

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2017

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2017**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – COURT FUND	7
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULES	
COMBINING SCHEDULE OF FIDUCIARY NET POSITION – AGENCY FUNDS	25
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – AGENCY FUNDS	26
OTHER REPORTS	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	29
MANAGEMENT LETTER	31
INDEPENDENT ACCOUNTANTS' REPORT	33

INDEPENDENT AUDITORS' REPORT

Honorable Stacy M. Butterfield
Clerk of the Circuit Court
Polk County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Polk County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2017, and the respective changes in financial position and the budgetary comparisons for the General Fund and the Court Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Polk County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Polk County, Florida as of September 30, 2017, 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 this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

Other 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 combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are 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 combining statements and individual financial statements and schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 17, 2018 on our consideration of the Polk County Clerk internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Clerks' 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.



CliftonLarsonAllen LLP

Lakeland, Florida
January 17, 2018

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	General	Court	Records Modernization	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,820,044	\$ 5,489,135	\$ 3,864,373	\$ 11,173,552
Due from Polk County, Florida				
Board of County Commissioners	29,642	-	-	29,642
Due from Other Governments	62,058	-	-	62,058
Accounts Receivables	4,978	-	-	4,978
	<u>1,916,722</u>	<u>5,489,135</u>	<u>3,864,373</u>	<u>11,270,230</u>
Total Assets	<u>\$ 1,916,722</u>	<u>\$ 5,489,135</u>	<u>\$ 3,864,373</u>	<u>\$ 11,270,230</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers Payable	\$ 25,995	\$ 22,818	\$ 457	\$ 49,270
Accrued Liabilities	134,917	382,293	28,924	546,134
Due to Polk County, Florida				
Board of County Commissioners	1,701,646	5,918	666	1,708,230
Due to Other Governments	54,164	1,628,891	-	1,683,055
Unearned Revenue	-	23,246	-	23,246
Deposits	-	3,425,969	-	3,425,969
Total Liabilities	<u>1,916,722</u>	<u>5,489,135</u>	<u>30,047</u>	<u>7,435,904</u>
FUND BALANCES				
Restricted Court-Related Technology	-	-	2,089,406	2,089,406
Restricted Records Modernization	-	-	1,744,920	1,744,920
Total Fund Balances	<u>-</u>	<u>-</u>	<u>3,834,326</u>	<u>3,834,326</u>
	<u>\$ 1,916,722</u>	<u>\$ 5,489,135</u>	<u>\$ 3,864,373</u>	<u>\$ 11,270,230</u>
Total Liabilities and Fund Balances	<u>\$ 1,916,722</u>	<u>\$ 5,489,135</u>	<u>\$ 3,864,373</u>	<u>\$ 11,270,230</u>

See accompanying Notes to Financial Statements.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	General	Court	Records Modernization	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 425,961	\$ 827,168	\$ -	\$ 1,253,129
Charges for Services	1,110,375	6,676,344	20,457	7,807,176
Fines and Forfeitures	-	5,090,546	537,074	5,627,620
Recording Fees	2,267,358	-	1,319,118	3,586,476
Interest	42,833	182,681	40,739	266,253
Miscellaneous	68,246	23,800	-	92,046
Total Revenues	<u>3,914,773</u>	<u>12,800,539</u>	<u>1,917,388</u>	<u>18,632,700</u>
EXPENDITURES				
General Government:				
Salaries and Benefits	4,699,981	10,598,528	768,856	16,067,365
Operating	1,631,275	727,646	452,137	2,811,058
Capital Outlay	289,469	-	90,108	379,577
Total Expenditures	<u>6,620,725</u>	<u>11,326,174</u>	<u>1,311,101</u>	<u>19,258,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,705,952)	1,474,365	606,287	(625,300)
OTHER FINANCING SOURCES (USES)				
Transfer In From Polk County, Florida				
Board of County Commissioners	4,159,941	-	-	4,159,941
Excess Fees Returned to the State of Florida	-	(1,474,365)	-	(1,474,365)
Excess Fees Returned to Polk County, Florida				
Board of County Commissioners	(1,453,989)	-	-	(1,453,989)
Total Other Financing Sources (Uses)	<u>2,705,952</u>	<u>(1,474,365)</u>	<u>-</u>	<u>1,231,587</u>
NET CHANGE IN FUND BALANCES	-	-	606,287	606,287
Fund Balances - Beginning of Year	-	-	3,228,039	3,228,039
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,834,326</u>	<u>\$ 3,834,326</u>

See accompanying Notes to Financial Statements.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 360,500	\$ 360,500	\$ 425,961	\$ 65,461
Charges for Services	1,123,300	1,123,300	1,110,375	(12,925)
Recording Fees	2,122,700	2,122,700	2,267,358	144,658
Interest	30,100	30,100	42,833	12,733
Miscellaneous	57,600	57,600	68,246	10,646
Total Revenues	<u>3,694,200</u>	<u>3,694,200</u>	<u>3,914,773</u>	<u>220,573</u>
EXPENDITURES				
General Government:				
Salaries and Benefits	4,896,282	4,896,282	4,699,981	196,301
Operating	1,636,028	1,636,028	1,631,275	4,753
Capital Outlay	31,000	311,000	289,469	21,531
Total Expenditures	<u>6,563,310</u>	<u>6,843,310</u>	<u>6,620,725</u>	<u>222,585</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,869,110)	(3,149,110)	(2,705,952)	443,158
OTHER FINANCING SOURCES (USES)				
Transfer In From Polk County, Florida				
Board of County Commissioners	4,159,941	4,159,941	4,159,941	-
Excess Fees Returned to Polk County, Florida				
Board of County Commissioners	(1,290,831)	(1,010,831)	(1,453,989)	(443,158)
Total Other Financing Sources (Uses)	<u>2,869,110</u>	<u>3,149,110</u>	<u>2,705,952</u>	<u>(443,158)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – COURT FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 813,249	\$ 813,249	\$ 827,168	\$ 13,919
Charges for Services	6,064,000	6,063,999	6,676,344	612,345
Fines and Forfeitures	4,321,000	4,333,926	5,090,546	756,620
Interest	115,000	115,000	182,681	67,681
Miscellaneous	-	-	23,800	23,800
Total Revenues	<u>11,313,249</u>	<u>11,326,174</u>	<u>12,800,539</u>	<u>1,474,365</u>
EXPENDITURES				
General Government:				
Salaries and Benefits	10,762,610	10,598,528	10,598,528	-
Operating	<u>550,639</u>	<u>727,646</u>	<u>727,646</u>	<u>-</u>
Total Expenditures	<u>11,313,249</u>	<u>11,326,174</u>	<u>11,326,174</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,474,365	1,474,365
OTHER FINANCING SOURCES (USES)				
Excess Fees Returned to State of Florida	-	-	<u>(1,474,365)</u>	<u>(1,474,365)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,474,365)</u>	<u>(1,474,365)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS
SEPTEMBER 30, 2017**

ASSETS

Cash and Cash Equivalents	<u>\$ 13,924,068</u>
---------------------------	----------------------

LIABILITIES

Due to State of Florida	\$ 1,059,229
Due to Polk County, Florida Board of County Commissioners	506,251
Due to Municipalities	125,554
Due to Others	4,607,400
Deposits, Registry of the Court	6,454,079
Deposits, Witness Fees	44,097
Deposits, Other	<u>1,127,458</u>

Total Liabilities	<u>\$ 13,924,068</u>
-------------------	----------------------

See accompanying Notes to Financial Statements.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 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 (the 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.

The Clerk's financial statements have been prepared for the purpose of complying with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Clerk as of September 30, 2017 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

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.

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 general operations of the Clerk are funded through the fees charged to third parties and budget appropriations from the Polk County, Florida, Board of County Commissioners. The court operations of the Clerk are funded through fee and fines charged to third parties and funding from the Florida Clerk of Court Operations Corporation. The record modernization operations of the Clerk are fund through recording fees.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation

These fund financial statements are prepared in conformity with the reporting guidelines established by the GASB and accounting practices prescribed by the Auditor General of the State of Florida. These financial statements present only the portion of the funds of Polk County, Florida that are attributable to the Clerk. They are not intended to present fairly the financial position and results of operations of Polk County, Florida in conformity with accounting principles generally accepted in the United States of America.

The Clerk reports the following major funds:

General Fund – The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Clerk, which are not accounted for in another fund. All operating revenue not specifically restricted or designated as to use, is recorded in the general fund.

Court Fund – The Court Fund is used to account for all court-related financial resources. Based on the legal opinion provided by Clerks of Court Operations Corporation general counsel of the provisions of Section 28.35 and Section 28.37(3), *Florida Statutes*, which were adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governments.

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(5), *Florida Statutes*.

Additionally, the Clerk reports the following fund type:

Agency Funds - The agency funds account for all assets held by the Clerk in 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 and have measurement focus. Agency funds are accounted for using a full accrual basis of accounting.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Statement of Revenues, Expenditures, and Changes in Fund Balances 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, intergovernmental revenues are considered susceptible to accrual when they are both measurable and available.

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

Use of Estimates

The preparation of the financial statements requires management of the Clerk to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from estimates.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Formal budgetary integration is employed as a management control device during the year for the General Fund and Court Fund. There is no legal requirement to adopt a budget for the Records Modernization Fund.

General Fund

The budget for the General Fund is prepared, adopted and administered in accordance with Sections 129.03 and 218.35, *Florida Statutes*. Section 28.36 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.

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.

Court Fund

The budget for the Court Fund shall further conform to the following requirements:

1. On or before June 1 of each year beginning in 2014, the proposed budget shall be prepared, summarized, and submitted to the Florida Clerks of Court Operations Corporation (CCOC) in the manner and form prescribed by the CCOC. The proposed budget must provide detailed information on the anticipated revenues available and expenditures necessary for the performance of the court-related functions of the Clerk's office for the county fiscal year beginning October 1.
2. The proposed budget must be balanced such that the total of the estimated revenues available equals or exceeds the total of the anticipated expenditures. Such revenues include revenue projected to be received from fees, service charges, costs, and fines for court-related functions during the fiscal period covered by the budget. The anticipated expenditures must be itemized as required by the CCOC.
3. If the Clerk estimates that available funds plus projected revenues from fines, fees, service charges, and costs for court-related services are insufficient to meet the anticipated expenditures for the standard list of court-related functions performed by the Clerk's office, the Clerk must report the revenue deficit to the CCOC.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

The CCOC shall verify that the proposed budget is limited to the standard list of court-related functions. If the CCOC verifies that a revenue deficit is projected, the CCOC shall certify a revenue deficit and notify the Department of Revenue that the Clerk is authorized to retain revenues, in an amount necessary to fully fund the projected revenue deficit, which he or she would otherwise be required to remit to the Department of Revenue for deposit into the department's Clerks of the Court Trust Fund pursuant. If a revenue deficit is projected for that clerk after retaining all of the projected collections from the court-related fines, fees, service charges, and costs, the corporation shall certify the amount of the revenue deficit to the Executive Office of the Governor and request release authority for funds from the department's Clerks of the Court Trust Fund.

Accrued Compensated Absences

Full-time 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 Years Plus	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 hired prior to December 28, 2004 at the rate of two days per calendar year 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.

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>
0-2 Years	0%
3-5 Years	25%
6-10 Years	30%
11-15 Years	35%
16-20 Years	40%
21 Years Plus	50%

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Compensated Absences (Continued)

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 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 Comprehensive Annual Financial Report of Polk County, Florida for the entire county and are not reflected in these statements.

Other Postemployment Benefit Obligations

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which was implemented by Polk County, Florida for the year ended September 30, 2008, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. The Clerk's employees are included as part of the Postemployment 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, and 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. For the year ended September 30, 2017, the Clerk remitted \$1,453,989 to the Board of County Commissioners, Polk County, Florida.

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.

Capital Assets

Capital assets purchased by the Clerk are recorded as capital outlay expenditures. Ownership of all capital assets is vested in the Polk County, Florida Board of County Commissioners as provided by Chapter 274, *Florida Statutes*. The Clerk's policy is to capitalize expenditures for assets with a life of more than one year and cost of greater than \$1,000.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

All funds participate in the pooled cash program for the purpose of maximizing interest income. The earnings of the pool are allocated on a monthly basis to individual funds based upon their average monthly balance in the pool.

Fund Balance and Spending Policies

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The following are the definitions of the fund balance classifications:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the Clerk. As the Clerk is an elected official responsible for the activities of the Clerk's office, she is the highest level of decision making authority and any official order from the Clerk would be required to authorize commitment of fund balance.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used or specific purposes.

Unassigned — all other spendable amounts.

The Clerk has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when a general fund expenditure is incurred and where restricted, committed, assigned, or unassigned amounts are available to be used, the Clerk will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts. All other funds in which fund expenditure is incurred and where restricted, committed, assigned, or unassigned amounts are available to be used, the Clerk will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Chapter 218, Florida Statutes

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 revenue and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on an accounting principles generally accepted in the United States of America basis reflect any revenue or expenditures 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 the 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, 2013 with Senate Bill 1500, the Clerks are allotted a statewide budget that is allocated across the 67 Clerks by the Clerk of Courts Operations Corporation. Clerk's whose budgeted revenue is less than this budget allocation receive the expected shortfall in a 1/12th appropriation monthly. If a Clerk collects revenue in excess of 1/12th of their allocation in any month they must remit the excess by the 20th of the following month. Unspent revenue must be remitted at the end of the fiscal year.

NOTE 2 CASH AND CASH EQUIVALENTS

Deposits

At September 30, 2017, the Clerk's book balance of pooled cash was \$25,097,620. The bank balances in qualified depositories totaled \$28,526,755. 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.

Custodial Credit Risk and Interest Rate 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*. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 3 LONG TERM LIABILITIES

The following is a summary of the changes in long-term liabilities which are reported in the basic financial statements of Polk County, Florida.

	October 1, 2016	Additions	Deletions	September 30, 2017
Accrued Compensated Absences	\$ 1,211,683	\$ 1,198,878	\$ 1,275,814	\$ 1,134,747

Of these liabilities, \$918,746 is expected to be paid during the fiscal year ending September 30, 2018. These long-term liabilities are not reported in the financial statements of the Clerk since they have not matured.

NOTE 4 CAPITAL ASSETS

Capital assets used by the Polk County, Florida Clerk of Circuit Court in operations is reported in the basic financial statements of the County. The Clerk transferred \$2,374 in assets and \$2,374 in related depreciation to the Board of County Commissioners in fiscal year 2017. The Clerk maintains custodial responsibility for capital assets used by the office.

The following is a summary of changes in capital assets:

	October 1, 2016	Additions	Disposals	Transfers	September 30, 2017
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 152,980	\$ 234,708	\$ -	\$ (127,575)	\$ 260,113
Capital Assets Being Depreciated:					
Buildings and Improvements	10,130	-	-	-	10,130
Equipment	331,534	105,912	(66,973)	-	370,473
Furniture	612,987	6,158	(43,258)	1,164	577,051
IT Equipment	871,240	32,799	(294,483)	(3,538)	606,018
Software	6,566,890	-	-	127,575	6,694,465
Total Capital Assets Being Depreciated	8,392,781	144,869	(404,714)	125,201	8,258,137
Less Accumulated Depreciation:					
Buildings and Improvements	7,766	1,013	-	-	8,779
Equipment	250,895	27,728	(61,073)	-	217,550
Furniture	576,835	9,289	(40,857)	1,164	546,431
IT Equipment	684,005	75,078	(293,409)	(3,538)	462,136
Software	5,686,474	287,918	-	-	5,974,392
Total Accumulated Depreciation	7,205,975	401,026	(395,339)	(2,374)	7,209,288
Total Capital Assets, Net	\$ 1,339,786	\$ (21,449)	\$ (9,375)	\$ -	\$ 1,308,962

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5 PENSION PLAN

Background

The Florida Retirement System (FRS) was created by Chapter 121, *Florida Statutes*, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, *Florida Statutes*, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, *Florida Statutes*; Chapter 112, Part IV, *Florida Statutes*; Chapter 238, *Florida Statutes*; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS 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 are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS 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, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, *Florida Statutes*, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

Benefits Provided

Benefits under the FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2017, 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, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan

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

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. 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 (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS 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 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2017, 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.

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 FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Clerk contributions made to the plans during the years ended September 30, 2017, 2016, and 2015 were \$1,022,911, \$1,060,874, and \$1,068,403 respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in Polk County’s comprehensive annual financial report.

NOTE 6 OPERATING LEASES

As of September 30, 2017, the Clerk has several cancelable and non-cancelable operating leases. The operating leases generally provide for automatic termination in any year in which the Clerk fails to appropriate funds for lease payments. Lease and rental expenditures under cancelable and non-cancelable lease arrangements as well as various month to month rental agreements for the year ended September 30, 2017, were \$33,890. The following is a schedule of future minimum lease payments required under non-cancelable leases:

<u>September 30,</u>	
2018	\$ 79,311
2019	59,707
Total	<u>\$ 139,018</u>

NOTE 7 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB PLAN)

As described in Note 1, the County provides certain health care benefits for retired employees. For the year ended September 30, 2017, the total retiree health care premiums paid by the County, including the Clerk’s operations, were approximately \$3,664,734.

NOTE 8 RELATED-PARTY TRANSACTIONS

Transactions with the Polk County Board of County Commissioners for the year ended September 30, 2017 were as follows:

Budget Appropriation – The General Fund of the Clerk received revenues in the amount of \$4,159,941 for the year ended September 30, 2017, from the Polk County, FL Board of County Commissioners. The Clerk also has receivables from the Polk County, FL Board of County Commissioners in the amount of \$29,642 as of September 30, 2017.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 RELATED-PARTY TRANSACTIONS (CONTINUED)

As of September 30, 2017, the Clerk has additional payables to the Polk County, FL Board of County Commissioners in the amount of \$2,214,481.

Due to Polk County, Florida Board of County Commissioners		
General - Excess Fees	\$	1,453,989
General - Other Payable		247,657
Court - Other Payable		5,918
Records Modernization - Other Payable		666
Agency - Fines and Forfeiture		506,251
Total	\$	2,214,481

NOTE 9 COMMITMENTS AND CONTINGENCIES

Litigation

Various suits and claims arising in the ordinary course of operations, some of which may involve substantial amounts, are pending against the Clerk. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Clerk, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Clerk or the results of its operations.

Contingencies

No accrual has been made in the financial statements for contingencies related to claims not yet asserted, because the amount cannot be reasonably estimated. In management's opinion, any such claims, if asserted, would not have a material adverse effect on the operations or financial position of the Clerk.

Grant Programs

The Clerk participates in a number of Federal. Grant programs are subject to financial and compliance audits by the grantors or their representatives. The grantor audits of all programs for or including the year ended September 30, 2017 have not been completed.

Accordingly, the Clerk's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies, cannot be determined at this time although the Clerk expects such amounts, if any, to be immaterial.

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10 RISK MANAGEMENT

The Clerk participates in the risk management program through the Polk County, Florida Board of County Commissioners under a local government risk management pool. The County is exposed to various risk of loss related to theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. A self-insurance program is effectively maintained by the County to administer insurance activities related to workers' compensation insurance, general and employment practices liability, auto liability and health. The County's self-insurance program covers operations of the Board of County Commissioners and the constitutional officers. Under the program, the County has retention limits for each type of claim, which is covered by commercial insurance purchased by the County. The insurance coverages are summarized below.

<u>Claim Type</u>	<u>County Coverage (deductible/self-insured amount)</u>	<u>Excess Carrier's Coverage</u>
Property	Deductible \$250,000 except for as below: Named Windstorm 2% of TIV with \$4,000,000 maximum \$10,000 Builders Risk- Utilities	\$150,000,000 Named Windstorm \$ 25,000,000 Earthquake Aggregate \$ 20,000,000 Flood Aggregate \$ 10,000,000 Flood Aggregate (zones A & V)
General & Employment Practices Liability	\$1,000,000 Self-insured Retention	\$7,000,000 Per Occurrence \$14,000,000 Aggregate
Auto Liability	Sovereign immunity limits only: \$200,000 any one person \$300,000 any one claim	\$7,000,000 Per Occurrence \$14,000,000 Aggregate
Employee Health	\$900,000 Self-insured Retention	Unlimited Stop Loss
Workers Compensation	\$1,250,000 Self-insured Retention \$1,000,000 Employers Liability	Workers Compensation – Statutory Employers Liability – No Excess Coverage

SUPPLEMENTARY INFORMATION - COMBINING SCHEDULES

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF FIDUCIARY
NET POSITION – AGENCY FUNDS
SEPTEMBER 30, 2017**

	County Court	Registry of Court	Jury and Witness	Domestic Relations	Tax Deed	Intangible Tax and Documentary	County Court/ Civil Court	Cash Bonds	Other Agency Funds	Total Agency Funds
ASSETS										
Cash and Cash Equivalents	\$ 2,457,349	\$ 6,454,079	\$ 44,097	\$ 370,043	\$ 2,691,642	\$ 195,754	\$ 72,612	\$ 1,127,458	\$ 511,034	\$ 13,924,068
LIABILITIES										
Due to State of Florida	\$ 679,512	\$ -	\$ -	\$ -	\$ -	\$ 195,754	\$ -	\$ -	\$ 183,963	\$ 1,059,229
Due to Polk County, Florida										
Board of County Commissioners	401,052	-	-	-	-	-	-	-	105,199	506,251
Due to Municipalities	125,554	-	-	-	-	-	-	-	-	125,554
Due to Others	1,251,231	-	-	370,043	2,691,642	-	72,612	-	221,872	4,607,400
Deposits, Registry of the Court	-	6,454,079	-	-	-	-	-	-	-	6,454,079
Deposits, Witness Fees	-	-	44,097	-	-	-	-	-	-	44,097
Deposits, Other	-	-	-	-	-	-	-	1,127,458	-	1,127,458
Total Liabilities	\$ 2,457,349	\$ 6,454,079	\$ 44,097	\$ 370,043	\$ 2,691,642	\$ 195,754	\$ 72,612	\$ 1,127,458	\$ 511,034	\$ 13,924,068

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION – AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	October 1, 2016	Additions	Deductions	September 30, 2017
<u>COUNTY COURT FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 2,333,902	\$ 16,773,737	\$ 16,650,290	\$ 2,457,349
LIABILITIES				
Due to State of Florida	\$ 684,938	\$ 8,840,929	\$ 8,846,355	\$ 679,512
Due to Polk County, Florida				
Board of County Commissioners	394,285	5,046,489	5,039,722	401,052
Due to Municipalities	115,234	1,576,925	1,566,605	125,554
Due to Others	1,139,445	1,309,394	1,197,608	1,251,231
	<u>\$ 2,333,902</u>	<u>\$ 16,773,737</u>	<u>\$ 16,650,290</u>	<u>\$ 2,457,349</u>
<u>REGISTRY OF COURT FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 7,010,979	\$ 44,568,915	\$ 45,125,815	\$ 6,454,079
LIABILITIES				
Deposits, Registry of the Court	\$ 7,010,979	\$ 44,568,915	\$ 45,125,815	\$ 6,454,079
<u>JURY AND WITNESS FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 29,301	\$ 67,000	\$ 52,204	\$ 44,097
LIABILITIES				
Deposits, Witness Fees	\$ 29,301	\$ 67,000	\$ 52,204	\$ 44,097
<u>DOMESTIC RELATIONS FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 358,403	\$ 3,399,740	\$ 3,388,100	\$ 370,043
LIABILITIES				
Due to Others	\$ 358,403	\$ 3,399,740	\$ 3,388,100	\$ 370,043

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION – AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	October 1, 2016	Additions	Deductions	September 30, 2017
<u>TAX DEED FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 2,542,272	\$ 3,763,920	\$ 3,614,550	\$ 2,691,642
LIABILITIES				
Due to Others	\$ 2,542,272	\$ 3,763,920	\$ 3,614,550	\$ 2,691,642
 <u>INTANGIBLE TAX AND DOCUMENTARY STAMP FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 169,197	\$ 93,656,103	\$ 93,629,546	\$ 195,754
LIABILITIES				
Due to State of Florida	\$ 169,197	\$ 93,656,103	\$ 93,629,546	\$ 195,754
 <u>COUNTY COURT / CIVIL COURT FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 72,612	\$ 120	\$ 120	\$ 72,612
LIABILITIES				
Due to Others	\$ 72,612	\$ 120	\$ 120	\$ 72,612
 <u>CASH BONDS FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 859,076	\$ 1,847,569	\$ 1,579,187	\$ 1,127,458
LIABILITIES				
Deposits, Other	\$ 859,076	\$ 1,847,569	\$ 1,579,187	\$ 1,127,458

**POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION – AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	October 1, 2016	Additions	Deductions	September 30, 2017
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 602,901	\$ 4,835,185	\$ 4,927,052	\$ 511,034
LIABILITIES				
Due to State of Florida	\$ 268,703	\$ 124,227	\$ 208,967	\$ 183,963
Due to Polk County, Florida				
Board of County Commissioners	129,082	3,113,835	3,137,718	105,199
Due to Others	205,116	1,597,123	1,580,367	221,872
	<u>\$ 602,901</u>	<u>\$ 4,835,185</u>	<u>\$ 4,927,052</u>	<u>\$ 511,034</u>
<u>TOTALS - AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 13,978,643	\$ 168,912,289	\$ 168,966,864	\$ 13,924,068
LIABILITIES				
Due to State of Florida	\$ 1,122,838	\$ 102,621,259	\$ 102,684,868	\$ 1,059,229
Due to Polk County, Florida				
Board of County Commissioners	523,367	8,160,324	8,177,440	506,251
Due to Municipalities	115,234	1,576,925	1,566,605	125,554
Due to Others	4,317,848	10,070,297	9,780,745	4,607,400
Deposits, Registry of the Court	7,010,979	44,568,915	45,125,815	6,454,079
Deposits, Witness Fees	29,301	67,000	52,204	44,097
Deposits, Other	859,076	1,847,569	1,579,187	1,127,458
	<u>\$ 13,978,643</u>	<u>\$ 168,912,289</u>	<u>\$ 168,966,864</u>	<u>\$ 13,924,068</u>

INDEPENDENT AUDITORS' 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*

Honorable Stacy M. Butterfield
Clerk of the Circuit Courts
Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and aggregate remaining information of the Polk County, Florida Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated January 17, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free 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.



CliftonLarsonAllen LLP

Lakeland, Florida
January 17, 2018

MANAGEMENT LETTER

Honorable Stacy M. Butterfield
Clerk of the Circuit Court
Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Polk County, Florida Clerk of the Circuit Court (the Clerk), as of and for the fiscal year ended September 30, 2017 and have issued our report thereon dated January 17, 2018.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' 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 Accountants' 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 January 17, 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 findings and recommendations reported in the preceding 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. See Note 1 in the notes to the financial statements.

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 did not have any such recommendations.

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 Clerk and applicable management, and is not intended to be and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Lakeland, Florida
January 17, 2018



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT

Honorable Stacy M. Butterfield
Clerk of Circuit Courts
Polk County, Florida

We have examined the Polk County, Florida Clerk of the Circuit Court's (the Clerk's) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds; Section 61.181, *Florida Statutes*, regarding alimony and child support payments; and Sections 28.35 and 28.36, *Florida Statutes*, regarding clerks of court performance standards and budgets, for the year ended September 30, 2017. 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 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, 2017.

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.

CliftonLarsonAllen LLP

Lakeland, Florida
January 17, 2018