the Clerk's operations at no cost to the Clerk.

Capital assets, which include furniture, computer, and office equipment, are reported in the government-wide financial statements. Capital assets are defined by the Clerk as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the life of the asset are not capitalized.

Capital assets of the Clerk are depreciated using the straight line method over the assets' estimated useful lives ranging from 3 to 30 years.

Employee Benefits

The Clerk's employees accumulate vacation and sick pay based on the number of years of continuous service. Upon termination of employment, employees may receive payment for accumulated leave in accordance with criteria outlined in the Clerk's organizational policies and Florida statutes. The cost of earned but unused vacation leave is accrued only to the extent that the leave will result in cash payments at termination. Actual cost of vested vacation and sick pay benefits is recognized when paid to employees. The Clerk records pension costs in the period salaries are earned (see note 8).

Note 2 - Summary of Significant Accounting Policies (cont'd)

The Clerk offers employees a deferred compensation plan (the Plan) as established in accordance with Internal Revenue Code Section 457. The Plan is available to Clerk's employees and permits them to defer a portion of their salary until termination, retirement, death, or unforeseeable emergency. In accordance with federal law, all assets and income of the Plan are held in trust accounts, custodial accounts or annuity contracts by third party administrators for the exclusive benefit of the participants and their beneficiaries. The Clerk's involvement is limited to transmitting to plan administrators those amounts withheld from employees through payroll deductions. The Plan administrators perform all investing functions. Through contractual agreement and applicable law, plan assets will not be diverted for any other purpose and, therefore, are excluded from Agency Fund reporting.

Government Grants and Matching Contributions

The Clerk recognizes grant revenues, received as reimbursements for specific purposes, when the expenditures are incurred.

Net Position

Net position represents the difference between assets and liabilities and is reported as restricted when limitations are imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until that time. The Clerk currently reports deferred outflows related to pensions and OPEB in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement section, 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 (revenue) until that time. The Clerk currently reports deferred inflows related to pensions and OPEB in the government-wide statements.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Pensions

In the governmental activities, Statement of Net Position, pension liabilities are recognized for the Clerk's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan and HIS plans. Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plans and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources and are amortized as a component of pension expense using a systematic and rational method over a five year period.

Use of Estimates

Management's estimates and assumptions, required by generally accepted accounting principles, affect the reported assets, liabilities, and disclosures for contingent assets and liabilities as of the date of the financial statements as well as the revenues and expenditures for the reported period. Actual results could differ from those estimates.

Note 3 - Cash and Cash Equivalents

At September 30, 2018, the carrying amount of the Clerk's Governmental Fund's operating cash and short-term investments, including repurchase agreements, had an approximated market value of $5.1 million. The carrying amount of Agency Fund cash and short-term investments at September 30, 2018, consists of approximately $59 million in demand deposits and approximately $8 million in repurchase agreements.

The Clerk's investment practices are governed by Florida Statutes, Chapters 125 and 280, which allow the Clerk to invest temporarily idle cash in designated depository financial institutions, interest bearing certificates, or any direct U.S. Government obligations or repurchase agreements.

Note 3 - Cash and Cash Equivalents (cont'd)

Deposit balances are insured by either the Federal Depository Insurance Corporation or the State of Florida Multiple Financial Institution Collateral Pool; therefore, for the purpose of classification in accordance with Governmental Accounting Standards Board Statement No. 40, bank balances are considered fully secured but not insured and, accordingly, contain custodial credit risk.

Repurchase agreements are with a financial institution and collateralized by U.S. Government obligations held by the financial institution, segregated for the Clerk, but not held in the Clerk's name. For classification purposes in accordance with Governmental Accounting Standards Board Statement No. 40, these investments are considered fully secured, insured by the financial institution, registered in the State of Florida.

Note 4 - Capital Assets

The following is a summary of capital assets activity during the current year (in thousands):

	Beginning Balance	Increases	Ending Balance
Furniture and equipment	$ 25,200	$ 240	$ 25,440
Less accumulated depreciation	24,345	334	24,679
Total capital assets	$ 855	$ (94)	$ 761

Depreciation expense recognized during the current year was approximately $334 thousand.

Note 5 - Intergovernmental Transactions

The amount due from other governmental agency of approximately $303 thousand represents reimbursable costs incurred and accrued but not yet received as of the year ended September 30, 2018, for the Child Support Enforcement Program funded by the Florida Department of Revenue, the NICS Act Record Improvement Program funded by the Florida Department of Law Enforcement and a reimbursement mechanism from the Clerk of Courts Operations Corporation pursuant to Section 28.37(2), Florida Statutes. These amounts were collected by the Clerk subsequent to September 30, 2018.

Note 6 - Appropriations

Court Operations

In accordance with Florida statutes governing fines, fees, service charges and costs remitted to the state, the Clerk must remit to the Florida Department of Revenue the portion of collected fines, fees, service charges and court costs each month in excess of 1/12 of the Clerk's approved budget under Section 28.37(2), Florida Statutes.

Note 6 - Appropriations (cont'd)

Court Operations

For the county fiscal year (CFY) 2017-18, the Florida Legislature appropriated a clerk of courts statewide budget cap of approximately $425 million. The CCOC's CFY 2017-18 spending authority apportioned from this total for the Broward Clerk of Courts is approximately $36.1 million.

The CCOC's current calculation method for determining surplus funds, which are due to the state in January of each year for the most recent fiscal year just ended, matches the previous month's collections to the following month's expenditures. This calculation method is based on the CCOC's legal counsel's opinion of the statute concerning the clerks of courts budget process.

The 2018 fiscal year revenue and state appropriations from the Clerk's Trust Fund exceed the clerk's expenditures by approximately $3.3 million; therefore, the Clerk was required to reimburse the CCOC the overage.

As previously stated, the clerks of court are funded by fees collected locally as opposed to a specific line item appropriation from the state. As required under the Florida Statutes, monthly revenues collected in excess of 1/12 of a clerk's approved budget using the calculation method discussed above are remitted to the state. The monthly portion of local fees collected up to 1/12 of a clerk's budget is retained for operations independent of monthly expenditures.

Note 7 - Related Party Transactions

The Broward County Board of County Commissioners (the Board) also provides various non-cash resources to the Clerk throughout the fiscal year. Such non-cash resources include, but are not limited to, the use of data processing facilities, office space, and telecommunications equipment.

For the fiscal year ended September 30, 2018, the Clerk's office recorded the following amounts due to and from the Board (in thousands):

	Governmental Funds	Fiduciary Funds
Due from the Board for reimbursements not yet received	$183	-
Due to the Board as a component of unremitted filing, other fees and interest income	-	$674

Note 7 - Related Party Transactions (cont'd)

The Clerk utilizes the self-insurance program of the Board. The self-insurance program provides coverage against workers' compensation claims (for losses up to $500,000 per claim). The self-insurance program indemnifies each participant against any losses in a given year. Expenditures for insurance coverage charged by the Board for the fiscal year ended September 30, 2018, is approximately $429,000.

Note 8 - Pension Costs

Retirement Plans

All of the Clerk's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing plans, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the 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 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 Florida state agency, county government, district school board, state university, community college, or a participating city or special district. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information.

A. Pension Plan - Florida Retirement System (FRS)

Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000 Tallahassee, Florida 32315-9000; or at the Division's website (www.frs.myflorida.com).

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.

Note 8 - Pension Costs (cont'd)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

The general classes of membership for the Clerk are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes
- Senior Management Service Class (SMSC) - Members in senior management level positions
- Elected Officers' Class (EOC)

Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular Class and SMSC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. Members in these classes initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, a 5.0% benefit reduction is imposed for each year prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earn monthly interest equivalent to an annual rate of 1.30%. DROP participants with an effective DROP commencement date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the

Note 8 - Pension Costs (cont'd)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned.

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value (Per Year of Service)
Regular Class Members Initially Enrolled Before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class Members Initially Enrolled On or After July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Senior Management Service Class	2.00%
Elected Officers' Class	
Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge	3.33%
Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county officer, or elected official of a city or special district that chose EOC membership for its elected officials	3.00%

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July. If the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before that time, the annual COLA is 3.0% per year. If the member was initially enrolled on or after July 1, 2011, there is an individually calculated COLA. The annual COLA is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

Note 8 - Pension Costs (cont'd)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

Contributions - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The actual employer contribution rates, which does not include the unfunded actuarial liability contributions, by job class for the periods from October 1, 2017, through June 30, 2018, and from July 1, 2018, through September 30, 2018, respectively, were as follows: Regular - 7.92% and 8.26%; Senior Management Service - 22.71% and 24.06%; DROP participants - 13.26% and 14.03% and Elected Officials – 36.9% and 48.7%. These employer contribution rates include a 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2017, through June 30, 2018, and from July 1, 2018, through September 30, 2018, respectively.

For the fiscal year ending September 30, 2018, contributions, including employee contributions, to the Pension Plan for the Clerk totaled $1.7 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the Clerk reported a liability of $18.4 million for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Clerk's proportionate share of the net pension liability was based on its share of the Clerk's 2017-2018 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members.

For the fiscal year ended September 30, 2018, the Clerk recognized pension expense of $3.1 million. In addition, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Note 8 - Pension Costs (cont'd)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,557	$ (57)
Change of Assumptions	6,005	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,420)
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	134	(1,598)
Pension Plan Contributions Subsequent to the Measurement Date	425	-
Total	$ 8,121	$ (3,075)

The deferred outflows of resources related to the Pension Plan totaling $425 thousand for the Clerk resulting from contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. 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 (in thousands):

Years Ending September 30	Deferred Outflows/ (Inflows) Net
2019	$ 1,821
2020	1,183
2021	99
2022	946
2023	591
Thereafter	(19)
Total	**$ 4,621**

Note 8 - Pension Costs (cont'd)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

Actuarial Assumptions - The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determined the total pension liability as of June 30, 2018 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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 and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	*Target Allocation**	*Annual Arithmetic Return*	*Compound Annual (Geometric) Return*	*Standard Deviation*
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Total	100.00%			
Assumed Inflation - Mean		2.6%		1.9%

**As outlined in the Pension Plan's investment policy.*

Note 8 - Pension Costs (cont'd)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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 Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Clerk's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportional Share of the Net Pension Liability	$33,540	$18,378	$5,785

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.

Payables to the Pension Plan - The Clerk reported payables in the amount of $93 thousand for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2018.

B. Retiree Health Insurance Subsidy Program (HIS)

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 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, 2018, 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.

Note 8 - Pension Costs (cont'd)

B. Retiree Health Insurance Subsidy Program (HIS) (cont'd)

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, 2018, the HIS contribution rate was 1.66%. The Clerk contributed 100% of its statutorily required contributions for the current and preceding three years. 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.

For the fiscal year ending September 30, 2018, contributions to the HIS Plan for the Clerk totaled $530 thousand.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the Clerk reported a liability of $8.4 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Clerk's proportionate share of the net pension liability was based its share of the county's 2017-2018 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members.

For the fiscal year ended September 30, 2018, the Clerk recognized pension expense of $315 thousand. In addition, the Clerk reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 129	$ (14)
Change of Assumptions	937	(891)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	(1,453)
Pension Plan Contributions Subsequent to the Measurement Date	98	-
Total	$ 1,169	$ (2,358)

Note 8 - Pension Costs (cont'd)

B. Retiree Health Insurance Subsidy Program (HIS) (cont'd)

The deferred outflows of resources related to the HIS Plan, totaling $98 thousand for the Clerk, resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows (in thousands):

Years Ending September 30	Deferred Outflows/ (Inflows) Net
2019	$ 1
2020	1
2021	(102)
2022	(162)
2023	(543)
Thereafter	(482)
Total	**$ (1,287)**

Actuarial Assumptions - Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2018 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2018. The discount rates used at the two liability measurement dates differ to changes in the applicable municipal bond index between dates.

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Municipal bond index	3.87%,

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determine the total pension liability as of June 30, 2018 were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008 – June 30, 2013.

Note 8 - Pension Costs (cont'd)

B. Retiree Health Insurance Subsidy Program (HIS) (cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 3.87%. 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 FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2018 valuation was updated from 3.58% to 3.87%, reflecting the change in the Bond Buyer General Obligation 20-Bond municipal Bond Index as of June 30, 2018.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Clerk's proportionate share of the net pension liability calculated using the discount rate of 3.58%, 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 (2.58%) or one percentage point higher (4.58%) than the current rate (in thousands):

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Proportional Share of the Net Pension Liability	$9,600	$8,429	$7,452

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.

At September 30, 2018, the Clerk had no outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

C. 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.

Note 8 - Pension Costs (cont'd)

C. Investment Plan (cont'd)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. Clerk 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, 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.

Allocations to the investment member's accounts during the 2017-18 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

Membership Class	Percentage of Gross Compensation
FRS Regular	6.30
FRS Senior Manager Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over the account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

Note 8 - Pension Costs (cont'd)

C. Investment Plan (cont'd)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or elect any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or the member may remain in the Investment Plan and rely upon that account balance for retirement income.

The Investment Plan pension expense for the Clerk totaled $681 thousand for the fiscal year ended September 30, 2018.

The Clerk reported payables in the amount of $27 thousand for outstanding contributions to the investment Plan required for the fiscal year ended September 30, 2018.

Note 9 - Other Post-Employment Benefits (OPEB)

The Clerk is included in Broward County's engagement of an actuarial firm to determine the estimated obligation associated with post-employment health insurance benefits. The Clerk provides its own single-employer, defined-benefit healthcare plan, however. The plan allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida statutes, which are the legal authority for the plan. The plan has no assets and does not issue separate financial reports.

The Clerk implemented GASB Statement No 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* for certain postemployment healthcare benefits provided by the Clerk for the fiscal year ended September 30, 2018.

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. The Clerk allows retirees and certain other former employees to buy healthcare coverage at the same "group insurance rates" that current employees are charged. Although retirees pay for healthcare at group rates, they are receiving a valuable benefit because they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an "implicit subsidy" for retirees.

Note 9 - Other Post-Employment Benefits (OPEB) (cont'd)

Benefits Provided

The Clerk provides retirees health insurance coverage at current health insurance rates plus an additional 2% for administrative costs.

Funding Policy

The Plan is funded on a pay as you go basis based upon the costs of the health plans offered. No assets are accumulated in an OPEB qualified trust to offset future actuarial liabilities for implicit subsidies.

Plan Membership

At October 1, 2017, the date of the latest actuarial valuation, plan participation consisted of the following:

Active participants	667
Retired participants	14
	681

Total OPEB Liability

The Clerks' total OPEB liability of $3,343,351 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

Valuation Date:	October 1, 2017
Measurement Date:	September 30, 2018
Methods and Assumptions Used to Determine Total OPEB Liability:	
Actuarial Cost Method	Entry Age Normal
Inflation	2.6%

Note 9 - Other Post-Employment Benefits (OPEB) (cont'd)

Actuarial Assumptions and Other Inputs (cont'd)

Discount Rate	3.50%
Payroll Growth	Payroll growth rates including general wage inflation of 3.25% (2.60% general inflation and 0.65% real wage growth) plus merit/productivity increases are based on the Florida Retirement System actuarial valuation as of July 1, 2017.
Retirement Age	Retirement rate assumptions are based on the Florida Retirement System actuarial valuation as of July 1, 2017.
Mortality	Assumptions are based on the Florida Retirement System actuarial valuation as of July 1, 2017. *Healthy retirees* – Male: RP-2000 generational scale BB with 100% white collar for females and 50/50 white collar/blue collar for males. *Disabled retirees* - Male: RP-2000, 100% disabled male setback four years, no projection scale. Female: RP-2000, 100% disabled female set forward two years, no projection scale.
Retirees Share of Benefit - Related Costs	Retirees are responsible for full premium rates.

Healthcare cost trend rates	FYE	Medical/RX	FYE	Medical/RX
	2019	8.5%	2024	6.0%
	2020	8.0%	2025	5.5%
	2021	7.5%	2026	5.0%
	2022	7.0%	2027+	4.5%
	2023	6.5%		

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.
The ultimate trend rate was selected based on historical medical CPI information

Note 9 - Other Post-Employment Benefits (OPEB) (cont'd)

Actuarial Assumptions and Other Inputs (cont'd)

The plan is unfunded; hence no projection of fiduciary Net Position is required.

The discount rate as of the Measurement Date was based on a yield for 20 year tax-exempt general obligation municipal bonds.

The demographic actuarial assumptions for OPEB Liability used in the September 30, 2018, valuation was based on data at June 30, 2018. Average age and service were calculated as of September 30, 2018.

Changes in the Total OPEB Liability

Beginning balance restated	$ 3,199,306
Changes for the year	
Service cost	134,045
Interest	101,309
Changes in assumptions	(38,246)
Differences between expected and actual experience	88,913
Total change in OPEB liability for 9/30/18	286,021
Estimated employer contributions/ benefits payments	(141,976)
Total OPEB Liability - September 30, 2018	**$ 3,343,351**

Changes of assumption and other inputs reflect a change in the discount rate from 3.50% at September 30, 2017, to 4.15% at September 30, 2018.

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending September 30, 2018

	1% Decrease	Current	1% Increase
	3.15%	4.15%	5.15%
Total OPEB liability	$ 3,811,420	$ 3,343,351	$ 2,942,148

Note 9 - Other Post-Employment Benefits (OPEB) (cont'd)

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending September 30, 2018.

	1% Decrease	Current	1% Increase
	7.50%	8.50%	9.50%
Total OPEB liability	$ 2,875,281	$ 3,343,351	$ 3,945,154

OPEB Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

For the fiscal year ended September 30, 2018, the Clerk reported liabilities of $3,298 (in thousands). At September 30, 2018, the Clerk reported deferred outflow of resources and deferred inflow of resources related to OPEB from the following sources (in thousands).

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 80,021	$ -
Change in assumptions	-	(34,422)
Total	$ 80,021	$ (34,422)

The balance of September 30, 2018, of deferred outflow/(inflows) of resources will be recognized in OPEB expenses in the future fiscal years as noted below.

Fiscal Year Ending September 30,	Deferred Outflow/ (Inflows), Net
2019	$ 5,067
2020	5,067
2021	5,067
2022	5,067
2023	5,067
Thereafter	20,264

Note 10 - Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, is as follows:

(In Thousands)

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 2,764	$ 9,119	$ (9,136)	$ 2,747	$ 815
Net pension liability	28,773	233	(2,199)	26,807	-
Net OPEB liability	-	3,343	-	3,343	-
Total	$ 31,537	$ 12,695	$ (11,335)	$ 32,897	$ 815

Employees of the Clerk may accumulate both unused vacation and sick leave up to a specified limit. Sick leave payouts are payable up to 50% on a maximum of 960 hours at the rate of pay on that date to employees who voluntarily resign in good standing. Vacation leave payouts are 100% payable up to a maximum of 280 hours.

Note 11 - Elimination of Internal Activity

In the government-wide Statement of Activities, inter-fund activity, such as transfers in and out as well as transfers within the Governmental Activities category, are eliminated. Inter-fund services provided and used between functions are not eliminated because removing inter-fund services would distort the functional expenditures presented in the Statement of Activities.

Note 12 - Commitments and Contingent Liabilities

Grant Awards

Costs reflected in the accompanying financial statements relating to the Florida Department of Revenue funded Child Support Enforcement program are subject to audit by the grantor agency. The possible disallowance by the grantor agency of any item charged to the program, if any, cannot be determined at this time. No provision for any liability that may result has been made in the financial statements. A significant reduction in the level of this funding, if this were to occur, would have an effect on the Clerk's ability to carry out the activities of the Child Support Enforcement Program.

Note 12 - Commitments and Contingent Liabilities (cont'd)

Grant Awards (cont'd)

Florida Department of Law Enforcement (FDLE) received 2010 federal fiscal year National Instant Criminal Background Check System (NICS) Act Record Improvement Program (NARIP) grant funding for projects and/or activities that would assist in the identification of barriers to disposition reporting and criminal history information in the repository, as well as improve the completeness, automation and transmittal of warrant and disposition information. Recently, FDLE received additional federal funding to continue various projects associated with the improvement of records available to NICS. This project is part of a strategic plan to improve data available for the NICS program and is built on the results of the projects conducted under the NARIP initiative in the previous year and targets a specific area identified for improvement. Project efforts are structured to continue increasing data measures by distributing funds to the courts and local law enforcement, with the understanding that these partners are critical to increasing disposition and civil mental health data.

Litigation

The Clerk is a party to various legal proceedings covering a wide range of matters which normally occur in governmental operations. It is the opinion of the Clerk and the Clerk's legal counsel that any liability that may ultimately result from the resolutions of these matters will not exceed its insurance coverage and will not have a material adverse effect on the Clerk's financial statements.

Note 13 - Net Pension Liability

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to section 216.136(10), Florida Statutes.

Note 14 - Implementation of GASB No 75

The Clerk implemented GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the 2017-18 fiscal year, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This statement addresses accounting and financial reporting for Other Post-Employment Benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses in the government's financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about their OPEB liability.

The implementation of GASB Statement No. 75 described above, required the Clerk to restate Net Position in the government-wide financial statement to report the Clerk's OPEB liability and related deferred inflows/outflows of resources. Accordingly, Beginning Net Position has been restated as follows (in thousands).

	Government-Wide Financial Statements
Net position ,beginning of year as previously reported	$ (18,593)
Effect of Implementing GASB No 75	(3,206)
Net position, -Beginning, as restated	$ 21,799

Note 15- Subsequent Event

The Clerk has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended September 30, 2018 through March 22, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND
(NON-COURT OPERATIONS)
FOR YEAR ENDED SEPTEMBER 30, 2108

(In Thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual Amount**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Service charges	$ 1,595	$ 1,595	$ 1,954	$ 359
Total Revenues	1,595	1,595	1,954	359
EXPENDITURES				
Personnel services	1,089	1,089	1,066	23
Operating expenditures	133	178	119	59
Total Expenditures	1,222	1,267	1,185	82
Net change in fund balance	373	328	769	441
Transfers	-	-	(105)	(105)
Fund balance, October 1	2,104	2,104	2,904	800
Fund balance, September 30	$ 2,477	$ 2,432	$ 3,568	$ 1,136

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES BUDGET AND ACTUAL - SPECIAL REVENUE FUND
(COURT OPERATIONS)
FOR YEAR ENDED SEPTEMBER 30, 2108

(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget Positive (Negative)
APPROPRIATIONS				
State revenue sharing - JAC	$ 774	$ 774	$ 844	$ 70
DOR Clerk's Trust Fund	3,614	3,614	3,416	(198)
Total Appropriations	4,388	4,388	4,260	(128)
REVENUES				
Child support federal reimbursement	648	648	473	(175)
Filing fees	17,718	17,718	19,289	1,571
Service charges	7,558	7,558	6,196	(1,362)
Court costs	4,437	4,437	4,175	(262)
Judgments and fines	1,226	1,226	2,006	780
Other fines and forfeitures	802	802	270	(532)
Total Revenues	32,389	32,389	32,409	20
Interest income	1	1	1	-
Combined Revenues	36,778	36,778	36,670	(108)
EXPENDITURES				
Personnel services	33,645	33,645	33,084	561
Operating expenditures	3,133	3,133	3,658	(525)
Capital outlay	-	-	33	(33)
Total Expenditures	36,778	36,778	36,775	3
Net change in fund balance	-	-	(105)	(105)
Transfers	-	-	105	105
Fund balance, October 1	-	-	-	-
Fund balance, September 30	$ -	$ -	$ -	$ -

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND ACTUAL – TECHNOLOGY TRUST FUND
FOR YEAR ENDED SEPTEMBER 30, 2108

(In Thousands)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	Positive (Negative)
Operating Revenues:				
Federal grant	$ 40	$ 40	$ 38	$ (2)
Recording fees from public records filings under Florida Statutes 28.24(12)(e)	2,800	2,800	2,942	142
Service charges	1,000	1,000	1,020	20
Total Revenues	3,840	3,840	4,000	160
Expenditures:				
Personnel services	2,923	2,923	2,608	315
Operating expenses	2,017	2,074	1,614	460
Capital outlay	605	548	207	341
Total Expenditures	5,545	5,545	4,429	1,116
Net change in fund balance	(1,705)	(1,705)	(429)	1,276
Fund balance, October 1	977	977	2,166	1,189
Fund balance, September 30	$ (728)	$ (728)	$ 1,737	$ 2,465

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF THE CLERK'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS*

(In Thousands)

	2014	2015	2016	2017	2018
Clerk's proportion of the FRS net pension liability	0.07743%	0.07684%	0.06676%	0.06552%	0.06101%
Clerk's proportionate share of the FRS net pension liability	$ 4,725	$ 9,925	$ 16,857	$ 19,381	$ 18,378
Clerk's covered-employee payroll	$ 30,131	$ 29,625	$ 27,610	$ 26,706	$ 25,890
Clerk's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	16%	34%	61%	73%	71%
FRS Plan fiduciary net position as a percentage of the total pension liability	96%	92%	85%	84%	84%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF THE CLERK'S CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS*

(In Thousands)

	2014	2015	2016	2017	2018
Contractually required FRS contribution	$ 2,188	$ 2,322	$ 2,135	$ 2,108	$ 2,163
FRS contributions in relation to the contractually required contribution	$ 2,188	$ 2,322	$ 2,135	$ 2,108	$ 2,163
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Clerk's covered-employee payroll	$ 30,131	$ 29,625	$ 27,610	$ 26,706	$ 25,890
FRS contributions as a percentage of covered-employee payroll	7%	8%	8%	8%	8%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF THE CLERK'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS*

	(In Thousands)				
	2014	2015	2016	2017	2018
Clerk's proportion of the HIS net pension liability	0.09946%	0.09817%	0.08914%	0.08784%	0.07964%
Clerk's proportionate share of the HIS net pension liability	$ 9,300	$ 10,012	$ 10,389	$ 9,392	$ 8,429
Clerk's covered-employee payroll	$ 30,131	$ 29,625	$ 27,610	$ 26,706	$ 25,890
Clerk's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	31%	34%	38%	35%	33%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%	0.97%	1.64%	2.15%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF THE CLERK'S CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS*

(In Thousands)

	2014	2015	2016	2017	2018
Contractually required HIS contribution	$ 439	$ 501	$ 580	$ 565	$ 529
HIS contributions in relation to the contractually required HIS contribution	$ 439	$ 501	$ 580	$ 565	$ 529
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Clerk's covered-employee payroll	$ 30,131	$ 29,625	$ 27,610	$ 26,706	$25,890
HIS contributions as a percentage of covered-employee payroll	1%	2%	2%	2%	2%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - PUBLIC RECORDS MODERNIZATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Recording fees from public records filings under Florida Statutes 28.37	$ 230	$ 230	$ 253	$ 23
Total Revenues	230	230	253	23
Expenditures:				
Operating expenditures	230	230	400	(170)
Capital outlay	-	-	-	-
Total Expenditures	230	230	400	(170)
Net change in fund balance	-	-	(147)	(147)
Fund balance, October 1	524	524	204	(320)
Fund balance, September 30	$ 524	$ 524	$ 57	$ (467)

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – AGENCY FUNDS
SEPTEMBER 30, 2018

(In Thousands)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
ASSETS				
Cash and cash equivalents	$ 79,488	$ 659,654	$ 671,841	$ 67,301
Total Assets	$ 79,488	$ 659,654	$ 671,841	$ 67,301
LIABILITIES				
Due to primary government	$ 795	$ 13,021	$ 11,278	$ 2,538
Due to general fund	6,127	62,919	62,766	6,280
Due to technology fund	616	2,282	2,681	217
Un-remitted cash bond collections	2,373	1,861	2,007	2,227
Un-remitted court registry collections	66,226	402,083	413,905	54,404
Un-remitted fines, forfeitures and costs	2,907	66,228	68,697	438
Un-remitted filing, other fees and interest income	120	56,060	55,547	633
Un-remitted jury and witness advances	324	20,518	20,278	564
Total Liabilities	$ 79,488	$ 624,972	$ 637,159	$ 67,301

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2018

CLERK OF THE CIRCUIT AND COUNTY COURT
BROWARD COUNTY, FLORIDA
COMPLIANCE SECTION
SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' 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 Honorable Brenda Forman, Clerk of the Circuit
and County Courts of Broward County, Florida
Seventeenth Judicial Circuit of 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, each major fund, and the aggregate remaining fund information of Clerk of the Circuit and County Courts of the Broward County, Florida, Seventeenth Judicial Circuit of Florida (the Clerk), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements and have issued our report thereon dated March 22, 2019.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk'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 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.

Fort Lauderdale, Florida
March 22, 2019

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Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued	**Unmodified Opinion**	
Internal control over financial reporting:		
• Material weaknesses identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	__X__ No
• Noncompliance material to financial statements noted?	____ Yes	__X__ No

Section II - Current Year Findings - Financial Statements

None

Section III - Prior Year Findings - Financial Statements

Significant Deficiency

2017-01 Policies and Procedures Manual and Reconciliation General Ledger Accounts to Supporting Documents

Criteria

Prudent financial reporting requires accurate and timely reconciliation of general ledger accounts. The existence of a formal policy and procedures manual could assist with the timeliness of reconciling account balances.

Condition

During the audit, we noted that significant general ledger accounts were not properly reconciled. A formal accounting policies and procedures manual would facilitate continuity with the necessary procedures.

Recommendation

We recommend that the Clerk develop a formal policies and procedures manual which includes the reconciliation of general ledger accounts on a monthly basis among other key processes and procedures. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a specific period, which makes it easier to perform future reconciliations. Also, formal documentation can be used to reinforce established policies and procedures and serve as a source of information during periods of staff turnover.

Section III - Prior Year Findings - Financial Statement (cont'd)

Significant Deficiency

2017-01 Policies and Procedures Manual and Reconciliation General Ledger Accounts to Supporting Documents (cont'd)

Current Year Status

General ledger account were timely reconciled and the Policies and Procedures Manual is not yet finalized.

View of responsible officials and planned corrective actions

Several procedural templates were developed during the year but were not finalized because of staffing shortages and additional tasks placed on the Finance Division related to project implementations. The Finance Division expects to complete the procedural templates during the next fiscal year.

Section III - Prior Year Findings (cont'd)

Other Matters

2017-02 Jurors Quarterly Report

Criteria

The Florida Clerks of Court Operations Corporation (CCOC) Business Rules require accurate and timely reporting performance data. Also, data reported to the CCOC should be in agreement with the Clerk's internal records.

Condition

During our review of the quarterly juror reports prepared by the Clerk, we noted that the total number of jury summons reported to the CCOC for one quarter exceeded the Clerk's internal records by 2,328.

Recommendation

We recommend that the information that is provided to the CCOC agrees with the internal records.

Current Year Status

No similar finding noted.

2016-01 Performance Measurement

Criteria

Pursuant to F.S. 28.35 (2) the Florida Clerk of Court Operations Corporation (CCOC) has established performance measures and standards. Included in these standards is the measure of the Broward County Clerk of Courts' (Clerk) collection rates.

Condition

During our analysis of the Clerk's collection performance we noted that Clerk's performance rates were below the CCOC standard rates.

Current Year Status

Similar condition noted in the current year's audit.

View of responsible officials and planned corrective actions

The Finance Division concurs with the auditor's findings. Under Section 28.246, Florida Statutes, the Clerk employs both an internal and external process for collecting unpaid assessed amounts on cases. The collection rate for performance standards, however, is set by the CCOC which has the sole discretion in modifying those standards in accordance with Section 28.35, Florida Statutes.

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To The Honorable Brenda Forman, Clerk of the Circuit
and County Courts of Broward County, Florida
Seventeenth Judicial Circuit of Florida

Report on the Financial Statements

We have audited the financial statements of the Clerk of the Circuit and County Courts of the Broward County, Florida, Seventeenth Judicial Circuit of Florida (the Clerk) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 22, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 22, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This disclosure has been made in Note 1 to the Clerk's financial statements.

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Financial Management

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, recommendations accompany this report in the Schedule of Findings and Questioned Costs.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance.

Matters to be disclosed pursuant to the Rules of the Auditor General Section 10.554(1)(i)3 are reported in the accompanying Schedule of Findings and Questioned Costs

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting the Honorable Brenda Forman, Clerk of the Circuit and County Courts of Broward County, Florida Seventeenth Judicial Circuit of Florida, and management of the Clerk, and is not intended to be and should not be used by anyone other than these specified parties.

Fort Lauderdale, Florida
March 22, 2019

CLIENT FOCUSED AB SOLUTION DRIVEN

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 28.35 AND 28.36, FLORIDA STATUTES

To Honorable Brenda Forman, Clerk of the Circuit
and County Courts of Broward County, Florida
Seventeenth Judicial Circuit of Florida

We have examined the Clerk of the Circuit and County Courts of the Broward County, Florida, Seventeenth Judicial Circuit of Florida (the Clerk) compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes during the period ended September 30, 2018. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with Section 28.35 and 28.36 Florida Statutes compliance requirements; during the period of October 1, 2017 to September 30, 2018. This report is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Honorable Brenda Forman, Clerk of the Circuit and County Courts of Broward County, Florida Seventeenth Judicial Circuit of Florida, and management of the Clerk, and is not intended to be and should not be used by anyone other than these specified parties.

Fort Lauderdale, Florida
March 22, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES

To Honorable Brenda Forman, Clerk of the Circuit
and County Courts of Broward County, Florida
Seventeenth Judicial Circuit of Florida

We have examined the Clerk of the Circuit and County Courts of the Broward County, Florida, Seventeenth Judicial Circuit of Florida (the Clerk) compliance with the requirements of Section 61.181, Florida Statutes during the period ended September 30, 2018. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with Section 61.181 Florida Statutes compliance requirements; during the period of October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Honorable Brenda Forman, Clerk of the Circuit and County Courts of Broward County, Florida Seventeenth Judicial Circuit of Florida, and management of the Clerk, and is not intended to be and should not be used by anyone other than these specified parties.

Fort Lauderdale, Florida
March 22, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To Honorable Brenda Forman, Clerk of the Circuit
and County Courts of Broward County, Florida
Seventeenth Judicial Circuit of Florida

We have examined the Clerk of the Circuit and County Courts of the Broward County, Florida, Seventeenth Judicial Circuit of Florida (the Clerk) compliance with Section 218.415, *Florida Statutes, Local Government Investment Policies* for the year ended September 30, 2018. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Honorable Brenda Forman, Clerk of the Circuit and County Courts of Broward County, Florida Seventeenth Judicial Circuit of Florida, and management of the Clerk, and is not intended to be and should not be used by anyone other than these specified parties.

Fort Lauderdale, Florida
March 22, 2019

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PART VI

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)

ANNUAL FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
ANNUAL FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Housing Finance Authority
Broward County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Housing Finance Authority of Broward County, Florida (the "Authority"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida as of September 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate net pension liability and schedules of retirement contributions on pages 3-8 and 38-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the accompanying financial statements present the financial position and the changes in financial position of the Authority. These financial statements do not purport to, and do not, present fairly the financial position of Broward County, Florida, as of September 30, 2018, and changes in its financial position and its cash flows, where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

March 18, 2019

CLIENT FOCUSED AB SOLUTION DRIVEN

The Housing Finance Authority of Broward County, Florida (Authority) was established in 1979 by Ordinance of Broward County, Florida (County) Board of County Commissioners, to provide funding for affordable housing to very low, low and moderate income households in the County. The Housing Finance and Community Redevelopment Division ("HFCRD") administers all programs of the Authority as well as various affordable housing programs for Broward County. The Authority is a quasi-governmental agency governed by a nine (9) member board appointed by the Broward County Board of County Commissioners in accordance with Florida State Statute. To date, the Authority has provided single family homes, town homes, condominiums and rental units to Broward County residents through the organization of single family and multi-family tax-exempt bond issues and a consortium of local lenders.

OVERVIEW

A number of activities are administered by the Authority to accomplish its goals:

Single Family Bond Program

The Single Family Bond Program features low, fixed-rate mortgages and down payment assistance to qualified buyers. All options feature a 30-year, fixed rate first mortgage with no origination fees and with any discounts being charged to the loans. Several modified mortgages may reflect terms longer than 30 years. The first mortgage and note are exempt from documentary stamps and intangible tax.

Multi-Family Bond Program

Multi-family housing revenue bonds are issued by the Authority to finance the construction or acquisition of developments which are intended for occupancy in part by persons of low, moderate, or middle income. Developers who are approved after submission of an application and applicable fees utilize the proceeds of the bonds to acquire, renovate and/or construct multi-family housing facilities. The bond issues are fixed or variable rates with various terms.

Mortgage Credit Certificates

The Mortgage Credit Certificate Program (MCC) offers a federal income tax credit, not a loan, that may be used in conjunction with the first mortgage (except a mortgage revenue bond loan) to help qualify the buyer and provide additional income for the life of the loan. An MCC helps qualify homebuyers by potentially increasing take home pay. This credit may be available to prospective homebuyers who meet income and sales price limits.

Management's Discussion and Analysis is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This analysis should be read in conjunction with the Independent Auditor's Report, financial statements and accompanying notes.

DISCUSSION OF FINANCIAL STATEMENTS

The financial section consists of three parts:

- Independent auditor's report
- Management's discussion and analysis (this section)
- Basic financial statements, including notes to the financial statements.

The Basic Financial Statements consist of:

Authority-wide Financial Statements

- *Statement of Net Position*
- *Statement of Activities*

Fund Financial Statements
Governmental Fund

- *Balance Sheet*
- *Statement of Revenues, Expenditures and Changes in Fund Balances*

The Statement of Net Position answers the question: "*What is our financial position at the end of year?*" The statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and is similar to the accounting presentation used by most private-sector companies. All of the Authority's current year's revenues and expenses are accounted for in the Authority-wide Statement of Activities. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through mortgages and loans, externally funded programs and other revenue sources.

The General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances presents the same information in a more traditional current resources measurement focus governmental presentation, using the modified accrual basis of accounting. Governmental funds' statements focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at yearend that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs.

DISCUSSION OF FINANCIAL STATEMENTS (CONT'D)

The financial statements include Notes to Financial Statements which provide more detailed explanations of certain information contained in the financial statements.

The following supplementary information is also provided:

- Budgetary Comparison Schedule

The Budgetary Comparison Schedule measures the Authority's ability to plan its revenues and expenditures and generate sufficient cash to continue its programs. The overall positive variance of actual results compared to budget was attributable to the combined effect of an excess of actual revenues over budgeted revenues and an excess of actual expenditures over budgeted expenditures.

The Authority is a self-supporting entity, with no taxing authority, and does not receive grants from any government entity. It is considered a component unit of Broward County and is discretely presented in the County's financial statements.

FISCAL YEAR HIGHLIGHTS

Issued Mortgage Credit Certificates in the amount of $3.3 million to provide qualifying households an annual tax credit in an amount up to 50% of the first mortgage interest. The households are entitled to the tax credit annually for the term of the mortgage, so long as the homebuyers continue to reside in the home. (Note annual tax credits for Mortgage Credit Certificates issued with a tax credit percentage greater than 20% are capped at $2,000 annually.) The MCC program assisted approximately 66 households in Broward County.

6,348 affordable rental housing units are currently available and have maintained 94% occupancy for all Authority rental properties during the fiscal year.

Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $14.9 million, of which approximately $1 million is invested in capital assets and $13.9 million is unrestricted.

Total program revenue was $2,665,125, an increase of $1,946,911 as compared to prior year, which is primarily attributable to 1) Bank of New York/Mellon residual balances from retired bond issues released to the Authority and 2) increased fees associated with financing or refinancing of multifamily bond transactions.

Total expenses as compared to prior year decreased by approximately 8%.

Investment income increased $77,814 as compared to the prior year primarily as a result of changes in market value of investments.

FISCAL YEAR HIGHLIGHTS (CONT'D)

Capital Assets and Long-Term Debt

As of September 30, 2018, the Authority had $1,038,212 invested in a variety of capital assets, net of accumulated depreciation. This represents a net decrease (additions, deductions and depreciation) of $29,979 or 2.81% from the end of last year. Debt outstanding related to capital assets is $0.

As of September 30, 2018, the Authority had $548,242 in outstanding long-term liabilities. This represents an increase of $30,720, resulting from an increase in net pension liability.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator a government's financial position. Net position is $14.9 million and equals the total assets plus deferred outflows of resources less the total liabilities and deferred inflows of resources.

Table A
Statement of Net Position
Condensed Comparative Data

	Fiscal Year 2018	Fiscal Year 2017
Current and other assets	$ 15,061,896	$ 13,073,965
Capital assets	1,038,212	1,068,191
Total assets	16,100,108	14,142,156
Deferred outflows of resources	251,761	209,589
Long-term liabilities	548,242	517,522
Other liabilities	741,626	591,817
Total liabilities	1,289,868	1,109,339
Deferred inflows of resources	64,637	34,578
Net position		
Net investment in capital assets	1,038,212	1,068,191
Net position - Unrestricted	13,959,152	12,139,637
Net position	$ 14,997,364	$ 13,207,828

FINANCIAL ANALYSIS (CONT'D)

Activities during the year increased net position by $1,789,536. Key elements were attributable to an increase in program revenues of $1,946,911 and interest and investment income increased by $77,814. The remainder of the change was attributable to a decrease in expenses.

Table B
Statement of Activities
Condensed Comparative Data

	Fiscal Year 2018	Fiscal Year 2017
Revenues:		
Program revenues	$ 2,665,125	$ 718,214
Interest and investment income	131,507	53,693
Total revenues	2,796,632	771,907
Expenses:		
Personnel services	556,293	482,307
Professional fees	150,605	220,848
General and other expenses	300,198	388,263
Total expenses	1,007,096	1,091,418
Change in net position	1,789,536	(319,511)
Net position - beginning	13,207,828	13,527,339
Net position - ending	$ 14,997,364	$ 13,207,828

ECONOMIC FACTORS AND FINANCIAL OUTLOOK

The Housing Finance Authority is affected by various economic conditions especially a low interest rate environment which may result in the following impacts:

- Interest income on investment securities is affected; and
- Normal operating cost increases become more difficult to absorb as revenues decline.

In addition to the normal impediments faced by Housing Finance Authorities, the housing sector has been particularly challenging due to a number of factors:

- Increase in the cost of homeownership;
- High building costs and property taxes;
- Restrictions on rental rates; and
- The Authority's ability to issue tax-exempt debt is limited by federal tax law. Annually prescribed amounts of private activity bond authority are allocated to each state.

ECONOMIC FACTORS AND FINANCIAL OUTLOOK (CONT'D)

The Authority is employing a number of initiatives and strategies to increase fees, reduce costs and to maximize its investment income while maintaining the safety of those investment dollars. The Authority will remain opportunistic with these and other strategies.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Housing Finance Authority of Broward County, Florida, Assistant to the Executive Director, 110 Northeast 3rd Street, Suite 300, Fort Lauderdale, FL 33301.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Operating Fund
ASSETS	
Cash	$ 1,608,066
Interest receivable	42,718
Restricted cash	352,476
Investments	11,370,333
Notes receivable	999,165
Notes receivable - DPA	340,000
Whole loan mortgage receivable	463,005
Allowance for doubtful whole loan mortgages	(143,687)
Due to primary government	27,895
Utility deposit	1,925
Capital assets, net	1,038,212
Total Assets	16,100,108
DEFERRED OUTFLOWS	
Deferred outflows related to pension	251,761
Total Deferred Outflows	251,761
LIABILITIES	
Current liabilities:	
Accrued liabilities	162,839
Accounts payable	10,030
Interest payable	140,687
Advance from primary government	428,070
Net pension liability	455,242
Total current liabilities	1,196,868
Non-current liabilities:	
Due in one year	48,000
Due in more than one year	45,000
Total non-current liabilities	93,000
Total Liabilities	1,289,868
DEFERRED INFLOWS	
Deferred inflows related to pension	64,637
Total Deferred Inflows	64,637
NET POSITION	
Net investment in capital assets	1,038,212
Net position - unrestricted	13,959,152
Total Net Position	$ 14,997,364

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Governmental Funds
Program Expenses	
Personnel services	$ 556,293
Professional fees	150,605
General expenses	270,219
Depreciation	29,979
Total program expenses	1,007,096
Program Revenues	
Charges for services	1,072,513
Bond issuance and residual income	1,459,568
Rentals	133,044
Total program revenues	2,665,125
Net program income	1,658,029
General Revenue	
Interest and investment income	131,507
Changes in net position	1,789,536
Net position - beginning	13,207,828
Net position - ending balance	$ 14,997,364

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2018

		Operating Fund
ASSETS		
Cash		$ 1,608,066
Restricted cash		352,476
Investments		11,370,333
Interest receivable		42,718
Notes receivable		999,165
Notes receivable - DPA		340,000
Whole loan mortgage receivable		463,005
Allowance for doubtful whole loan mortgages		(143,687)
Due from primary government		27,895
Utility deposit		1,925
Total Assets		$ 15,061,896
LIABILITIES		
Accrued liabilities		$ 162,839
Accounts payable		10,030
Interest payable		140,687
Advance from primary government		428,070
Total Liabilities		741,626
FUND BALANCES		
Committed to primary government		568,757
Assigned		382,296
Unassigned		13,369,217
Total Fund Balances		14,320,270
Total Liabilities and Fund Balances		$ 15,061,896
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund:		
Capital assets	$ 1,875,445	
Less accumulated depreciation	(837,233)	$ 1,038,212
Some of the liabilities are not due and payable in the current period and therefore, are not reported as a fund liability:		
Compensated absences		(93,000)
Net deferred outflows (inflows) of resources		187,124
Net pension liability		(455,242)
Net position of governmental activities		$ 14,997,364

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Operating Fund
Revenues	
Charges for services	$ 1,072,513
Bond issuance and residual income	1,459,568
Rentals	133,044
Interest and investment income	131,507
Total revenues	2,796,632
Expenditures	
Current:	
Personnel services	537,686
Professional fees	150,605
General expenditures	243,671
Capital outlay	26,548
Total expenditures	958,510
Changes in fund balances	1,838,122
Total fund balances - beginning	12,482,148
Total fund balances - ending	$ 14,320,270
Changes in fund balances - governmental fund	$ 1,838,122
Amounts reported for governmental activities in the statement of activities are different because:	
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 net amount of depreciation expense and disposals.	(29,979)
Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.	
Pension	(19,607)
Compensated absences	1,000
Changes in net position of governmental activities	$ 1,789,536

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

Note 1 - Reporting Entity

The Authority was established in 1979 by Broward County, Florida (County) for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority's governing board is appointed by the County (Authority Board). Although the County does not have the authority to approve the Authority's budget, the Authority's contracts and negotiated bond issues must be approved by the County.

For financial statement reporting purposes, the Authority is considered a component unit of the reporting entity of the Broward County Board of County Commissioners (the BOCC Board) due to the oversight responsibility exercised by the BOCC Board and because the public service provided by the Authority is for the benefit of County residents. The Authority is an integral part of the reporting entity and, thus, is included in the Comprehensive Annual Financial Report of the County.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation and Basis of Accounting

These financial statements have been prepared in conformity with reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. As such the required financial statements used are described below.

Authority-wide financial statements — The statement of net position and the statement of activities display information about the activities of the Authority using the accrual basis of accounting which is similar to the accounting presentation used by most private-sector companies.

Fund financial statements — The balance sheet and the statement of revenues, expenditures and changes in fund balances show the degree to which expenditures are offset by program revenues. The Authority reports in a single fund, the Operating Fund. Program revenues include 1) charges to applicants or bond issues for services provided and 2) rental income. These statements are presented in the traditional governmental presentation which includes capital outlays as expenditures and excludes depreciation and other non-current assets and liabilities, on a modified accrual basis.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Measurement Focus

Authority-wide financial statements — The Authority follows the accrual basis of accounting for its Authority-wide financial statements, and accordingly, recognizes revenues when earned and expenses at the time liabilities are incurred, regardless of when the related cash flows take place. The Authority also distinguishes program revenue and general revenue. Program revenue generally results from providing services in connection with the principal ongoing operations. The principal revenues of the Authority are charges to customers for services and fees for issuance of bonds.

Fund financial statements — Governmental Fund - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the Operating Fund to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred.

Assets, Liabilities and Equity

Deposits and Investments — The cash balances of substantially all funds are pooled and invested for the purpose of increasing earnings through investment activities. The pooled investments are reported at fair value at September 30, 2018 based on market prices.

Capital Assets — Capital assets, which include property, plant and equipment, are reported at cost. Tangible personal property used in the operations of the Authority is recorded in the property records of the County and the Authority. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings, structures and improvements	20-40
Furniture, fixtures and equipment	3-15

Note 2 - Summary of Significant Accounting Policies (cont'd)

Accrued Vacation and Sick Pay

Employees accumulate vacation and sick pay based on the number of years of continuous service. Upon termination of employment, employees can receive payment for accumulated leave in accordance with Florida Statutes, if they meet certain criteria. The cost of vested vacation and sick pay benefits is recognized when payments are made to employees. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination. A non-current liability for these accrued vacation and sick pay benefits at September 30, 2018 has been recorded.

Pensions

In the governmental activities, Statement of Net Position, pension liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plans. Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience, are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plans, and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources, and are amortized as a component of pension expense using a systematic and rational method over a five year period.

Net Position and Fund Balances

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use through legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Net Position and Fund Balances (cont'd)

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Net position - unrestricted is net position that does not meet the definitions of the classifications previously described.

Fund balances of governmental funds are classified as non-spendable, restricted, committed, assigned, or unassigned:

1. *Non–spendable* – not in spendable form; e.g., inventories, prepaid amounts
2. *Restricted* – constraints imposed by external sources (debt covenants, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.
3. *Committed* – limited to specific purposes by formal action imposed by the Housing Finance Authority Board of Directors or the Board of County Commissioners or its delegated body.
4. *Assigned* – use limited by the government's intent to be used for specific purposes. Intent should be expressed by the Housing Finance Authority Board of Directors or the Board of County Commissioners or its delegated body.
5. *Unassigned* – fund positive balances not otherwise classified.

In order to calculate amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Bond Issuance Authority Fees

In connection with the issuance of each housing revenue bond series, the Authority receives from the Bond Trustee an initial issuance fee at the time of issuance and an annual administrative fee each year thereafter in which any portion of the issue remains outstanding. These fees are based on either a percentage of bonds, mortgage loans or GNMA certificates outstanding or a certain dollar amount, as provided for in the bond issue documents and recognized as income in the year for which they are assessed.

Note 2 - Summary of Significant Accounting Policies (cont'd)

Interest Income

Interest on loans and investments is recognized as income when earned.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 - Implementation of Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, provides reporting guidance for governments that provide OPEB to their employees and for governments that are legally required to finance OPEB for employees of other governments. The standards detail how state and local governments should account for and report OPEB, primarily retiree health insurance. The guidance in these statements will change how the long-term obligations associated with OPEB are calculated and reported. The standard is effective for fiscal years beginning after June 15, 2017. This standard does not impact the Authority's financial statements because the County is reflecting the immaterial amounts allocable to the Authority on the County's financial statements.

GASB Statement No. 85, Omnibus 2017, effective for reporting periods beginning after June 15, 2017. Objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

Note 4 - Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Along with federal depository insurance, bank deposits are secured as provided by Chapter 280, *Florida Statutes*. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2018, the Authority's cash and cash equivalents are described as follows:

Depository	Description	Book Balance
Wells Fargo	Public deposits	$ 955,549
Bank of New York Mellon - Custody	First American Government Obligation	652,517
		1,608,066
Bank of New York Mellon - Restricted Cash	Fidelity Investment Money Market Treasury	352,476
		$ 1,960,542

The deposits held at The Bank of New York Mellon in the Escrow Indemnification Fund can be used by the Authority without Authority Board approval for its operations when funds in the account are in excess of $500,000, and with Authority Board approval when funds in the account are less than $500,000.

Note 4 - Cash, Cash Equivalents and Investments (cont'd)

Investments

The Authority's investment practices are governed by 218.415 of the Florida Statutes and Authority Resolution 2017-003. The Authority has a formal investment policy that, in the opinion of management, is designed to ensure conformity with State Statutes and seeks to limit exposure to investment risks. The investment policy specifies the types, issuer, maturity, and performance measurement of investment securities that are permissible. Under State Statutes, County Ordinances and the Authority's resolution, the Authority is authorized to invest in obligations of the U.S. Government, its agencies and instrumentalities, the Florida Local Government Surplus Trust Fund, repurchase agreements with primary dealers, commercial paper, bonds, notes or obligations of the State of Florida or any municipality, political subdivision or agency or authority of the State, certificates of deposit, securities in certain open-end or closed-end investment companies or trusts, World Bank notes, bonds and discount notes, obligations of the Tennessee Valley Authority, and certain money market funds. The Authority may also invest in collateralized mortgage obligations and reverse repurchase agreements. Authority policy requires that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreements.

The Authority's investments are managed by its investment committee. Prior to the investment committee's formation, investments were managed by Karpus Investment Management and the assets were held at U.S. Bank at September 30, 2018. These investment policies address Interest Rate Risk, Credit Risk and Concentration of Credit Risk. The Authority also invests funds principally in FNMA and GNMA mortgage-backed securities.

Interest Rate Risk - The Authority manages its exposure to interest rate volatility by limiting the weighted average maturity of its investment portfolio.

As of September 30, 2018 the weighted average maturity was 1,638 days.

Investment Type	WAM (Days)	Fair Value
U.S. Treasury	2,676	$ 4,793,467
U.S. Agency Mortgage-Backed Securities	213	6,576,866
		$ 11,370,333
Portfolio Weighted Average Maturity (WAM)	1,638	

Note 4 - Cash, Cash Equivalents and Investments (cont'd)

Investments (cont'd)

Credit Risk -The investment policy contains specific rating criteria for certain investments. The policy states that commercial paper, bonds, notes, or obligations of the State of Florida, any municipality or political subdivision or any agency or authority of the state, if such obligations are rated, must be rated in one of the two highest rating categories by at least two nationally recognized rating agencies. Commercial paper not rated must be backed by a letter of credit or line of credit rated in one of the two highest rating categories. Any investments in World Bank Notes, Bonds and Discount Notes must be rated AAA or equivalent by Moody's Investor Service and/or Standard and Poor's Corporation.

The Authority's investments in U.S. Treasuries and U.S. Agencies are rated AA+ by Standard & Poor's, AAA by Fitch Ratings, and Aaa by Moody's Investor Services. The Authority's investments in the Money Market Mutual Fund is rated AAAm by Standard & Poor's.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested in securities of the U.S. Government and Agency thereof, or government sponsored corporation securities. The Authority requires that all other investments be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer at time of purchase. GASB Statement No. 40 requires disclosure when the percent is 5% or more in any one issuer. The investment in the United States Treasury instruments is 42.16%, Federal National Mortgage Association is 17.28%, Federal Home Loan Bank is 8.61%, Government National Mortgage Association is 7.01%, and Federal Home Loan Mortgage Corporation is 24.94%.

Note 5 - Fair Value Measurements

The Authority's financial instruments measured and reported at fair value are classified according to the following hierarchy:

Level 1 — Unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access at the measurement date.

Level 2 — Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 — Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

Note 5 - Fair Value Measurements (cont'd)

The categorization of financial instruments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The investments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities and Level 2 are valued using prices quoted in active markets for similar securities.

Investment Type	Level 1	Level 2	Total
U.S. Treasury	$ 4,793,467	$ -	$ 4,793,467
U.S. Agency Mortgage-Backed Securities	-	6,576,866	6,576,866
	$ 4,793,467	$ 6,576,866	$ 11,370,333

Note 6 - Receivables

Notes Receivable

At September 30, 2018, notes receivable consists of the following:

Mount Olive Development Corporation	$ 221,156
Authority Mortgage receivable	9,252
Broward County Community Development Corporation, Inc.	200,000
Notes Receivable - Artspace	568,757
Notes Receivable - DPA Program	340,000
Total	$ 1,339,165

In March 2009, the Authority entered into a Pledge and Assignment of Interest in Developer's Fee agreement with Artspace Projects Inc. ("Artspace"), through its wholly owned subsidiary, Historic West Side School, LLC. Under the terms of the agreement, Artspace would lease facilities to Broward County for approximately 39 years. The facilities would house the Historical Commission and Artspace was required to renovate and restore the facilities. The Authority loaned Artspace $428,070 at the Prime rate and Broward County loaned the Authority $428,070, which is to be repaid as the Authority is repaid by Artspace and is described as "Advance From Primary Government" in these financial statements. Artspace is to make payments to the Authority no later than May 15th of any year for any collateral received during the year.

Note 6 - Receivables (cont'd)

Note Receivable (cont'd)

In December 2004, the Authority modified the terms of two first mortgages on which Mount Olive Development Corporation ("MODCO") was the mortgagor. Under the terms of the modification, the remaining balance of a $75,000 Mortgage signed on August 21, 1997 was added to the remaining balance of a $400,000 Mortgage signed on July 21, 2000. The $75,000 Mortgage was paid in full and under the modified terms of the new note, $5,000 quarterly payments were to be made with the balance due on December 31, 2011. On October 14, 2009, the Authority Board approved a modification which would provide an additional $88,000 to MODCO for renovations to the property. Under terms of the modification, the balloon was eliminated, and MODCO will continue paying $5,000 quarterly until the note is paid in full.

The Authority has held a subordinate mortgage of $100,000 from RHF Gulfstream Associates, LTD. since July, 1998. The terms of the loan provide for $6,000 annual interest and repayment in full on July 21, 2016. The loan was paid in full, including interest in the amount of $109,266. The Authority has held a subordinate mortgage of $200,000 since August, 2003 from Broward County Community Development Corporation. The terms of the agreement provide for repayment in full in August 2018.

Since the real properties, which collateralize certain of the Authority's loans receivable, are concentrated with one geographic location (Broward County, Florida), there is a significant concentration of credit risk. In an effort to minimize this risk, it is the Authority's policy to have application review performed and to record mortgage liens on the real property during the period the loans are outstanding.

Forty-four (44) second mortgage loans in the total amount of $437,125 were made under a down payment assistance program. The program provided for a loan to be made to a qualifying borrower using Authority funds, which were reimbursed to the Authority by Florida Housing Finance Corporation (FHFC) to the extent FHFC criteria are met and the funds were available from FHFC. In addition, the Authority is entitled to the repayment of the note receivable resulting from the second mortgage placed on the property financed for the qualifying borrower. Ten (10) mortgages have been paid off as of September 30, 2018 totaling $97,125 leaving a remaining balance is $340,000.

Certain of the Authority's loan programs defer payments, for either or both principal and interest, until maturity. Under some programs, loans may be forgivable if the borrower meets certain criteria or complies with certain criteria during a predetermined period.

Note 7 - Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2018:

	Beginning Balance 10/1/2017	Increases	Decreases	Ending Balance 9/30/18
Capital assets, not being depreciated:				
Land	$ 621,704	$ -	$ -	$ 621,704
Total capital assets, not being depreciated	621,704	-	-	621,704
Capital assets, being depreciated:				
Building	1,036,000	-	-	1,036,000
Equipment	217,741	-	-	217,741
Total capital assets, being depreciated	1,253,741	-	-	1,253,741
Less accumulated depreciated for:				
Building	(595,709)	(25,900)	-	(621,609)
Equipment	(211,545)	(4,079)	-	(215,624)
Total accumulated depreciated	(807,254)	(29,979)	-	(837,233)
Total capital assets, being depreciated, net	446,487	(29,979)	-	416,508
Total capital assets, net	$ 1,068,191	$ (29,979)	$ -	$ 1,038,212

Note 8 - Related Party Transactions

Charges from the County for services provided to the Authority totaled approximately $646,860 during the year ended September 30, 2018. These services included office staff, attorney, auditing and printing services. The Authority utilizes the self-insurance program of the County for workers' compensation, group health, general and auto liability insurance. The amount owed to the County by the Authority as of September 30, 2018 is $162,839.

Note 9 - Short-Term Debt

Line of Credit

In order to preserve single-family bond issuance capacity in October, 2002, the Authority obtained a line of credit with Federal Home Loan bank at a cost of 7-1/2 basis points.

There is currently no balance on the Line of Credit. Proceeds from a borrowing are used to redeem bonds from the Authority's prior single family issues which would otherwise have been redeemed with principal payments, mortgage sale proceeds or other sources of funds. The credit facility allows the Authority to issue refunding bonds to provide new below-market mortgage loans. The proceeds of such refunding bonds are the source of repayment of the line of credit. This credit facility protects the Authority from negative arbitrage (the difference between interest received and interest paid) which would be incurred in periods of declining interest rates. The line of credit is renewed annually for a one-year term.

Note 10 - Long-Term Obligations

The changes in long term debt obligations for the year ended September 30, 2018, are summarized as follows:

	Beginning Balances 10/1/2017	Increases	Decreases	Ending Balances 9/30/18	Due Within One Year
Compensated absences	$ 94,000	$ -	$ (1,000)	$ 93,000	$ 48,000
Net pension liability	423,522	31,720	-	455,242	-
Total	$ 517,522	$ 31,720	$ (1,000)	$ 548,242	$ 48,000

Note 11 - Conduit Debt Obligations

From time to time, the Authority has issued revenue bonds to finance the construction or acquisition of single family or multi-family housing developments which are intended for occupancy in part by persons of low, moderate, or middle income. Neither the Authority, nor the County, or the State, or any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of September 30, 2018, there were twenty-one bond series outstanding with an aggregate principal amount payable of $256,413,532.

Note 12 - Retirement Plans

All of the Authority'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 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 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. The Florida Legislature establishes and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; or at the Division's website (www.frs.myflorida.com).

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. The general classes of membership for the Authority are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) - Members in senior management level positions.
- Special Risk Class - Members who are employed as law enforcement officers and firefighters and other specified positions which qualify for this class.
- Elected Officers' Class (EOC) - Members who hold specified elected offices of local government.

Note 12 - Retirement Plans (cont'd)

Pension Plan (cont'd)

Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular Class, SMSC, and EOC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. Members in these classes initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Special Risk members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. Members in this class initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement befits at age 60 or any age after 30 years of creditable service. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5.0% benefit reduction for each year prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July, and earn monthly interest equivalent to an annual rate of 1.30% on the preceding months DROP accumulation until DROP participation ends. DROP participants with an effective DROP commencement date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned.

Note 12 - Retirement Plans (cont'd)

Pension Plan (cont'd)

Class, Initial Enrollment, and Retirement Age/Years of Services	% Value (Per Year of Service)
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class members initially enrolled after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Senior Management Service Class	2.00%
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00%
Service on or after October 1, 1974	3.00%
Elected Officers' Class	
Service as elected county officer	3.00%

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July. If the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before that time, the annual COLA is 3.0% per year. The annual COLA for retirees with an effective retirement date or DROP date beginning on or after August 1, 2011, who were initially enrolled before July 1, 2011, is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

Note 12 - Retirement Plans (cont'd)

Pension Plan (cont'd)

Contributions - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan 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 July 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular – 6.20% and 6.54%; Senior Management Service – 20.99% and 22.34%; Special Risk – 21.55% and 22.78%; Elected Officers' – 43.78% and 46.98%; and DROP participants - 11.60% and 12.37%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal year ending September 30, 2018, contributions, including employee contributions of $13,864, to the Pension Plan for the Authority, totaled $38,956.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the Authority reported a liability of $314,443 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Authority's proportionate share of the net pension liability was based on their share of the County's 2017-2018 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members. At June 30, 2018, the Authority's proportionate share was .001480%, The proportionate share for the Authority at June 30, 2018 as compared to June 30, 2017 was a decrease of .0963019%

Note 12 - Retirement Plans (cont'd)

Pension Plan (cont'd)

For the fiscal year ended September 30, 2018, the Authority recognized pension expense of $79,369. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,826	$ (1,373)
Change of assumptions	145,897	-
Net difference between projected and actual earnings on Pension Plan investments	-	(34,498)
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	14,483	(5,460)
Pension Plan contributions subsequent to the measurement date	12,263	-
Total	$ 210,469	$ (41,331)

The deferred outflows of resources related to the Pension Plan, totaling $12,263 for the Authority, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. 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:

Fiscal Year Ending September 30,	
2019	$ 57,284
2020	39,094
2021	5,451
2022	26,032
2023	17,406
Thereafter	11,608
Total	$ 156,875

Note 12 - Retirement Plans (cont'd)

Pension Plan (cont'd)

Actuarial Assumptions - The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.60%
Salary increases	3.25% average, including inflation
Investment of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The assumptions used in the July 1, 2017 valuation were unchanged from those used in the prior valuation as of July 1, 2016 except for the investment return assumption which was decreased from 7.10% to 7.00%.

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 and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Assumed Inflation - Mean		2.6%		1.9%

*As outlined in the Pension Plan's investment policy.

Note 12 - Retirement Plans (cont'd)

Pension Plan (cont'd)

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. 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 calculating the total pension liability is equal to the long-term expected rate of return. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.00% rate of return assumption used in the June 30, 2018 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Pension Plan. The discount rate used in the July 1, 2017 valuation was 7.00%.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate shares of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 814,898	$ 314,443	$ 140,541

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.

Payables to the Pension Plan - At September 30, 2018, the Authority reported payables in the amount of $3,158 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2018.

Note 12 - Retirement Plans (cont'd)

HIS Plan

Plan Description - The HIS Plan is a non-qualified, 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, 2018, 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. The employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for the period from July 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2018 were 1.66%, respectively. 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.

For the fiscal year ending September 30, 2018, contributions to the HIS Plan for the Authority, totaled $28,792.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the Authority reported a liability of $140,799 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2018 using a standard actuarial roll-forward technique. The Authority's proportionate share of the net pension liability was based on their share of the County's 2017-2018 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members. At June 30, 2018, the Authority's proportionate share was .00197551% and at June 30, 2018 as compared to June 30, 2017 was an increase of .0007198297%.

Note 12 - Retirement Plans (cont'd)

HIS Plan (cont'd)

For the fiscal year ended September 30, 2018, the Authority recognized HIS Plan expense of $17,343. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (355)
Change of assumptions	26,454	-
Net difference between projected and actual earnings on Pension Plan investments	127	(22,107)
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	11,797	(844)
Pension Plan contributions subsequent to the measurement date	2,914	-
Total	$ 41,292	$ (23,306)

The deferred outflows of resources related to the HIS Plan, totaling $2,914 for the Authority, resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2019	$ 2,877
2020	2,866
2021	2,007
2022	451
2023	(2,799)
Thereafter	9,670
Total	$ 15,072

Note 12 - Retirement Plans (cont'd)

HIS Plan (cont'd)

Actuarial Assumptions - Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2017 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities as of June 30, 2018. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2018 using a standard actuarial roll-forward technique. The total pension liability as of June 30, 2018 was determined using the following actuarial assumptions:

Inflation	2.60%
Salary increases	3.25% average, including inflation
Investment rate of return	3.87% net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determined the total pension liability as of June 30, 2018 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 3.87%. 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 FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the June 30, 2017 liability measurement was 3.58%. The change between the two measurement dates is due to the changes in the applicable municipal bond index between the dates.

Note 12 - Retirement Plans (cont'd)

HIS Plan (cont'd)

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate shares of the net pension liability calculated using the discount rate of 3.87%, as well as what the proportionate shares of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Authority's proportionate share of the net pension liability	$ 238,141	$ 140,799	$ 184,874

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.

Payables to the HIS Plan - At September 30, 2018, the Authority reported payables in the amount of $671 for outstanding contributions to the HIS plan required for the fiscal year ended September 30, 2018.

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 defined benefit pension plan. Authority 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 State Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class 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.

Note 12 - Retirement Plans (cont'd)

Investment Plan (cont'd)

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Effective July 1, 2012, allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Senior Management Service class 7.67%, Special Risk class 14.0%, and Elected Officers' class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Investment Plan pension expense for the Authority was $0.00 for the fiscal year ended September 30, 2018.

At September 30, 2018, the Authority reported payables in the amount of $0.00 for outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2018.

Note 13 - Risk Management

The Authority is exposed to various risks loss related to torts; theft of assets, errors and omissions; personal injuries; and natural disasters. As a dependent special district the Authority is insured under Broward County's insurance plan. The coverage is provided at no cost to the Authority. In the past 3 years, there have been no claims settled exceeding the insurance coverage. As of September 30, 2018, there were no outstanding claims.

Note 14 - Subsequent Events

The note receivable from Broward County Community Development Corporation that matured August, 2018, is being renegotiated.

In connection with the preparation of the financial statements, management has evaluated events through March 18, 2019, which is the date the financial statements were available to be issued.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
BUDGET COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	$ 450,905	$ 450,905	$ 1,072,513	$ 621,608
Bond issuance and residual income	184,105	184,105	1,459,568	1,275,463
Interest and investment income	190,000	190,000	131,507	(58,493)
Rental income	121,050	121,050	133,044	11,994
Total revenues	946,060	946,060	2,796,632	1,850,572
Other Sources of Funds:				
Liquidation of investments	100,000	100,000	-	(100,000)
Total revenue and other sources of funds	1,046,060	1,046,060	2,796,632	1,750,572
EXPENDITURES:				
Current:				
Personnel services	737,160	737,160	537,686	199,474
Professional fees	153,000	153,000	150,605	2,396
General expenditures	135,900	135,900	243,671	(107,771)
Capital outlay	20,000	20,000	26,548	(6,548)
Total Expenditures	1,046,060	1,046,060	958,510	87,550
Change in fund balance	-	-	1,838,122	1,838,122
Fund balance, beginning of the year	12,482,148	12,482,148	12,482,148	12,482,148
Fund balance, end of the year	$ 12,482,148	$ 12,482,148	$ 14,320,270	$ 14,320,270

See accompanying notes to the Budget Comparison Schedule.

Note 1- Budgetary Requirements

The Housing Finance Authority of Broward County prepares an annual operating budget for the Operating Fund which is included in these financial statements.

Budgets are prepared on the same basis of accounting as required for Governmental Fund Types. Expenditures may exceed the approved budget amounts for individual categories as long as the total does not exceed the approved budget.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)
LAST TEN FISCAL YEARS*

	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.001480000%	0.000977909%	0.000905613%	0.001006732%	0.001014542%
Authority's proportionate share of the net pension liability (asset)	$ 314,443	$ 289,259	$ 228,668	$ 130,033	$ 61,902
Authority's covered-employee payroll	$ 516,080	$ 392,857	$ 430,147	$ 429,110	$ 416,178
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	60.93%	73.63%	53.16%	30.30%	14.87%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.00%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

(1) The amounts presented for each fiscal year were determined as of June 30.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)
LAST TEN FISCAL YEARS*

	2018	2017	2016	2015	2014
Contractually required contribution	$ 38,956	$ 36,596	$ 16,862	$ 19,941	$ 18,256
Contributions in relation to the contractually required contribution	(38,956)	(36,596)	(16,862)	(19,941)	(18,256)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 519,672	$ 373,481	$ 440,147	$ 419,526	$ 428,820
Contributions as a percentage of covered-employee payroll	7.50%	9.80%	3.83%	4.75%	4.30%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

(1) The amounts presented for each fiscal year were determined as of September 30.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY(1)
LAST TEN FISCAL YEARS*

	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.001975509%	0.001255679%	0.001252451%	0.001254086%	0.001259315%
Authority's proportionate share of the net pension liability (asset)	$ 140,799	$ 134,263	$ 145,968	$ 127,897	$ 117,749
Authority's covered-employee payroll	$ 516,080	$ 392,857	$ 430,147	$ 429,110	$ 416,178
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	27.28%	34.18%	33.93%	29.81%	28.29%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

(1) The amounts presented for each fiscal year were determined as of June 30.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
(A Component Unit of Broward County, Florida)
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY(1)
LAST TEN FISCAL YEARS*

	2018	2017	2016	2015	2014
Contractually required contribution	$ 8,627	$ 6,200	$ 7,306	$ 5,286	$ 5,098
Contributions in relation to the contractually required contribution	(8,627)	(6,200)	(7,306)	(5,286)	(5,098)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 519,671	$ 373,481	$ 440,147	$ 419,526	$ 428,820
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.26%	1.20%

*Note: The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future fiscal years until ten years of information are available.

(1) The amounts presented for each fiscal year were determined as of September 30.

INDEPENDENT AUDITORS' 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 Board of Directors
Housing Finance Authority
Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Housing Finance Authority of Broward County, Florida (the "Authority"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 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.

March 18, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTES

To the Board of Directors
Housing Finance Authority
Broward County, Florida

We have examined the Housing Finance Authority of Broward County, Florida (the "Authority"), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

March 18, 2019

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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
Housing Finance Authority
Broward County, Florida

We have audited the financial statements of the Miami Sports and Exhibition Authority (the Authority), a component unit of the City of Miami, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 18, 2019.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports, which are dated March 18, 2019, should be considered in conjunction with this management letter.

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

- 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 not otherwise addressed in the auditor's report pursuant to Section 10.557(3)(b)2., Rules of the Auditor General. There were no prior year findings or recommendations 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 current year audit, we determined that the Authority complied with Section 218.415, Florida Statutes.

- 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 current year audit, there were no findings or recommendations made in the current year.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but

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which warrants the attention of those charged with governance. In connection with our current year 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 this management letter, unless disclosed in the notes to the financial statements. Such disclosures are made in note 1 to the Authority's financial statements.

- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our current year audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial reports for the Authority for the fiscal year ended September 30, 2018, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2018. The Authority does not file a separate report with the State of Florida Department of Financial Services. The financial operations of the Authority are included in the basic financial statements of the Broward County, Florida for the year ended September 30, 2018.

- Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our current year audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information and use of the board of directors, management of the Authority, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

March 18, 2019

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PART VII

BROWARD COUNTY HEALTH FACILITIES AUTHORITY

BROWARD COUNTY
HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)

September 30, 2018

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RSM

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Broward County Health Facilities Authority
Broward County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and major fund of the Broward County Health Facilities Authority (the Authority), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund of the Authority as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely 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 the Authority'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 the Authority's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
February 21, 2019

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

This section of the Broward County Health Facilities Authority's (the "Authority") annual financial report presents a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2018. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The assets of the Authority totaled $61,852, and are equal to the net position at September 30, 2018. This total net position is unrestricted and may be used to meet the Authority's ongoing obligations.
- During the 2018 fiscal year, the Authority's total net position decreased by $65,079. This decrease is due to payments to Broward County General Fund for grants awarded to non-profit healthcare organizations in the amount of $90,000.
- At the end of the fiscal year, the General Fund reported a total fund balance of $61,852. The total amount is reported as assigned for the subsequent year's budget.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of a whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses may be reported in this statement for some items that will result in cash flows in future fiscal periods, however, none have been reported in the current fiscal year.

The Authority's government-wide financial statements can be found on pages 7-8 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority only utilizes one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Authority's governmental fund financial statements can be found on pages 9-10 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-15 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the General Fund. The required supplementary information can be found on pages 16-17 of this report.

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets equaled net position of $61,852 at the close of the most recent fiscal year. The total net position of $61,852 was reported as unrestricted, and may be used to meet the Authority's ongoing obligations.

Broward County Health Facilities Authority
Governmental Activities Net Position
As of September 30, 2018 and 2017

	2018	2017
Current Assets	$ 61,852	$ 126,931
Net Position – Unrestricted	$ 61,852	$ 126,931

The Authority's net position decreased by $65,079 during the current fiscal year as a result of payments to Broward County General Fund for grants awarded to non-profit healthcare organizations.

Broward County Health Facilities Authority Changes in Net Position
Fiscal Years Ended September 30, 2018 and 2017

	2018	2017
Program Revenues:		
Charges for Services	$ 30,993	$ 32,527
Total Revenues	30,993	32,527
Program Expenses:		
Human Services	6,072	5,475
Payments to Broward County General Fund for Grants	90,000	-
Total Expenditures	96,072	5,475
(Decrease)/Increase in Net Position	(65,079)	27,052
Net Position, Beginning of Year	126,931	99,879
Net Position, End of Year	$ 61,852	$ 126,931

Program revenues – The Authority's charges for services decreased by $1,534 from the prior year due to a slight decrease in annual recurring fees. There were no application and issuer's fees received related to financing and refinancing activities for fiscal year 2018.

Program expenses – The Authority's expenses increased by $90,597 from the prior year due to payments to Broward County General Fund for grants of $90,000 and an increase in legal fees of $825, which was offset by a decrease in other miscellaneous expenses of $175 for the State of Florida Special District Accountability Program Fee and auditing fees of $53.

The financial analysis presented above for the Authority's governmental activities is the same as for the governmental funds since there were no transactions requiring reconciliation between the governmental funds and the governmental activities.

General Fund Budgetary Highlights

For the year ended September 30, 2018, the total appropriations in the original budget and the final amended budget remained the same. The Authority generated a positive variance of $1,379 between the final adopted budget and actual results. Actual revenues were $30,993 or 103.8% of the final budgeted amount of $29,842. Total expenditures of $96,072 were below the final adopted budget of $96,300 by $228, as some of the amounts that were budgeted for professional services were not spent in FY 2018.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Broward County Health Facilities Authority, 115 South Andrews Avenue, Room 513, Fort Lauderdale, FL 33301, Attention: Finance and Administrative Services Department.

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

ASSETS	
Cash and Cash Equivalents	$ 61,852
NET POSITION	
Unrestricted	$ 61,852

See the accompanying notes to financial statements

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

PROGRAM EXPENSES	
Human Services:	
Professional Services	$ 6,072
Payments to Broward County General Fund for Grants	90,000
Total Program Expenses	96,072
PROGRAM REVENUES	
Charge for Services - Authority Fee Income	30,993
Change in Net Position	(65,079)
Net Position, Beginning of Year	126,931
Net Position, End of Year	$ 61,852

See the accompanying notes to financial statements

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2018

	General Fund
ASSETS	
Cash and Cash Equivalents	$ 61,852
FUND BALANCE	
Assigned - Subsequent Year's Budget	$ 61,852

See the accompanying notes to financial statements

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General Fund
REVENUES	
Charge for Services - Authority Fee Income	$ 30,993
Total Revenues	30,993
EXPENDITURES	
Human Services:	
Professional Services	6,072
Payments to Broward County General Fund for Grants	90,000
Total Expenditures	96,072
Deficiency of Revenues over Expenditures	(65,079)
Fund Balance, Beginning of Year	126,931
Fund Balance, End of Year	$ 61,852

See the accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Broward County Health Facilities Authority (the "Authority") was established in 1977, by Florida Statute Section 154.207 and by the Broward County Board of County Commissioners (BOCC) County Ordinance No. 77-35, for the purpose of assisting health facilities in the acquisition, construction, financing, and refinancing of projects in any incorporated or unincorporated area of Broward County, Florida (the "County"). The Authority is governed by a five-member Board who shall be Broward County residents appointed by the Broward County Board of County Commissioners. Bonds issued by the Authority are not deemed to constitute a debt of the Authority, the County, or any political sub-division thereof. The Authority is authorized to issue bonds to fulfill its corporate purpose in a principal amount for all projects not to exceed $329,100,000. As of September 30, 2018, the Authority has issued $288,620,000 in revenue bonds of which $3,355,000 are outstanding.

These financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting policies.

A. Reporting Entity

The Authority is considered a component unit of the reporting entity of the BOCC. The Authority is reported as a component unit because the BOCC appoints its governing body which is financially accountable to the BOCC. The Authority is included in the County's Comprehensive Annual Financial Report as a discretely presented component unit.

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Authority. Governmental activities for the Authority generally are financed through revenues generated by fees.

Fund Financial Statements

The fund financial statements provide information about the Authority. The General Fund, the Authority's major governmental fund, is used to account for all of the Authority's financial resources and transactions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resource being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

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

D. Assets, Liabilities and Net Position or Equity

1. Deposits

The Authority participates in the cash pool maintained by the County. As of September 30, 2018, the Authority's share of the cash pool consisted of cash deposits. Please refer to the County's Comprehensive Annual Financial Report for all risk related disclosures.

2. Net Position and Net Position Flow Assumption

Net position represents the residual interest in the Authority's assets after liabilities are deducted and may consist of three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components. The Authority's total net position is unrestricted at September 30, 2018.

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to be reported as restricted and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

resources are considered to be applied. It is the Authority's policy to consider restricted position to have been depleted before unrestricted net position is applied.

3. Fund Balance and Fund Balance Flow Assumption

In the fund financial statements, governmental funds report fund balance in classifications based on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances in the General Fund may be classified as follows:

1. *Non-spendable* – amounts cannot be spent because they are not in spendable form (e.g., inventories, prepaid items and long-term receivables) or are legally or contractually required to be maintained intact.

2. *Restricted* – amounts are restricted to specific purposes due to the constraints imposed externally by creditors, grantors, contributors, laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.

3. *Committed* – amounts can be used for specific purposes pursuant to the constraints imposed by formal actions of the Authority's Board of Directors, the Authority's highest level of decision making authority. Amounts specifically committed for use in satisfying contractual obligations are also included in this classification.

4. *Assigned* – amounts are constrained by the Authority's intent to be used for specific purposes. Intent is expressed by the Authority's Board of Directors.

5. *Unassigned* – residual amount reported in the General Fund.

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Revenues

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than program revenue.

F. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RELATED PARTY TRANSACTIONS

The County is reimbursed for the costs incurred for certain financial and administrative services rendered to the Authority in accordance with the terms of the professional services agreement between the County and the Authority. This agreement provides that reimbursable costs for services rendered by the County are due and payable at such time as the Authority has sufficient funds to pay such costs. Charges to the Authority from the County for such services totaled $6,072 during the year ended September 30, 2018.

The County also administers grants to non-profit healthcare organizations located in Broward County on behalf of the Authority. The Authority awarded $90,000 in grants to the County during the year ended September 30, 2018.

NOTE 3 - INTERLOCAL AGREEMENT AND CONDUIT DEBT OBLIGATIONS

On November 24, 1998, the Authority entered into an Interlocal Agreement (the “1998 Agreement”) with Collier County Health Facilities Authority (the “Issuer”) to authorize the Issuer to issue revenue bonds (the “Bonds”) on behalf of and with the agreement of the Authority to loan a portion of the Bond proceeds to Cleveland Clinic Florida (the “Borrower”) for the purpose of providing funds to the Borrower to acquire, construct, renovate, rehabilitate and equip certain healthcare facilities located in Broward County. The Borrower agreed to pay the Authority an up-front fee of 5 basis points of the borrowing attributable to the construction in Broward County. In addition, the Borrower agreed to pay the Authority an annual fee of 5 basis points of the Bonds outstanding on each anniversary of the bond issuance date. The bonds outstanding are considered conduit debt of the Authority.

NOTE 3 - INTERLOCAL AGREEMENT AND CONDUIT DEBT OBLIGATIONS - Continued

Pursuant to an Interlocal Agreement, dated May 25, 2000, (the "2000 Agreement") the BOCC of Broward County authorized the Authority to issue Series 2000 Bonds in connection with the refunding of the Catholic Health Services, Inc. Series 1991 Bonds and the financing of improvements to the St. Anne's Facility. On December 2, 2010, the Broward County Health Facilities Authority Board approved the refinancing of the Series 2000 Bonds. The Series 2000 Bonds were refunded on December 22, 2010 through the issuance of $14,200,000 of Series 2010 Bonds. The borrower has agreed to pay the Authority 10 basis points of the Series 2010 Bonds outstanding as of September 30th of each year, payable to the Authority on October 1st of each fiscal year. At September 30, 2018, the principal outstanding was $3,355,000.

On May 25, 2004, the BOCC of Broward County authorized the issuance of $5,100,000 Variable Rate Demand Revenue Bonds (Henderson Mental Health Center, Inc. Project) Series 2004. This bond issue closed on June 30, 2004, and provided funds for Henderson Mental Health Center, Inc. to refinance two properties. The borrower agreed to pay the Authority 10 basis points of the Series 2004 Bonds outstanding as of September 30th of each year, payable to the Authority on October 1st of each fiscal year. On December 6, 2017, the bonds were paid in full due to a mandatory tender. At September 30, 2018, there was no outstanding principal.

None of the currently outstanding bonds constitute a debt, liability, or obligation of the Authority, the County, the State, or any political subdivision thereof, except for pledged revenues collected. Neither the Authority, the County, the State, nor any political subdivision thereof shall be liable for any other indebtedness or liability which may arise in connection with the issuance of the bonds or the making of the loan.

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)

REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2018

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charge for Services - Authority Fee Income	$ 30,992	$ 30,992	$ 30,993	$ 1
Interest Income	400	400	-	(400)
Less 5% of Anticipated Revenue	(1,550)	(1,550)	-	1,550
Total Revenues	29,842	29,842	30,993	1,151
EXPENDITURES				
Human Services:				
Professional Services	6,300	6,300	6,072	228
Payments to Broward County General Fund for Grants	90,000	90,000	90,000	-
Total Expenditures	96,300	96,300	96,072	228
(Deficiency)/Excess of Revenues over Expenditures	(66,458)	(66,458)	(65,079)	1,379
Fund Balance, Beginning of Year	127,381	127,381	126,931	(450)
Fund Balance, End of Year	$ 60,923	$ 60,923	$ 61,852	$ 929

See the accompanying notes to budgetary comparison schedule

BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – BUDGETARY INFORMATION

The Authority prepares an annual operating budget for the general fund which is reflected in these financial statements. The Authority's budgeting process is based on estimates of revenues and expenditures and requires that all budgets be approved by the Authority's Board (the "Board") after a public hearing is held. Subsequent amendments to the budget, if any, are approved by the Board. General Fund appropriations lapse after year end.

Budgets are prepared on the same basis as accounting as is required for the governmental fund types and conforms with GAAP.

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*

Independent Auditor's Report

To the Board of Directors
Broward County Health Facilities Authority Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Broward County Health Facilities Authority (the Authority), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 21, 2019.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 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.

RSM US LLP

Fort Lauderdale, Florida
February 21, 2019

RSM

RSM US LLP

Independent Accountant's Report

To the Board of Directors
Broward County Health Facilities Authority
Broward County, Florida

We have examined the Broward County Health Facilities Authority's (the Authority), compliance with the requirements of *Section 218.415, Florida Statutes, Local Government Investment Policies* during the period October 1, 2017 to September 30, 2018. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with *Section 218.415*, *Florida Statutes, Local Government Investment Policies* during the period October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, Broward County Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Fort Lauderdale, Florida
February 21, 2019

RSM

RSM US LLP

Management Letter
in Accordance with the Rules of the
Auditor General of the State of Florida

To the Board of Directors
Broward County Health Facilities Authority
Broward County, Florida

We have audited the financial statements of the Broward County Health Facilities Authority (the Authority), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated February 21, 2019.

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

Other Report and Schedule
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, *AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 21, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

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

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

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

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

RSM US LLP

Fort Lauderdale, Florida
February 21, 2019