

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

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet – Governmental Funds	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund.....	5
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Court Fund	6
Special-Purpose Statement of Fiduciary Assets and Liabilities – Agency Fund	7
Notes to Special-Purpose Financial Statements	8-17
COMBINING SCHEDULES	
Special-Purpose Combining Schedule of Fiduciary Assets and Liabilities – All Agency Funds	18
Special-Purpose Combining Schedule of Changes in Fiduciary Assets and Liabilities – All Agency Funds	19-21
SUPPLEMENTAL REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Management Letter	24-25

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Weiss
Clerk of the Circuit Court
Polk County, Florida

We have audited the accompanying special-purpose financial statements of the general fund, court fund, records modernization fund, and aggregate agency fund information of the Polk County, Florida, Clerk of the Circuit Court (Clerk) as of and for the year ended September 30, 2010. These special-purpose financial statements are the responsibility of the management of the Clerk. 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and 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*. Additionally, the special-purpose statements present only the Clerk and are not intended to present fairly the financial position and changes in financial position of Polk County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, court fund, records modernization fund and the aggregate agency fund information of the Polk County, Florida, Clerk as of September 30, 2010, and the changes in financial position and budgetary comparison of its general fund and court fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2011 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying Combining Schedule of Fiduciary Assets and Liabilities – All Agency Funds, and Combining Schedule of Changes in Fiduciary Assets and Liabilities – All Agency Funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to 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 information is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

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



March 3, 2011

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2010**

	General Fund	Court Fund	Records Modernization Fund	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments, at fair value	\$ 515,925	\$ 3,246,666	\$ 3,454,903	\$ 7,217,494
Due from Board of County Commissioners	52,194	-	-	52,194
Due from other governments	77,664	-	-	77,664
Other receivables	358	-	-	358
Total assets	\$ 646,141	\$ 3,246,666	\$ 3,454,903	\$ 7,347,710
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ 20,200	\$ 27,743	\$ 7,616	\$ 55,559
Accrued expenses	55,198	156,540	9,477	221,215
Deferred revenue	-	559,550	-	559,550
Customer deposits	-	997,252	-	997,252
Due to Board of County Commissioners	479,771	3,386	60	483,217
Due to other governments	90,972	1,215,042	-	1,306,014
Total liabilities	646,141	2,959,513	17,153	3,622,807
Fund balances	-	287,153	3,437,750	3,724,903
Total liabilities and fund balances	\$ 646,141	\$ 3,246,666	\$ 3,454,903	\$ 7,347,710

See accompanying notes to special-purpose financial statements.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended September 30, 2010**

	General Fund	Court Fund	Records Modernization Fund	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 4,020,655	\$ 13,298,769	\$ -	\$ 17,319,424
Charges for services	2,191,003	-	-	2,191,003
Fines and forfeitures	-	-	671,460	671,460
Recording fees	-	-	825,916	825,916
Interest	6,598	-	27,501	34,099
Net change in fair value of investments	3,046	-	14,502	17,548
Miscellaneous	38,244	-	-	38,244
Total revenues	6,259,546	13,298,769	1,539,379	21,097,694
EXPENDITURES				
General government:				
Salaries and benefits	4,958,483	11,482,712	598,844	17,040,039
General expenditures	1,039,561	805,466	797,127	2,642,154
Capital outlay	20,396	2,237	52,574	75,207
Distribution of excess court revenue to the State of Florida	-	978,123	-	978,123
Total expenditures	6,018,440	13,268,538	1,448,545	20,735,523
Excess of revenues over expenditures	241,106	30,231	90,834	362,171
Other financing sources (uses)				
Excess fees returned to the Board of County Commissioners	(241,106)	-	-	(241,106)
Total other financing sources (uses)	(241,106)	-	-	(241,106)
Excess (deficit) of revenues over expenses and other financing sources (uses)	-	30,231	90,834	121,065
Fund balances, beginning of year	-	256,922	3,346,916	3,603,838
Fund balances, end of year	\$ -	\$ 287,153	\$ 3,437,750	\$ 3,724,903

See accompanying notes to special-purpose financial statements.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
Year Ended September 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,926,242	\$ 3,926,242	\$ 4,020,655	\$ 94,413
Charges for services	2,210,942	2,210,942	2,191,003	(19,939)
Interest	25,000	25,000	6,598	(18,402)
Net change in fair value of investments	-	-	3,046	3,046
Miscellaneous	35,000	35,000	38,244	3,244
Total revenues	<u>6,197,184</u>	<u>6,197,184</u>	<u>6,259,546</u>	<u>62,362</u>
EXPENDITURES				
General government:				
Salaries and benefits	4,652,221	4,977,221	4,958,483	18,738
General expenditures	1,479,887	1,154,887	1,039,561	115,326
Capital outlay	50,000	50,000	20,396	29,604
Total expenditures	<u>6,182,108</u>	<u>6,182,108</u>	<u>6,018,440</u>	<u>163,668</u>
Excess of revenues over expenditures	<u>15,076</u>	<u>15,076</u>	<u>241,106</u>	<u>226,030</u>
Other financing sources (uses)				
Excess fees returned to the Board of County Commissioners	<u>(15,076)</u>	<u>(15,076)</u>	<u>(241,106)</u>	<u>(226,030)</u>
Total other financing sources (uses)	<u>(15,076)</u>	<u>(15,076)</u>	<u>(241,106)</u>	<u>(226,030)</u>
Excess (deficit) of revenues over expenses and other financing sources (uses)	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to special-purpose financial statements.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – COURT FUND
Year Ended September 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 13,280,136	\$ 13,280,136	\$ 13,298,769	\$ 18,633
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>13,280,136</u>	<u>13,280,136</u>	<u>13,298,769</u>	<u>18,633</u>
EXPENDITURES				
General government:				
Salaries and benefits	11,921,380	11,921,380	11,482,712	438,668
General expenditures	1,358,756	1,348,756	805,466	543,290
Capital outlay	-	10,000	2,237	7,763
Distribution of excess court revenue to the State of Florida	-	-	978,123	(978,123)
Total expenditures	<u>13,280,136</u>	<u>13,280,136</u>	<u>13,268,538</u>	<u>11,598</u>
Excess (deficit) of revenues over expenditures	-	-	30,231	30,231
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>256,922</u>	<u>256,922</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,153</u>	<u>\$ 287,153</u>

See accompanying notes to special-purpose financial statements.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES – AGENCY FUND
September 30, 2010**

ASSETS

Equity in pooled cash and investments, at fair value	\$ 9,544,756
---	--------------

Total assets	\$ 9,544,756
---------------------	---------------------

LIABILITIES

Due to State of Florida	\$ 1,574,555
Due to Board of County Commissioners	606,528
Due to municipalities	91,435
Due to others	1,577,875
Deposits, Registry of the Court	4,348,712
Deposits, witness fees	55,344
Deposits, other	1,290,307

Total liabilities	\$ 9,544,756
--------------------------	---------------------

See accompanying notes to special-purpose financial statements.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Polk County is a political subdivision of the State of Florida governed by the State Constitution and general laws of the State of Florida.

The Clerk of the Circuit Court (Clerk) is a County Agency and a local governmental entity pursuant to Article 8, Section 1(d), of the Constitution of the State of Florida. For financial statement and reporting purposes, the Clerk does not meet the definition of a legally separate organization and is not considered to be a component unit. The Clerk is considered to be a part of the primary government of Polk County. The financial statements contained herein represent the financial transactions of the Clerk only. Since the County has implemented GASB Statement No. 34, “Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments”, the format of the Clerk’s statements have been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The legislative and governing body of the County is the five-member Board of County Commissioners. Each County Commissioner is elected on a county-wide basis for a four year term of office and each County Commissioner is a resident of their Commission District. Polk County became a Home Rule Charter County on January 1, 1999, with an appointed County Manager, and with separate legislative and executive functions. The County Manager is the head of the administrative branch of county government and is responsible to the Board of County Commissioners for the proper administration of all affairs of the County, except for those powers, duties and functions residing, as specified by law, with the elected constitutional officers.

There are six offices elected countywide which are as follows: Board of County Commissioners, composed of five (5) members, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The Clerk is an elected public official serving both the Circuit and County Court in an administrative capacity. The Clerk's functions are to keep the Courts' records and seal, serve as county recorder, issue and process, enter judgments and orders, give certified copies from the records, record and maintain custody of records, summon and process juries, serve as accountant, auditor and clerk to the Board of County Commissioners and perform other designated duties.

The accounting policies of the Clerk conform to accounting principles, as applicable to governmental entities, that are generally accepted in the United States of America. The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying special-purpose financial statements.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Clerk, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Description of Funds

The accounts of the Clerk are organized for reporting purposes on the basis of governmental funds and fiduciary funds. The purpose of the Clerk's funds is as follows:

Governmental Fund

General Fund – The General Fund is the general operating fund of the Clerk and accounts for all financial resources not required to be accounted for in another fund.

Court Fund – The Court Fund is used to account for all court-related financial resources.

Records Modernization Fund – To account for the additional service charges on recorded instruments for modernizing the official record keeping systems in the Clerk's office per Section 28.24 (12)(d), Florida Statutes. This fund also accounts for ten percent of all fine revenue collected to be used exclusively for additional clerk court-related operational needs and program enhancements per Section 28.37(2), Florida Statutes.

Fiduciary Fund Type

Agency Funds - The agency funds account for all assets held by the Clerk in his capacity as custodian or agent for individuals, governmental entities and non-public organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Clerk considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable, except for principal and interest on general long term debt which is recognized when due, as well as expenditures related to accrued compensated absences which are recorded only when payment has matured and will be payable shortly after year-end.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

In governmental funds, material revenues in the following categories are considered susceptible to accrual when they are both measurable and available:

Intergovernmental revenues	Interest earned
----------------------------	-----------------

Charges for services, fines and forfeitures and miscellaneous revenues are generally recorded as revenues when received in cash because they are usually not measurable until actually received.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

Use of Estimates

The preparation of the special-purpose fund financial statements is in conformity with accounting principles generally prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

Budgets and Budgetary Accounting

The following are the procedures followed by the Clerk in establishing the budget:

The General Fund and Court Fund legally adopt budgets which are prepared on the modified accrual basis of accounting.

The budget for the General Fund is prepared, adopted and administered in accordance with Sections 129.03 and 218.35, Florida Statutes. Section 218.35 also requires separation of the part pertaining to the court system from that pertaining to the Clerk and the Auditor of the Board of County Commissioners.

On or before May 1, of each year the Clerk submits to the Board of County Commissioners a tentative budget for expenditures to be paid by the Board of County Commissioners on behalf of the Clerk of the Circuit Court for the ensuing fiscal year.

Prior to September 1 of each year, the Clerk submits a budget to the Board of County Commissioners for filing which includes proposed expenditures for the operations of the Clerk's Office and the means of financing operations.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the Court Fund, the following budgetary procedures are followed in accordance with Section 28.36, Florida Statutes:

1. Prepare the budget in accordance with instructions distributed by the Florida Clerk of Court Operations Corporation (CCOC).
2. Submit the budget in the required format and forms along with a Budget Program Expenditure Certification signed by the Clerk to the CCOC on or before October 1.
3. All collections of court fees, service charges, court costs, and fines are remitted to the State for deposit into the Clerk of Courts Trust Fund by the 10th of the following month. Unspent appropriations are to be returned to the State of Florida at the end of each state fiscal year (June 30). This remittance is recorded as an expenditure for budgetary presentation.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Court Fund.

Section 129.07, Florida Statutes, provides that only excesses of total fund budgets are unlawful. Unused appropriations expire at the end of each state fiscal year.

There is no legal requirement to adopt a budget for the Records Modernization Fund.

Accrued Compensated Absences

Employees earn annual leave at varying rates depending upon length of service as follows:

<u>Length of Service</u>	<u>Annual Leave Earned</u>
0-5 years	22 days
6-10 years	25 days
11-15 years	28 days
16-20 years	31 days
21 and above years	35 days

The maximum permissible accumulation of annual leave is 35 days as of January 1 of each year. At termination, employees are paid for any accumulated annual leave up to 35 days.

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, based upon the following schedule provided they have 160 hours, up to a maximum of 800 hours for those employees hired prior to December 1, 1990, and a maximum of 400 hours for those employees hired after December 1, 1990.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At termination, employees hired prior to October 1, 1996 are paid for any accumulated sick leave based on the following schedule:

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
3-5 years	25%
6-10 years	30%
11-15 years	35%
16-20 years	40%
21 and above years	50%

The Clerk uses the last-in, first-out (LIFO) method of recognizing the use of compensated absences. Under this method, compensated absences are recorded as an expenditure when the liability is normally liquidated with expendable available financial resources. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued by the Clerk. These liabilities are recorded in the financial statements of Polk County, Florida as a whole and are not reflected in these statements.

Other Postemployment Benefit Obligations

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions* certain governmental entities are required to record actuarial accrued liabilities related to Other Post-employment Benefit Plans. The Clerk’s employees are included as part of the Post-employment Health Benefits Plan (OPEB Plan) administered by the Board of County Commissioners. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Polk County. The OPEB Plan currently pays certain portions of healthcare insurance premiums of retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not recorded on the modified accrual basis of accounting. Accordingly, these amounts are not included in the financial statements of the Clerk. Such liabilities and expenses are included in the Comprehensive Annual Financial Report of Polk County, Florida.

Excess Fees

Chapter 218, Florida Statutes, requires that any excess of revenues over expenditures in the General Fund which are not court related (excess fees) held by the Clerk at the end of each fiscal year shall be remitted to the Board of County Commissioners. Subsequent to June 30, 2009 excess fees generated by unspent court related appropriations shall be remitted to the State of Florida at the end of each state fiscal year (June 30). For the year ending September 30, 2010, the Clerk remitted \$241,106 to the Board of County Commissioners, Polk County Florida and \$978,123 to the State of Florida.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due To/From Other Funds

Amounts receivable from or payable to other funds are reflected in the accounts of the fund until liquidated by payment or authorized interfund transactions.

Pooled Cash and Investments

According to GASB Statement No. 9, cash is defined as short-term highly liquid amounts that are both:

- a. readily convertible to known amounts of cash
- b. so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Capital Assets

Fixed assets purchased by the Clerk are recorded as capital outlay expenditures. Ownership of all capital assets is vested in the Polk County Board of County Commissioners as provided by Chapter 274, Florida Statutes.

Other

Chapter 218, Florida Statutes, requires that the Clerk make an annual report to the Board of County Commissioners, within 31 days of the close of his fiscal year, reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statute, it is the policy of the Clerk that the accounting records be held open several days after the close of the fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

Legislature Revisions

Effective July 1, 2004, Senate Bill 2962 implemented modifications to Article V, Revision 7 of Constitution of the State of Florida (Article V). Article V modifications altered the funding for the county and circuit courts in the State of Florida. From July 1, 2004 and forward, Article V transferred the cost of county and circuit court operations from a BOCC funded operation to a State funded operation. Effective July 1, 2009, Senate Bill 2108 placed the Clerk's Offices under the state appropriation process. The Clerks are allotted a statewide budget that is allocated across the 67 Clerks by the Clerk of Courts Operations Corporation. Each clerk receives 1/12th of their appropriation monthly. Unspent appropriations must be returned at the end of the state fiscal year, (June 30). All collections of court related funds are recorded as liabilities and remitted monthly to the Clerk of Courts Trust Fund.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The court fund budget is prepared on a state fiscal year basis. As such, the county fiscal year budget included herein represents the last nine months of the state fiscal year ending June 30, 2010 budget and three months of the state fiscal year beginning July 1, 2010 budget.

B – POOLED CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year end, the Clerk's deposits were entirely covered by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

Deposits

On September 30, 2010, the Clerk's book balance of pooled cash and investments was \$16,762,250. Of this amount \$188,119 was on deposit with the State of Florida, State Board of Administration, in the Clerk's name. The bank balances in other qualified depositories totaled \$20,367,652. The Clerk's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances in such accounts are collateralized with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

Investments

The Clerk is authorized to invest surplus funds in accordance with Chapter 218, Florida Statutes. This investment policy formally established guidelines and authorized the Clerk to invest in the following:

- a) the Local Government Surplus Funds Trust Fund under the management of the State Board of Administration;
- b) negotiable direct obligations of, or obligations in which the principal and interest are unconditionally guaranteed by, the United States Government;
- c) interest bearing time deposits or savings accounts in banks and savings and loans organized under state laws or doing business in and situated in the state, provided collateral requirements are met.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

B – POOLED CASH AND INVESTMENTS (continued)

There were no violations or legal or contractual provisions for investments and deposits during the year. The Clerk invests funds throughout the year with the Local Government Surplus Funds Trust Fund (SBA), an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. During 2007, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access their surplus fund and ultimately restructured the State Pool into two separate pools, “LGIP” and “Fund B.”

The Clerk’s investment in the State Pool exposes it to credit risk and, for Fund B, interest rate risk.

Credit risk is the risk that in the event of failure of the counterparty to a transaction, the Clerk will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The LGIP has adopted operating procedures with the requirements for a SEC 2a7-like fund (as defined in GASB 31), therefore the account balance should be considered the fair value of the investment. The LGIP is rated by Standard and Poors. The current rating is AAAM. The weighted average days to maturity (WAM) of the LGIP at September 30, 2010 was 52 days. A portfolio’s WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the LGIP to interest rate changes.

Fund B is accounted for as a fluctuating Net Asset Value (NAV) pool and is reported at fair value, determined by the fair value per share of the pool’s underlying portfolio. The Fair Value Factor for September 30, 2010 was .707058094. Fund B is not rated by any nationally recognized statistical rating agency. The weighted average life (WAL) of Fund B at September 30, 2010 was 7.49 years. A portfolio’s WAL is the dollar weighted average length of time until securities held reach maturity. WAL is based on legal final maturity dates for Fund B as of September 30, 2010.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

C – ACCRUED COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2010:

	Balance October 1, 2009	Net Additions	Balance September 30, 2010
Accrued compensated absences	\$ 1,926,884	\$ 104,548	\$ 2,031,432

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note A for a summary of the Clerk’s compensated absences policy.

D – PENSION PLAN

All full-time employees are participants in the Florida Retirement System (FRS), a multiple employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Division of Retirement, covers approximately 680,000 full-time employees of various governmental units within the State of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan. The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 or with 30 years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to the retirement system.

The Investment Plan provides for vesting after one year of creditable service. Retirement benefits are based on the employee’s account balance. Employees are not required to contribute to the Investment Plan.

The Clerk has no responsibility to the FRS other than to make the periodic payments required by the state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

D – PENSION PLAN (continued)

Participating employer contributions are based upon state-wide rates established by the State of Florida. The following rates were effective through June 30, 2010: 9.85 percent of the compensation for regular members, 20.92 percent of the compensation for special risk members, 13.12 percent of the compensation for senior management members, 10.91 percent of the compensation for deferred retirement option program (DROP) members, and 16.53 percent for county elected officials, all of which includes the health insurance subsidy contribution of 1.11 percent and administrative/educational fee of 0.05 percent. Effective July 1, 2010 through September 30, 2010, the rates are as follows: 10.77 percent of the compensation for regular members, 23.25 percent of the compensation for special risk members, 14.57 percent of the compensation for senior management members, 12.25 percent of the compensation for DROP members, and 18.64 percent of the compensation for county elected officials, all of which includes the health insurance subsidy contribution of 1.11 percent and administrative/educational fee of 0.03 percent. The Clerk's contributions made during the years ending September 30, 2010, 2009 and 2008 were \$1,292,494, \$1,330,808, and \$1,340,844, respectively, equal to the actuarially determined required contribution requirements for each year. The Clerk has determined, in accordance with GASB Statement No. 27, that there was no pension liability before or at transition.

E – POST-EMPLOYMENT HEALTH CARE BENEFITS

As described in Note A, the County provides certain health care benefits for retired employees. For the year ended September 30, 2010, the total retiree health care premiums paid by the County, including the Clerk's operations, were approximately \$ 2,331,890.

F – RELATED PARTY TRANSACTIONS

Transactions with the Polk County Board of County Commissioners for the year ended September 30, 2010 were as follows:

Budget Appropriation - The General Fund of the Clerk received funds for non-court related and accounting services in the amount of \$3,566,243 during the year ended September 30, 2010.

G – RISK MANAGEMENT

The Clerk participates in the risk management program through the Polk County Board of County Commissioners under a local government risk management pool. The risk management program provides for property, automobile and workers' compensation insurance.

COMBINING SCHEDULES

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF FIDUCIARY
ASSETS AND LIABILITIES – ALL AGENCY FUNDS
September 30, 2010**

	County Court Fund	Registry of Court Fund	Jury and Witness Fund	Domestic Relations Fund	Tax Deed Fund	Intangible Tax and Documentary Stamp Fund	County Court/ Civil Court Fund	Cash Bonds Fund	Other Agency Fund	Totals
ASSETS										
Equity in pooled cash and investments, at fair value	\$ 2,162,997	\$ 4,348,712	\$ 55,344	\$ 292,585	\$ 122,252	\$ 79,777	\$ 82,753	\$ 1,290,307	\$ 1,110,029	\$ 9,544,756
LIABILITIES										
Due to State of Florida	\$ 668,118	\$ -	\$ -	\$ -	\$ -	\$ 79,777	\$ -	\$ -	\$ 826,660	\$ 1,574,555
Due to Board of County Commissioners	491,722	-	-	-	-	-	-	-	114,806	606,528
Due to municipalities	91,435	-	-	-	-	-	-	-	-	91,435
Due to others	911,722	-	-	292,585	122,252	-	82,753	-	168,563	1,577,875
Deposits, Registry of the Court	-	4,348,712	-	-	-	-	-	-	-	4,348,712
Deposits, witness fees	-	-	55,344	-	-	-	-	-	-	55,344
Deposits, other	-	-	-	-	-	-	-	1,290,307	-	1,290,307
	<u>\$ 2,162,997</u>	<u>\$ 4,348,712</u>	<u>\$ 55,344</u>	<u>\$ 292,585</u>	<u>\$ 122,252</u>	<u>\$ 79,777</u>	<u>\$ 82,753</u>	<u>\$ 1,290,307</u>	<u>\$ 1,110,029</u>	<u>\$ 9,544,756</u>

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year Ended September 30, 2010**

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
COUNTY COURT FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 2,221,046	\$ 15,274,799	\$ 15,332,848	\$ 2,162,997
LIABILITIES:				
Due to State of Florida	\$ 669,374	\$ 8,022,022	\$ 8,023,278	\$ 668,118
Due to Board of County Commissioners	401,756	5,328,211	5,238,245	491,722
Due to municipalities	88,033	1,061,256	1,057,854	91,435
Due to others	1,061,883	863,310	1,013,471	911,722
	<u>\$ 2,221,046</u>	<u>\$ 15,274,799</u>	<u>\$ 15,332,848</u>	<u>\$ 2,162,997</u>
REGISTRY OF COURT FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 5,569,706	\$ 30,452,779	\$ 31,673,773	\$ 4,348,712
LIABILITIES:				
Deposits, Registry of the Court	\$ 5,569,706	\$ 30,452,779	\$ 31,673,773	\$ 4,348,712
JURY AND WITNESS FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 66,876	\$ 62,078	\$ 73,610	\$ 55,344
LIABILITIES:				
Deposits, witness fees	\$ 66,876	\$ 62,078	\$ 73,610	\$ 55,344

(continued)

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES – ALL AGENCY FUNDS (continued)
Year Ended September 30, 2010**

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
DOMESTIC RELATIONS FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 291,620	\$ 3,195,344	\$ 3,194,379	\$ 292,585
LIABILITIES:				
Due to others	\$ 291,620	\$ 3,195,344	\$ 3,194,379	\$ 292,585
 TAX DEED FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 190,013	\$ 856,239	\$ 924,000	\$ 122,252
LIABILITIES:				
Due to others	\$ 190,013	\$ 856,239	\$ 924,000	\$ 122,252
 INTANGIBLE TAX AND DOCUMENTARY STAMP FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 87,451	\$ 22,599,001	\$ 22,606,675	\$ 79,777
LIABILITIES:				
Due to State of Florida	\$ 87,451	\$ 22,599,001	\$ 22,606,675	\$ 79,777

(continued)

**CLERK OF THE CIRCUIT COURT
POLK COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES – ALL AGENCY FUNDS (concluded)
Year Ended September 30, 2010**

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
COUNTY COURT / CIVIL COURT FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 82,753	\$ 978	\$ 978	\$ 82,753
LIABILITIES:				
Due to others	\$ 82,753	\$ 978	\$ 978	\$ 82,753
CASH BONDS FUND				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 1,031,597	\$ 2,380,512	\$ 2,121,802	\$ 1,290,307
LIABILITIES:				
Deposits, other	\$ 1,031,597	\$ 2,380,512	\$ 2,121,802	\$ 1,290,307
OTHER AGENCY FUNDS				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 1,592,449	\$ 12,836,320	\$ 13,318,740	\$ 1,110,029
LIABILITIES:				
Due to State of Florida	\$ 1,083,308	\$ 10,553,377	\$ 10,810,025	\$ 826,660
Due to Board of County Commissioners	120,353	1,470,031	1,475,578	114,806
Due to others	388,788	812,912	1,033,137	168,563
	<u>\$ 1,592,449</u>	<u>\$ 12,836,320</u>	<u>\$ 13,318,740</u>	<u>\$ 1,110,029</u>
TOTALS - AGENCY FUNDS				
ASSETS:				
Equity in pooled cash and investments, at fair value	\$ 11,133,511	\$ 87,658,050	\$ 89,246,805	\$ 9,544,756
LIABILITIES:				
Due to State of Florida	\$ 1,840,133	\$ 41,174,400	\$ 41,439,978	\$ 1,574,555
Due to Board of County Commissioners	522,109	6,798,242	6,713,823	606,528
Due to municipalities	88,033	1,061,256	1,057,854	91,435
Due to others	2,015,057	5,728,783	6,165,965	1,577,875
Deposits, Registry of the Court	5,569,706	30,452,779	31,673,773	4,348,712
Deposits, witness fees	66,876	62,078	73,610	55,344
Deposits, other	1,031,597	2,380,512	2,121,802	1,290,307
	<u>\$ 11,133,511</u>	<u>\$ 87,658,050</u>	<u>\$ 89,246,805</u>	<u>\$ 9,544,756</u>

SUPPLEMENTAL REPORTS

**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***

The Honorable Richard M. Weiss
Clerk of the Circuit Court
Polk County, Florida

We have audited the special-purpose financial statements of the Clerk of the Circuit Court, Polk County, Florida (Clerk), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 3, 2011. 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, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting

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.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's special-purpose 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*.

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

The NCT Group CPAs, LLP

March 3, 2011

MANAGEMENT LETTER

The Honorable Richard M. Weiss
Clerk of the Circuit Court
Polk County, Florida

We have audited the special-purpose financial statements of the Clerk of the Circuit Court, Polk County, Florida (Clerk), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 3, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated March 3, 2011, 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 govern the conduct of local governmental entity audits performed in the State of Florida. This letter is required to include the following information, which is not included in the aforementioned auditor's report:

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

Section 10.554(1)(i)2., Rules of Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk 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 audit, we did not have any such recommendations.

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we noted the following recommendation:

Status of Prior Year Findings

Material Weakness and Significant Deficiency:

2009-1 Material Audit Adjustment

Finding:

During the course of the audit, we noted certain investments were not properly stated at fair value. A material audit adjustment was required to be posted to adjust pooled cash and investments to the correct value.

Recommendation:

We recommend that the client establish procedures to ensure that equity in pooled cash is stated at the proper value prior to the commencement of the audit.

Current year status:

We noted in the current year that investments were properly stated at fair value.

Current Year Findings

There were no current year findings

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of their reporting entity be disclosed in the management letter, unless disclosed in the notes to the special-purpose financial statements. See Note A in the Notes to the Special-Purpose Financial Statements.

Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Clerk and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



March 3, 2011