POLK COUNTY, FLORIDA
PROPERTY APPRAISER

FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS

YEAR ENDED SEPTEMBER 30, 2022

POLK COUNTY, FLORIDA
PROPERTY APPRAISER
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YEAR ENDED SEPTEMBER 30, 2022

INDEPENDENT AUDITORS' REPORT

Honorable Marsha M. Faux
Property Appraiser
Polk County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the general fund of the Polk County, Florida Property Appraiser (Property Appraiser), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser as of September 30, 2022, and the changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Property Appraiser 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 financial statements are intended to present the financial position, the changes in financial position of only that portion of the general fund information of Polk County, Florida that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Polk County, Florida as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
January 20, 2023

POLK COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2022

ASSETS	
Cash	$ 1,134,267
Accounts Receivable	62,966
Prepaid Items	81,503
Total Assets	$ 1,278,736
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	$ 24,542
Due to Polk County, Florida Board of County Commissioners	861,446
Due to Other Special Taxing Districts	23,571
Accrued Liabilities	369,177
Total Liabilities	1,278,736
FUND BALANCE	
Nonspendable	81,503
Unassigned	(81,503)
Total Fund Balance	-
Total Liabilities and Fund Balance	$ 1,278,736

See accompanying Notes to Financial Statements.

POLK COUNTY, FLORIDA
PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget			Variance with Final Budget - Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Board of County Commissioners	$ 10,546,575	$ 10,549,637	$ 10,549,637	$ -
Special Taxing Districts	288,588	288,672	288,672	-
Interest	-	-	36,542	36,542
Miscellaneous	-	-	477,631	477,631
Total Revenues	10,835,163	10,838,309	11,352,482	514,173
EXPENDITURES				
General Government:				
Personal Services	9,444,883	9,448,029	9,228,889	219,140
General Operating	1,314,305	1,314,305	1,055,757	258,548
Capital Outlay	75,975	75,975	483,676	(407,701)
Debt Service:				
Principal	-	-	106,818	(106,818)
Interest	-	-	6,921	(6,921)
Total Expenditures	10,835,163	10,838,309	10,882,061	(43,752)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	470,421	470,421
OTHER FINANCING USES				
Distribution of Excess Fees to Polk County, Florida Board of County Commissioners	-	-	(861,446)	(861,446)
Leases	-	-	414,596	414,596
Distribution of Excess Fees to Special Taxing Districts	-	-	(23,571)	(23,571)
Total Other Financing Uses	-	-	(470,421)	(470,421)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Polk County, Florida Property Appraiser (Property Appraiser) conform to accounting principles, as applicable to governmental units generally accepted in the United States of America. The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and footnotes in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

Reporting Entity

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

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

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

The Property Appraiser is an elected official of the County pursuant to Article 8, Section 1(d), of the Constitution of the State of Florida. For financial statement and reporting purposes, the Property Appraiser does not meet the definition of a legally separate organization and is not considered to be a component unit. The Property Appraiser is considered to be a part of the primary government of Polk County, Florida (the County).

The financial activities of the Property Appraiser, as a constitutional officer are included in the Polk County, Florida Annual Comprehensive Financial Report.

Measurement Focus, Basis of Accounting, and Basis of Presentation

These 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 allows the Property Appraiser to only present fund financial statements. These financial statements present only the portion of the funds of Polk County, Florida that are attributable to the Property Appraiser. 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 (GAAP).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Fund

The accounting records are organized for reporting purposes on the basis of a governmental fund. The Property Appraiser's only governmental fund is the general fund. The general fund is used to account for the general operations of the Property Appraiser.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accounts of the governmental funds use the current financial resources measurement focus and are maintained on the modified accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or when they are considered both measurable and available and, as such, are susceptible to accrual. For this purpose, the Property Appraiser considers revenues to be available if they are collected within 60 days after year-end.

Fund Balance and Spending Policies

In accordance with the Governmental Accounting Standards Board (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.

As the Property Appraiser is an elected official responsible for the activities of the Property Appraiser's office, she is the highest level of decision making authority and any official order from the Property Appraiser would be required to authorize commitment of fund balance. Also, the finance director has been given the authority to assign fund balance for a specific purpose.

The Property Appraiser has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states that when an expenditure is incurred and where restricted, committed, assigned, or unassigned amounts are available to be used, the Property Appraiser will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

Budgets and Budgetary Accounting

Chapter 195, Florida Statutes, governs the preparation, adoption and administration of the Property Appraiser's annual budget. The General Fund budget is prepared on a basis consistent with GAAP. Section 129.07, Florida Statutes, provides that only excesses of total fund budgets are unlawful.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

The following are procedures followed in establishing the budget for the Property Appraiser's office:

1. On or before June 1 of each year, the Property Appraiser submits an annual budget for the operation of the office to the State of Florida, Department of Revenue, Ad Valorem Tax Division (the Department). A copy of the budget is also furnished to the Board of County Commissioners. After the budget has been reviewed and approved by the Department, it becomes the operating budget for the ensuing fiscal year.

2. The Property Appraiser's operating budget can only be amended after written approval has been received from the Department.

3. The Department approves all transfers between appropriation categories requested by the Property Appraiser, and this becomes the level of budgetary control for the Property Appraiser's office.

4. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the fiscal year, whenever legally authorized.

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

Accounts Receivable

All receivables are expected to be collected. As such, no allowance has been recorded.

Use of Estimates

The preparation of the fund financial statements is in conformity with GAAP, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the financial statement. Actual results could differ from estimates.

Return of “Excess Fees”

Florida Statutes further provide that the excess of revenues over expenditures held by the Property Appraiser be distributed to each governmental agency or the Board in the same proportion as the fees paid by each governmental agency bear to total fee revenues. The amount of this distribution is recorded as a liability and as an other financing use-transfer out in the accompanying financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased by the Property Appraiser are recorded as capital outlay expenditures. Capital assets are not included in the financial statements of the Property Appraiser because ownership is vested in the Polk County, Florida Board of County Commissioners as provided by Chapter 274, Florida Statutes.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date received. No depreciation expense has been provided on capital assets in these financial statements. However, depreciation expense on these assets is recorded in the basic financial statements of Polk County, Florida.

Accumulated Unpaid Vacation and Sick Pay

Effective January 1, 2014, the Property Appraiser adopted a Paid-Time-Off (PTO) for its vacation and sick leave. The purpose of this change is providing deputies with flexible paid time off from work that can be used for any purpose (illness or vacation). All unused annual leave will carry over and will convert into PTO credits. All unused sick time on, January 1, 2014 converted into “banked sick leave”. The banked sick leave may be used if desired until it is exhausted. Deputies may not take leave without pay in lieu of PTO or banked sick leave. Deputies may not use or be paid for time accrued during the first six months of employment.

Each full time deputy will accrue PTO bi-weekly, except for the last check in a three paycheck month, in hourly increments based on the deputies length of service as follows:

Years of Service	Leave Accrued per Month	Days Per Year
0-4 Years	6.87 Hours	22
5-9 Years	7.81 Hours	25
10-14 Years	8.75 Hours	28
15-19 Years	9.68 Hours	31
20 or More Years	10.93 Hours	35

The maximum accumulation for PTO will be 450 hours in any given payroll year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Unpaid Vacation and Sick Pay (Continued)

Deputies may sell back PTO once a year provided funds are available, if all criteria are met:

1. A minimum of 37.5 hours of scheduled PTO has been taken prior to annual sell back date. This time frame is based on the fiscal year of October through September.

2. No more than 75 hours of unscheduled PTO has been taken prior to annual sell back date. This time frame is based on the fiscal year of October through September.

3. There must be a PTO balance of a minimum of 150 hours after the sell back.

If Polk County Property Appraiser Deputies hired prior to October 1, 1996 and classified as full-time shall receive compensation for banked sick leave upon resignation and/or retirement. Any deputy terminated will not be paid sick leave. Those appointed after October 1, 1996 will not receive compensation for banked sick leave upon resignation or retirement.

A deputy shall not be eligible for compensation according to the schedule unless they have accrued a minimum of 20 days or 150 hours.

Maximum of 800 hours payable to deputies hired prior to January 1, 1987. Maximum of 400 hours payable to deputies hired after January 1, 1987. No sick leave hours payable to deputies hired after October 1, 1996.

Compensation shall be based on the deputy's computed hourly rate at the time of resignation or retirement based on hours on the books the day of resignation. Length of service and percentage payable shall be calculated on continuous service with the Property Appraiser's Office only.

Years of Service	Percentage of Leave Accrued
2-5 Years	25%
6-10 Years	30%
11-15 Years	35%
16-20 Years	40%
20 or More Years	50%

The Property Appraiser does not, nor is legally required to, accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the general fund of the Property Appraiser, but rather reported in the basic financial statements of Polk County, Florida.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefit Obligations

The County provides certain health care benefits for retired employees. In accordance with Section 112.0801, Florida Statutes, and as authorized by the County Ordinance 2011-023, effective October 3, 2011, and County Ordinance 2017-037 effective July 25, 2017, the County offers retiring employees enrolled in the County's plans at the time of retirement and their covered dependents the opportunity to continue to participate in health and/or life insurance plans through the County's Retiree Benefits Program. The Property Appraiser participates with Polk County in offering retiring employees the opportunity to continue to participate in the County's health insurance plan. Other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are reported in the financial statements of the County.

Adoption of New Accounting Standards

In June 2017, GASB issued Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Property Appraiser adopted the requirements of the guidance effective October 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

NOTE 2 CUSTODIAL CREDIT RISK

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Property Appraiser will not be able to recover the value of its securities that are in the possession of an outside party.

At September 30, 2022, the Property Appraiser's book balance of cash was $1,134,267 and the bank balance was $1,506,807. The Federal Deposit Insurance Corporation (FDIC) insures the Property Appraiser's bank balances for $250,000 for each banking relationship through December 31, 2022. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Pursuant to Chapter 280, Florida Statutes, the Property deposits are required to be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer. 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.

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2022:

	October 1, 2021	Additions	Deletions	September 30, 2022
Capital Assets:				
Building Improvements	$ 68,373	$ -	$ -	$ 68,373
Equipment	1,827,462	69,080	-	1,896,542
Intangibles	1,530,000	-	-	1,530,000
Right-to-Use Lease Equipment	-	414,596	-	414,596
Total Capital Assets	3,425,835	483,676	-	3,909,511
Less: Accumulated Depreciation:				
Building Improvements	68,373	-	-	68,373
Equipment	1,465,952	133,883	-	1,599,835
Intangibles	1,530,000	-	-	1,530,000
Right-to-Use Lease Equipment	-	306,781	-	306,781
Total Accumulated Depreciation	3,064,325	440,664	-	3,504,989
Total Capital Assets, Net	$ 361,510	$ 43,012	$ -	$ 404,522

NOTE 4 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, 2021	Additions	Deletions	September 30, 2022	Due Within One Year
Accrued Compensated Absences	$ 236,559	$ 655,956	$ (664,993)	$ 227,522	$ 227,522
Lease Liability	-	119,045	-	119,045	69,950
Total Long-Term Liabilities	$ 236,559	$ 775,001	$ (664,993)	$ 346,567	$ 297,472

The long-term liabilities are not reported in the financial statements of the Property Appraiser since they are not payable from available spendable resources, and they have not matured. They are reported in the financial statements of the County.

The Property Appraiser leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2025 and provide renewal options ranging from 12 months to 3 years.

NOTE 5 PENSION PLANS

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 Property Appraiser 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. An annual comprehensive 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' Web site (**www.dms.myflorida.com**).

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.

NOTE 5 PENSION PLANS (CONTINUED)

FLORIDA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight 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 four 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.

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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement 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.

NOTE 5 PENSION PLANS (CONTINUED)

FLORIDA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. 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, 2022, 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.

NOTE 5 PENSION PLANS (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 Annual Comprehensive 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. Property Appraiser 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 0.06% 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 one 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. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, 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 Property Appraiser.

NOTE 5 PENSION PLANS (CONTINUED)

FRS INVESTMENT PLAN (CONTINUED)

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.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Property Appraiser's contributions made to the plans during the years ended September 30, 2022, 2021, and 2020 were $1,010,703, $897,014, and $757,238, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County's annual comprehensive financial report or County-wide financial statements.

NOTE 6 LEASES

The Property Appraiser leases assets for various terms under certain agreements that meet the definition of a lease under GASB Statement No. 87 – *Leases*. Detailed information about the Property Appraiser's leases can be found in the Polk County, Florida Annual Comprehensive Financial Report.

Leases entered into by the Property Appraiser are included as other financing sources and capital outlay expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the year of inception. Payments made in accordance with the lease terms are reported as debt service expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance as they are incurred.

During the year ended September 30, 2022, the Property Appraiser entered into leases in the amount of $414,596 During the year ended September 30, 2022, the Property Appraiser's principal and interest payments on leases totaled $113,739.

NOTE 7 RELATED PARTY TRANSACTIONS

Transactions with the Polk County, Florida Board of County Commissioners for the year ended September 30, 2022, were as follows:

Budget Appropriation – The Polk County, Florida Board of County Commissioners paid fees to the Property Appraiser for the year ended September 30, 2022 in the amount of $10,549,637. Revenues from the Polk County, Florida Board of County Commissioners accounted for 93% of total General Fund revenues. The amount representing excess fees to the Polk County, Florida Board of County Commissioners at September 30, 2022 was $861,446.

Health Insurance – The Board of County Commissioners provides health insurance benefits to the Property Appraiser for employees, their dependents, and retirees. The charges for the services for the year ended September 30, 2022 amounted to $1,452,146.

Other – The Board of County Commissioners and the Clerk of Circuit Court provides other supplies and services to the Property Appraiser. The charges for these supplies and services for the year ended September 30, 2022 amounted to $63,542 and $230, respectively.

NOTE 8 RISK MANAGEMENT

The Property Appraiser participates in the risk management program through the Polk County, Florida Board of County Commissioners under a local government risk management pool. There were no losses reported for the years ended September 30, 2022, 2021, or 2020.

There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded the insurance provided by third party carriers in any of the last three years.

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.

NOTE 8 RISK MANAGEMENT (CONTINUED)

Claim Type	County Coverage (Deductible/Self-insured Amount)	Excess Carrier's Coverage
Property	Deductible $1,000,000 except for as below:	$ 60,000,000 Named Windstorm
		$ 100,000,000 All Other Perils (AOP)
		$ 50,000,000 Builder's Risk
	Named Windstorm 3% of TIV	$ 25,000,000 Earthquake Aggregate
	with $5,000,000 Maximum	$ 20,000,000 Flood Aggregate
	$1,000,000 Builders Risk	$ 10,000,000 Flood Aggregate (zones A & V)
Employment Practices Liability	$ 1,500,000 Self-insurance Retention	$ 5,000,000 Per Occurrence
	Sovereign immunity limits:	$ 10,000,000 Aggregate
	$ 200,000 Any One Person	
	$ 300,000 Any One Claim	
General and Auto Liability	$1,500,000 Self-insured Retention	$ 5,000,000 Per Occurrence
	Sovereign immunity limits:	
	$ 200,000 Any One Person	
	$ 300,000 Any One Claim	
Employee Health	$ 1,000,000 Self-insurance Retention	Unlimited Stop Loss
Workers Compensation	$ 1,500,000 Self-insured Retention	Workers Compensation Statutory
	$ 1,000,000 Employers Liability	Employers Liability - No Excess Coverage

NOTE 9 LITIGATION

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

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

Honorable Marsha M. Faux
Property Appraiser
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 the general fund of Polk County, Florida Property Appraiser (Property Appraiser), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Property Appraiser's basic financial statements, and have issued our report thereon dated January 20, 2023

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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 Property Appraiser'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 Property Appraiser's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
January 20, 2023

CliftonLarsonAllen LLP
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MANAGEMENT LETTER

Honorable Marsha M. Faux
Polk County Property Appraiser
Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of the Polk County, Florida Property Appraiser (Property Appraiser), Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated January 20, 2023.

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 Reporting Requirements

We have issued our 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* 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 and schedule, which are dated January 20, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, we did not have any such findings.

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 notes to the financial statements.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
January 20, 2023

INDEPENDENT ACCOUNTANTS' REPORT

Honorable Marsha M. Faux and the Florida Auditor General
Polk County Property Appraiser
Polk County, Florida

We have examined Polk County, Florida Property Appraiser's (the Property Appraiser) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management of the Property Appraiser is responsible for the Property Appraiser’s compliance with the specified requirements. Our responsibility is to express an opinion on the Property Appraiser’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Property Appraiser’s compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022.

This report is intended solely for the information and use of the Property Appraiser 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

CliftonLarsonAllen LLP

Lakeland, Florida
January 20, 2023