

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

FINANCIAL STATEMENTS

Year Ended September 30, 2016

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MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

Report on the Financial Statements

We have audited the accompanying financial statements of the Osceola County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clerk'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 Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Clerk as of September 30, 2016, the respective changes in financial position, and the respective budgetary comparisons for the General Fund, Public Records Modernization Trust Fund, and Public Records Information Technology Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Osceola County, Florida, as of September 30, 2016, 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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 30, 2017

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2016

	General Fund	Public Records Modernization Trust Fund	Public Records Information Technology Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 1,338,774	\$ 2,381,796	\$ 874,251	\$ 4,594,821
Due from other funds	20,000	-	-	20,000
Due from other governments	101,122	-	-	101,122
Prepays	2,712	-	-	2,712
Total assets	<u>\$ 1,462,608</u>	<u>\$ 2,381,796</u>	<u>\$ 874,251</u>	<u>\$ 4,718,655</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 6,278	\$ -	\$ -	\$ 6,278
Accrued liabilities	378,281	-	-	378,281
Due to other county units	613,152	-	-	613,152
Due to other governments	238,779	-	-	238,779
Unearned revenue	226,118	-	-	226,118
Total liabilities	<u>1,462,608</u>	<u>-</u>	<u>-</u>	<u>1,462,608</u>
Fund balances:				
Nonspendable	2,712	-	-	2,712
Restricted for records modernization	-	2,381,796	-	2,381,796
Restricted for information technology	-	-	874,251	874,251
Unassigned	(2,712)	-	-	(2,712)
Total fund balances	<u>-</u>	<u>2,381,796</u>	<u>874,251</u>	<u>3,256,047</u>
Total liabilities and fund balances	<u>\$ 1,462,608</u>	<u>\$ 2,381,796</u>	<u>\$ 874,251</u>	<u>\$ 4,718,655</u>

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS**

Year Ended September 30, 2016

	General Fund	Public Records Modernization Trust Fund	Public Records Information Technology Fund	Total Governmental Funds
Revenues				
Intergovernmental	\$ 8,524,015	\$ -	\$ -	\$ 8,524,015
Fees, fines and service charges	3,324,720	575,632	802,906	4,703,258
Investment earnings	-	5,425	2,325	7,750
Miscellaneous	4,975	-	-	4,975
Total revenues	11,853,710	581,057	805,231	13,239,998
Expenditures				
Current				
General government:				
Personal services	9,535,208	974,528	-	10,509,736
Operating	1,141,830	161,305	-	1,303,135
Capital outlay	11,958	15,910	-	27,868
Total expenditures	10,688,996	1,151,743	-	11,840,739
Excess (deficiency) of revenues over expenditures	<u>1,164,714</u>	<u>(570,686)</u>	<u>805,231</u>	<u>1,399,259</u>
Other financing sources (uses)				
Transfers in	1,088,050	-	-	1,088,050
Transfers out:				
Osceola County Board of County Commissioners	(613,152)	-	-	(613,152)
Interfund	-	(285,143)	(802,907)	(1,088,050)
Remittances to Florida Department of Revenue	(1,639,612)	-	-	(1,639,612)
Total other financing sources (uses)	(1,164,714)	(285,143)	(802,907)	(2,252,764)
Net change in fund balances	-	(855,829)	2,324	(853,505)
Fund balances, at beginning of year	-	3,237,625	871,927	4,109,552
Fund balances, at end of year	\$ -	\$ 2,381,796	\$ 874,251	\$ 3,256,047

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS

September 30, 2016

Assets

Cash	\$ 16,024,052
Accounts receivable	242,737
Total assets	<u>\$ 16,266,789</u>

Liabilities

Due to other funds	\$ 20,000
Due to other county units	329,193
Due to other governments	1,863,149
Deposits	14,054,447
Total liabilities	<u>\$ 16,266,789</u>

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL -
GENERAL FUND**

Year Ended September 30, 2016

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 7,049,961	\$ 7,049,961	\$ 8,524,015	\$ 1,474,054
Fees, fines and service charges	4,609,125	4,609,125	3,324,720	(1,284,405)
Miscellaneous	-	-	4,975	4,975
Total revenues	<u>11,659,086</u>	<u>11,659,086</u>	<u>11,853,710</u>	<u>194,624</u>
Expenditures				
Current				
General government:				
Personal services	9,692,407	9,692,407	9,535,208	157,199
Operating	1,760,201	1,760,201	1,141,830	618,371
Capital outlay	<u>206,478</u>	<u>206,478</u>	<u>11,958</u>	<u>194,520</u>
Total expenditures	<u>11,659,086</u>	<u>11,659,086</u>	<u>10,688,996</u>	<u>970,090</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,164,714</u>	<u>1,164,714</u>
Other financing sources (uses)				
Transfers in	-	-	1,088,050	1,088,050
Transfers out:				
Osceola County Board of County Commissioners	-	-	(613,152)	(613,152)
Interfund	-	-	-	-
Remittances to Florida Department of Revenue	<u>-</u>	<u>-</u>	<u>(1,639,612)</u>	<u>(1,639,612)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,164,714)</u>	<u>(1,164,714)</u>
Net change in fund balances	-	-	-	-
Fund balances, at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL -
PUBLIC RECORDS MODERNIZATION TRUST FUND**

Year Ended September 30, 2016

	Public Records Modernization Trust Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees, fines and service charges	\$ -	\$ -	\$ 575,632	\$ 575,632
Investment earnings	-	-	5,425	5,425
Total revenues	-	-	581,057	581,057
Expenditures				
Current				
General government:				
Personal services	-	-	974,528	(974,528)
Operating	-	-	161,305	(161,305)
Capital outlay	-	-	15,910	(15,910)
Total expenditures	-	-	1,151,743	(1,151,743)
Excess of revenues over expenditures	-	-	(570,686)	(570,686)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out:				
Interfund	(285,143)	(285,143)	(285,143)	-
Total other financing sources (uses)	(285,143)	(285,143)	(285,143)	-
Net change in fund balances	(285,143)	(285,143)	(855,829)	(570,686)
Fund balances, at beginning of year	-	-	3,237,625	3,237,625
Fund balances, at end of year	\$ (285,143)	\$ (285,143)	\$ 2,381,796	\$ 2,666,939

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

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL -
PUBLIC RECORDS INFORMATION TECHNOLOGY FUND**

Year Ended September 30, 2016

	Public Records Information Technology Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				
Fees, fines and service charges	\$ -	\$ -	\$ 802,906	\$ 802,906
Investment earnings	-	-	2,325	2,325
Total revenues	-	-	805,231	805,231
Expenditures				
Current				
General government:				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	805,231	805,231
Other financing sources (uses)				
Transfers out:				
Interfund	(802,907)	(802,907)	(802,907)	-
Total other financing sources (uses)	(802,907)	(802,907)	(802,907)	-
Net change in fund balances	(802,907)	(802,907)	2,324	805,231
Fund balances, at beginning of year	-	-	871,927	871,927
Fund balances, at end of year	\$ (802,907)	\$ (802,907)	\$ 874,251	\$ 1,677,158

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

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

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Osceola County (the “County”) is a political subdivision of the State of Florida located in the central portion of the state. The County was established under Article VIII, Section (1), *Constitution of the State of Florida*. The County operates under a Home Rule Charter.

The Clerk of the Circuit Court (the “Clerk”) is an elected Constitutional Officer of the County. For financial statement and reporting purposes, the Clerk is a separate constitutional officer, as provided by Chapter 218, Florida Statutes. However, the Clerk does not meet the definition of a legally separate organization and is not considered to be a component unit. Accordingly, the Clerk is considered to be part of the primary government of the County and the financial activities of the Clerk are included as such in the County’s annual financial report, along with the other Constitutional Officers and the Osceola County Board of County Commissioners (the “Board”). The financial statements contained herein represent the financial transactions of the Clerk only. There are no component units for the Clerk to consider for inclusion in the fund financial statements.

The Clerk is a fee officer whose operating budget is funded solely from fees, fines, and service charges relating to various statutory court and non-court services provided by the office. No funds are received from the Board other than applicable fees.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

These financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (“GASB”) and are presented to comply with the requirements of Section 218.39, Florida Statutes, and Section 10.557(3) of the *Rules of the Auditor General for Local Governmental Entity Audits*.

Fund Accounting

The financial activities of the Clerk are recorded in separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent, and the means by which spending activities are controlled.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

The purpose of the Clerk's various funds are categorized and described as follows:

Governmental Fund Types:

General Fund

The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Clerk that are not required either legally or by accounting principles generally accepted in the United States of America to be accounted for in another fund. The General Fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources, rather than upon net income determination).

Special Revenue Funds

Public Records Modernization Trust Fund – This fund accounts for the proceeds of specific revenue sources pursuant to Florida Statute 28.24(12)(d), that are legally restricted to expenditures for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the Clerk's public records systems.

Public Records Information Technology Fund – This fund accounts for the proceeds of specific revenue sources pursuant to Florida Statute 28.24(12)(e), that are legally restricted to expenditures for court-related technology needs.

Fiduciary Fund Type:

Agency Funds – The Agency Funds account for the assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. A statement of net assets is presented for the Agency Fund. However, a statement of changes in net assets is not presented since there are no operations in the Agency Fund, only assets and liabilities.

Basis of Accounting

Basis of accounting refers to the method by which revenues and expenditures are recognized in the accounts and reported in the fund financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Governmental Funds and Agency Funds are maintained on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they are received in cash or when they are considered both measurable and available and, as such, are susceptible to accrual. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Clerk considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenues are considered susceptible to accrual: intergovernmental revenue, charges for services, and interest earned. Intergovernmental revenue, consisting of a cost reimbursement grant, is recognized as revenue as the related expenditures are incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

During the 2009 legislative session, the Florida Legislature reduced statewide funding for clerks' budgets. The Legislature changed any future budget to a State fiscal year of July 1 to June 30. The Clerk's funding process was also changed to an appropriation from the State of Florida (the "State"), rather than the existing revenue model. All court revenues will be collected and disbursed monthly to the State. The fiscal year for the Clerk continues to be from October 1 to September 30, and any unexpended appropriation for the Clerk's budget is rolled into the subsequent State's fiscal year.

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes. Formal budgetary integration is employed as a management control device during the year for the Clerk's General Fund. Appropriations lapse at the close of the fiscal year to the extent they have not been expended, except for the Clerk's funds, which lapse at the end of the State's fiscal year on June 30. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The Clerk follows these procedures in establishing the budgetary data reflected in the financial statements:

Section 218.35 of the Florida Statutes provides the budget requirements for county fee officers and refers to budget requirements of Section 28.36 of the Florida Statutes for court-related functions of the Clerk. The budget must be balanced and segregated by funds. The proposed budget is required to be filed with the county governing authority by September 1 preceding the fiscal year of the budget. Subsequent balanced budget amendments relating to non-court operations may be approved by the Clerk.

Section 28.36 of the Florida Statutes requires the Clerk to prepare a separate budget for the court-related functions of the Clerk. Only those functions specified by Section 28.35(3)(a) of the Florida Statutes may be funded from court-related fees, service charges, court costs, and fines retained by the Clerk. The proposed budget is filed with the Clerk's Operations Corporation (the "Corporation") by October 1 preceding the fiscal year of the budget, in the format required by the Corporation. The Corporation verifies that the proposed budget is limited to court-related functions. Section 28.36 also defines the maximum annual budget permitted. With the 2009 legislative changes, the Corporation submits a legislative budget request for all clerks that will result in an appropriation by the Florida Legislature.

Increases to the court functions budget must be submitted to and approved by the Corporation. Transfers of approved budget funds between accounts and appropriation categories (personal services, operating expenses, capital outlay, and non-operating) may be approved by the Clerk.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect the Clerk's original adopted budget and the final budget with all amendments approved by the Clerk or the Corporation. Budgetary authority is exercised at the fund level. Revenues and expenditures for the Public Records Modernization Trust Fund and the Public Records Information Technology Fund were budgeted in the current year in the General Fund. Expenditures for the Public Records Modernization Trust Fund are authorized on a five-year budget in the Public Records Modernization Trust Fund Report. The amounts included in the budgetary comparison statement reflect actual amounts spent in the current year. The total amounts available to be budgeted for the Public Records Modernization Trust Fund and the Public Records Information Technology Fund for the current year were \$354,293 and \$1,862,207, respectively.

Investments

Investments in external investment pools that follow Securities and Exchange Commission ("SEC") Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Capital Assets

Capital assets purchased in the Governmental Fund Types are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Clerk is reported to and recorded by the Board as capital assets, at cost, in the statement of net assets in the government-wide financial statements of the County. The Clerk maintains custodial responsibility for the capital assets used by the Clerk.

Compensated Absences

Employees accrue vacation leave based on their employment date or seniority date and length of employment. They may accrue from 12 to 22.5 days of vacation per year. Annual leave in excess of 30 days is forfeited on December 31 following the end of the fiscal year. Employees are not paid for vacation leave in lieu of taking a vacation. An employee is paid for earned vacation leave only upon separation of employment.

Employees earn one day of sick leave for each month of employment. Upon separation, employees who have at least 20 years of continuous service will be paid for all accrued hours of sick leave. Employees with less than 20 years and two or more years of continuous service will be paid for all hours in excess of 40 hours.

The Clerk uses the vesting method to calculate the liability for compensated absences. The Clerk does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the statement of net assets in the government-wide financial statements of the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers In and Out

The Clerk collects fees pursuant to Section 28.24(12)(e), Florida Statutes, that are legally restricted to expenditures for court-related information technology needs. These fees are accounted for in a special revenue fund. The amount needed to fund the General Fund’s court-related information technology expenditures is recorded as a transfer in by the General Fund and as a transfer out by the special revenue fund on the financial statements of the Clerk. Unexpended amounts are transferred back to the special revenue fund at the end of the fiscal year.

In accordance with Section 218.36, Florida Statutes, all general fund non-court-related revenues in excess of non-court-related expenditures during the fiscal year are distributed to the Board within 31 days following the end of the fiscal year. Accordingly, such amounts are recorded as liabilities due to other county units and as transfers out to the Board on the financial statements of the Clerk.

Fund Balance

In accordance with accounting principles generally accepted in the United States of America, the Clerk classified governmental fund balances as follows:

Nonspendable Fund Balance - represents fund balance that is (a) not in a spendable form, such as prepaid items and inventories, or (b) legally or contractually required to be maintained intact, such as an endowment. There was a \$2,715 nonspendable fund balance at September 30, 2016.

Restricted Fund Balance - consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources. There was \$2,381,795 restricted fund balance for the Special Revenue Public Modernization Trust Fund and \$874,251 for the Special Revenue Fund Public Records Information Technology Fund at September 30, 2016.

Unassigned Fund Balance - represents the residual classification or fund balance and includes all spendable amounts not contained within the other classifications of the General Fund. There was a (\$2,715) unassigned fund balance at September 30, 2016.

NOTE 2 – CASH AND INVESTMENTS

As of September 30, 2016, the Clerk had the following in cash and investments:

	<u>Carrying Amount</u>
Cash on Hand	\$ 13,410
Deposits in Qualified Public Depositories	19,582,239
Florida PRIME	<u>1,023,224</u>
Total Cash and Investments	<u>\$ 20,618,873</u>

NOTE 2 – CASH AND INVESTMENTS (*Continued*)

Credit Risk

The Clerk's investment practices are governed by Section 218.415(17), Florida Statutes, and include the following investments:

1. The Florida PRIME (formerly the Local Government Surplus Trust Funds Investment Pool) administered by the State Board of Administration, or any authorized intergovernmental investment pool;
2. SEC-registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories; and
4. Direct obligations of the U.S. Treasury.

The Clerk does not have an investment policy that would further limit its investment choices.

Florida PRIME is administered by the Florida State Board of Administration ("SBA"). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the *Florida Administrative Code*, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General, performs the operational audit of the activities and investments of the SBA. The fair value of the Clerk's position in the pool approximates the value of pool shares. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poor's. The weighted average days to maturity of the Florida PRIME at September 30, 2016, are 60 days or less.

As of September 30, 2016, the Clerk's Public Records Special Revenue Funds had \$1,023,224 invested in SBA.

The SBA issues separate financial statements that may be obtained from its website, <https://www.sbafla.com/prime>, or by calling (850) 488-4406.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the government's deposits may not be returned to it or the organization may not be able to recover the value of its investments that are in possession of an outside party.

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories.

The Clerk's deposits are, therefore, considered fully insured or collateralized. Bank balances at September 30, 2016 were \$21,844,792.

NOTE 3 – EMPLOYEES’ RETIREMENT AND BENEFIT PLANS

Retirement Plan

The Clerk’s employees participate in the Florida Retirement System (“FRS”), a multiple-employer, cost-sharing, defined-benefit retirement system, administered by the Florida Department of Administration. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the state of Florida.

For financial reporting purposes, the Clerk is deemed to be part of the primary government of Osceola County, Florida. Effective October 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. A liability, if any, related to the Clerk’s proportionate share of the FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of Osceola County, Florida for the fiscal year ended September 30, 2016.

Funding Policy

The contributions paid for the years ended September 30, 2016 through 2014, were \$665,932, \$628,874, and \$575,334, respectively, which is equal to the required contribution for each year.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to \$195,824, \$195,505, and \$171,150 for the fiscal years ended September 30, 2016 through 2014, respectively, which were equal to the required contribution for each fiscal year.

NOTE 4 – LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities of the Clerk is as follows:

	Balance			Balance
	October 1, 2015	Additions	Retirements	September 30, 2016
Liability for compensated absences	\$ 484,817	\$ 779,492	\$ 805,424	\$ 458,885

Of the \$458,885 liability for accrued compensated absences, management estimates that \$299,310 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since they are not payable from available resources at September 30, 2016. As discussed in Note 1, they are reported in the statement of net assets in the government-wide financial statements of the County.

NOTE 5 – OTHER POST-EMPLOYMENT BENEFITS

The Clerk participates in the County’s plan covering other post-employment benefits. For a detailed plan description and any liability for employees of the Clerk, see the Osceola County, Florida Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016.

NOTE 6 – RISK MANAGEMENT

Osceola County maintains a self-insured risk management program that provides for coverage of risks of loss related to workers’ compensation claims. This fund is administered by a third-party administrator. The Clerk makes payments to the County based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2016 was \$18,477. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at September 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 20,000	\$ -
Fiduciary: Other Civil	-	20,000
Total all funds	<u>\$ 20,000</u>	<u>\$ 20,000</u>

The General Fund carries a \$20,000 balance due from the Other Civil Agency Fund, which is not expected to be repaid within the subsequent fiscal year. The balance was created as a result of the General Fund providing a cash reserve for the Other Civil Agency Fund’s returned checks for child support payments. Additionally, the Public Modernization Trust Fund had a wire transfer due to General Funds to be repaid within the subsequent fiscal year.

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The Clerk has evaluated subsequent events through March 30, 2017, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS**

Year Ended September 30, 2016

	<u>Balance September 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2016</u>
Recording Agency Fund				
Assets:				
Cash	\$ 4,850,440	\$ 58,332,219	\$ (57,244,333)	\$ 5,938,326
Accounts receivable	81,539	32,559,624	(32,467,977)	173,186
Total assets	<u>\$ 4,931,979</u>	<u>\$ 90,891,843</u>	<u>\$ (89,712,310)</u>	<u>\$ 6,111,512</u>
Liabilities:				
Due to other county units	\$ 70,577	\$ 4,998,823	\$ (4,993,098)	\$ 76,302
Due to other governments	504,802	45,761,329	(45,159,287)	1,106,844
Deposits	4,356,600	13,710,951	(13,139,184)	4,928,367
Total liabilities	<u>\$ 4,931,979</u>	<u>\$ 64,471,103</u>	<u>\$ (63,291,569)</u>	<u>\$ 6,111,513</u>
Fine & Forfeiture Agency Fund				
Assets:				
Cash	\$ 1,315,991	\$ 16,704,756	\$ (16,719,065)	\$ 1,301,682
Accounts receivable	41,167	8,146,414	(8,151,044)	36,537
Total assets	<u>\$ 1,357,158</u>	<u>\$ 24,851,170</u>	<u>\$ (24,870,109)</u>	<u>\$ 1,338,219</u>
Liabilities:				
Due to other funds	\$ -	\$ 10,405,063	\$ (10,405,063)	\$ -
Due to other county units	322,953	3,593,057	(3,663,384)	252,626
Due to other governments	525,603	6,408,072	(6,414,736)	518,939
Deposits	508,602	1,568,366	(1,510,314)	566,654
Total liabilities	<u>\$ 1,357,158</u>	<u>\$ 21,974,558</u>	<u>\$ (21,993,497)</u>	<u>\$ 1,338,219</u>
County Circuit/Civil Agency Fund				
Assets:				
Cash	\$ 198,810	\$ 4,891,584	\$ (4,928,034)	\$ 162,360
Accounts receivable	11,331	4,059,994	(4,052,561)	18,764
Total assets	<u>\$ 210,141</u>	<u>\$ 8,951,578</u>	<u>\$ (8,980,595)</u>	<u>\$ 181,124</u>
Liabilities:				
Due to other county units	\$ 80	\$ 94,824	\$ (94,639)	\$ 265
Due to other governments	188,908	2,345,544	(2,363,459)	170,993
Deposits	21,153	42,689	(53,977)	9,865
Total liabilities	<u>\$ 210,141</u>	<u>\$ 2,483,057</u>	<u>\$ (2,512,075)</u>	<u>\$ 181,123</u>

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS (Continued)**

Year Ended September 30, 2016

	<u>Balance September 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2016</u>
Bond Holding Agency Fund				
Assets:				
Cash	\$ 362,398	\$ 917,779	\$ (992,886)	\$ 287,291
Total assets	<u>\$ 362,398</u>	<u>\$ 917,779</u>	<u>\$ (992,886)</u>	<u>\$ 287,291</u>
Liabilities:				
Due to other governments	\$ 1	\$ 60,354	\$ (29,392)	\$ 30,963
Deposits	362,397	917,861	(1,023,930)	256,328
Total liabilities	<u>\$ 362,398</u>	<u>\$ 978,215</u>	<u>\$ (1,053,322)</u>	<u>\$ 287,291</u>
Tax Deeds Agency Fund				
Assets:				
Cash	\$ -	\$ 67,545	\$ (67,545)	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 63,571	\$ (63,571)	\$ -
Deposits	-	131,116	(131,116)	-
Total liabilities	<u>\$ -</u>	<u>\$ 194,687</u>	<u>\$ (194,687)</u>	<u>\$ -</u>
Other Civil Agency Fund				
Assets:				
Cash	\$ 5,681,619	\$ 37,109,282	\$ (34,456,508)	\$ 8,334,393
Accounts receivable	14,759	-	(509)	14,250
Total assets	<u>\$ 5,696,378</u>	<u>\$ 37,109,282</u>	<u>\$ (34,457,017)</u>	<u>\$ 8,348,643</u>
Liabilities:				
Due to other funds	\$ 19,363	\$ 628,710	\$ (628,073)	\$ 20,000
Due to other governments	60,389	961,746	(986,725)	35,410
Deposits	5,616,626	36,340,654	(33,664,047)	8,293,233
Total liabilities	<u>\$ 5,696,378</u>	<u>\$ 37,931,110</u>	<u>\$ (35,278,845)</u>	<u>\$ 8,348,643</u>
Total				
Assets:				
Cash	\$ 12,409,258	\$ 118,023,165	\$ (114,408,371)	\$ 16,024,052
Accounts receivable	148,796	44,766,032	(44,672,091)	242,737
Total assets	<u>\$ 12,558,054</u>	<u>\$ 162,789,197</u>	<u>\$ (159,080,462)</u>	<u>\$ 16,266,789</u>
Liabilities:				
Due to other funds	\$ 19,363	\$ 11,033,773	\$ (11,033,136)	\$ 20,000
Due to other county units	393,610	8,686,704	(8,751,121)	329,193
Due to other governments	1,279,703	55,600,616	(55,017,170)	1,863,149
Deposits	10,865,378	52,711,637	(49,522,568)	14,054,447
Total liabilities	<u>\$ 12,558,054</u>	<u>\$ 128,032,730</u>	<u>\$ (124,323,995)</u>	<u>\$ 16,266,789</u>



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Osceola County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated March 30, 2017.

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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of current and prior year findings and recommendations as items 2015-002 and 2013-008 to be significant deficiencies.

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year findings and recommendations as item 2016-001.

Clerk's Response to Findings

The Clerk's responses to the findings identified in our audit are described in the accompanying schedule of current and prior years' findings and recommendations. The Clerk's responses were not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We noted certain other matters that we reported to management in a separate letter dated March 30, 2017.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 30, 2017



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

We have examined the Osceola County, Florida Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Sections 28.35, 28.36, 61.181 and 218.415, Florida Statutes, during the year ended September 30, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 30, 2017



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

We have audited the financial statements of the Osceola County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 30, 2017.

Auditor's Responsibility

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

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 30, 2017, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Except for the findings reported in the accompanying schedule of current and prior year findings and recommendations. Audit findings 2015-002 and 2013-008 were included in the second and fourth preceding fiscal year financial audit reports, respectively.

Official Title and Legal Authority

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

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Current year recommendations were reported in the accompanying schedule of current and prior year findings and recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. Current year recommendations were reported in the accompanying schedule of current and prior year findings and recommendations.

To the Honorable Armando Ramirez,
Osceola County, Florida Clerk of the Circuit Court

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

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida

March 30, 2017

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

Fiscal Year Ended September 30, 2016

Current Year:

Type: Material Weakness

2016-001 COMPLIANCE WITH FLORIDA STATUTES

Condition: In the current year, the Clerk reported personnel benefit-related expenditures from the Public Records Modernization Trust Fund (the “Fund”). Florida Statutes, Section 28.24(d), restricts the use of the proceeds in this Fund to expenditures for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the Clerk’s public records systems. This Fund also includes proceeds collected according to Florida Statutes, Section 28.37(5), which is restricted to court-related costs. While Florida Statute 28.37(5) allows for a limited portion of personnel costs to be paid from such proceeds, the reported expenditures appear to exceed the statutory limit. Management has represented to us and the Fund appears to show cash balances in excess of the budget amount from unrestricted funds included in the Fund carryforward balances. Management has also indicated that this excess cash balance is a surplus or reserve amount from an accumulation of revenue sources from prior years and prior administrations with no documentation to substantiate that the amounts fall within the criteria described in Florida Statutes, Section 28.37(5). We are unable to apply appropriate audit procedures to verify this circumstance. In addition, Florida Statute 28.37 related to expenditures were not fully reported in the “Clerk’s Monthly Court Expenditure and Collections Report” (“EC-Report”) due to the nature of these funds being reported as expenditures from the unrestricted funds previously mentioned and not the EC-Report.

Criteria: The Clerk should use the proceeds generated, as set forth in Florida Statutes, Section 28.24(d) and 28.37(5), for only the restricted purposes set forth therein. Any unrestricted funds will need to be segregated and detailed on a separate account.

Cause: A management decision was made to pay employment related benefits using the excess cash resources in this Fund from the unrestricted funds.

Effect: Without being able to verify the source of the cash balance, we are unable to apply appropriate audit procedures to determine whether the Clerk’s expenditure falls within the parameters of Florida law.

Recommendation: We recommend that the Clerk’s management research the excess cash in the Fund to try to trace the origin from prior years. This may entail reviewing audit reports back to the inception of the Fund.

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS *(Continued)***

Fiscal Year Ended September 30, 2016

Current Year: *(Continued)*

Management Response:

- 1) The Clerk's office has reviewed all available audit trails since September 30, 2004, and has concluded that the surplus funds were unrestricted funds, were, therefore, properly disbursed. The Clerk's Finance Department reviewed with the Auditor that the surplus balance had been carried forward prior to the 2004 audit and no additional backup was available. Florida Statutes, Section 28.37, allows for a portion of personnel costs to be paid from such court-related proceeds. The amount of the Six Hundred Eight Thousand One Hundred Sixty-seven and 0/100 Dollars (\$608,167.00) was disbursed in this instance, an amount that is not over the statutory limit. The amount of One Hundred Ninety-one Thousand Eight Hundred Thirty-three and 0/100 Dollars (\$191,833) was used from unrestricted, cash and investments balances carried forward prior to 2004 for the additional personnel benefit-related expenditures. The balance of such surplus funds as of September 30, 2004 was Four Hundred Ninety-eight Thousand Nine Hundred Forty-eight and 0/100 Dollars (\$498,948).
- 2) The total expenditures were not included in the EC Report for the current year, as these funds were used from unrestricted surplus funds and not from the FY1516 approved budget public record modernization statutory limit.
- 3) For FY1617 accounts will be in the profit and loss statement of the public modernization record as follows: Fund 102 for expenses and revenues related to public modernization record (\$1.50); Fund 103 for expenses and revenues related to public modernization trust fund (\$1.90) and Fund 104 for expenses and revenues related to public record 10%. The surplus funds will be included in Fund 102 and 103 as previously shown and audited.

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS (Continued)**

Fiscal Year Ended September 30, 2016

Prior Year:

Finding Number	Description	Resolved	Partially Resolved	Not Resolved	Finding Type
2015-001	Accounts Payable	X			
2015-002	Purchasing Cards			X	Significant Deficiency
2013-001	Cash Reconciliation	X			
2013-003	Excess Fee payment	X			
2013-008	Budget Process			X	Significant Deficiency

Type: Significant Deficiency

2015-002 PURCHASING CARDS

Condition: During our testing of purchasing card transactions, we noted several transactions paid without any indication that transactions had been properly reviewed or approved.

Criteria: Internal controls are only effective when properly designed and operating as intended; therefore, monitoring internal controls helps ensure that internal controls continue to be effective. Monitoring should be designed to identify and correct weaknesses in internal controls.

Cause: Management and employees are not monitoring and reviewing purchases made using purchasing cards.

Effect: Lack of monitoring purchases made with a purchasing card could lead to unauthorized purchases and a misappropriation of the Clerk's assets.

Recommendation: We recommend that the Clerk require documentation of supervisory approval for all purchases made using purchasing cards.

Current Year Status: In the current year, we noted improvement in the purchasing card procedures. However, not all transactions have proper authorization prior to expenditure. We consider this finding to be partially resolved.

Management Response:

The Clerks' office followed County's purchasing card policy and all transactions required were approved as required in accordance therewith. There are transactions that do not have prior authorization because of the authority of the purchaser i.e., the Clerk and/or the Chief Deputy Clerk and the nature of the expenditure and payment at the time of payment of the expense was incurred. A template has been created as of February 1, 2017 to be signed by the requestor and signed by the Executive and/or Finance Director. Based on our current knowledge, all P-card transactions were submitted to the County with proper backup, no transactions were outside of the policy established and there was no misappropriation of the Clerk's assets.

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF CURRENT AND PRIOR YEAR
FINDINGS AND RECOMMENDATIONS *(Continued)***

Fiscal Year Ended September 30, 2016

Prior Year: *(Continued)*

Type: Significant Deficiency

2013-008 BUDGET PROCESS

Condition: During our testing of the Clerk's budget, we noted that the Finance Department did not post the budget information to the accounting system.

Criteria: Posting the approved budget to the accounting system is a control process to enable management to properly monitor the Clerk's financial activities. The budgeted information will not allow the Clerk's expenditures to exceed the approved amount for each financial line item without proper approval.

Cause: Management did not post the Clerk's approved budget to the accounting system.

Effect: Management has no control over the expenditures that exceed the approved budget amount.

Recommendation: We recommend that the approved budget be posted to the accounting system and proper documentation be implemented for each amendment.

Current Year Status: The Clerk's office implemented the budget process in the prior year into its accounting system for the general fund only. However, we noted no policies or procedures in place to monitor the actual expenses with its related budget line items to ensure payments were made within the approved budget. We consider this finding not resolved in the current year.

Management's Response:

1. The Clerk's office followed and implemented the budget process in FY1516 for the general fund only, which included all funds categorized by department/fund. The Court approved budget for the Clerk's office allows the Clerk to move funds as necessary to cover court expenditures so long as the Clerk is not over the total budget line items for the current year. The Public Modernization record had budget line amounts in the general fund's public modernization account at year end and the expenses were reclassified, in total, correctly. The Clerk's office has adjusted the current year budget to segregate general ledger funds and public modernization funds into their own financial statements as discussed with our Auditors this year.
2. The Clerk will adopt a procedure for Finance to monitor and follow effective for FY1617.