

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mary M. Johnson – Clerk of Courts  
(Effective October 1, 2011 – January 7, 2013)

Honorable Donald Spencer – Clerk of Courts  
(Effective January 8, 2013 to present)

Santa Rosa County, Florida

We have audited the accompanying special-purpose financial statements (hereinafter referred to as “financial statements”) of each major fund and the aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Clerk’s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note A to the financial statements, the special-purpose financial statements consists of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Clerk, nor are they intended to be a complete presentation of the financial position and changes in financial position of Santa Rosa County, Florida, taken as a whole.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Clerk as of September 30, 2012, and the changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2013 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that budgetary comparison information presented on pages 18-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was conducted for the purpose of forming an opinion on the special-purpose fund level financial statements. The accompanying supplementary information, the Combining Statement of Fiduciary Net Assets – All Agency Funds (Combining Statement), is presented for purposes of additional analysis and is not a required part of these special-purpose financial statements. The Combining Statement 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 special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the special-purpose financial statements taken as a whole.

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

*Warren Averett, LLC*

March 21, 2013  
Pensacola, Florida

**Santa Rosa County, Florida Clerk of Courts**  
**BALANCE SHEET - ALL GOVERNMENTAL FUNDS**  
**September 30, 2012**

	Major Funds						Total
	General	Courts	Courts Technology	Records Modernization Trust	10% Fines- PRMTF	Child Support Title IV-D	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 364,429	\$ 166,387	\$ 460,715	\$ 202,510	\$ 380,908	\$ -	\$ 1,574,949
Due from other funds	-	37,600	-	-	-	-	37,600
Due from other governmental units	-	223	85	-	425	37,600	38,333
Total assets	<u>\$ 364,429</u>	<u>\$ 204,210</u>	<u>\$ 460,800</u>	<u>\$ 202,510</u>	<u>\$ 381,333</u>	<u>\$ 37,600</u>	<u>\$ 1,650,882</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 2,480	\$ 1,121	\$ 33,652	\$ -	\$ 6,032	\$ -	\$ 43,285
Accrued wages and salaries	59,608	75,070	3,618	-	-	-	138,296
Due to Board of County Commissioners	246,144	-	1,335	-	-	-	247,479
Due to other Funds	-	-	-	-	-	37,600	37,600
Due to other governmental units	2,986	77,197	-	-	-	-	80,183
Deferred income	53,211	-	-	-	-	-	53,211
Total liabilities	<u>364,429</u>	<u>153,388</u>	<u>38,605</u>	<u>-</u>	<u>6,032</u>	<u>37,600</u>	<u>600,054</u>
<b>FUND BALANCES</b>							
Restricted for state court operations	-	50,822	-	-	-	-	50,822
Restricted for records modernization	-	-	-	202,510	-	-	202,510
Restricted for court equipment and technology	-	-	422,195	-	375,301	-	797,496
Total fund balances	<u>-</u>	<u>50,822</u>	<u>422,195</u>	<u>202,510</u>	<u>375,301</u>	<u>-</u>	<u>1,050,828</u>
Total liabilities and fund balances	<u>\$ 364,429</u>	<u>\$ 204,210</u>	<u>\$ 460,800</u>	<u>\$ 202,510</u>	<u>\$ 381,333</u>	<u>37,600</u>	<u>\$ 1,650,882</u>

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

**Santa Rosa County, Florida Clerk of Courts  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUNDS  
For the year ended September 30, 2012**

	Major Funds						Total
	General	Courts	Courts Technology	Records Modernization Trust	10% Fines- PRMTF	Child Support Title IV-D	
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ 3,092,476	\$ -	\$ -	\$ -	\$ 176,261	\$ 3,268,737
Charges for services	866,399	2,766	279,914	90,713	-	-	1,239,792
Fines and forfeits	-	-	-	-	161,462	-	161,462
Miscellaneous	36,621	-	-	-	-	-	36,621
Total revenues	<u>903,020</u>	<u>3,095,242</u>	<u>279,914</u>	<u>90,713</u>	<u>161,462</u>	<u>176,261</u>	<u>4,706,612</u>
<b>EXPENDITURES</b>							
Current:							
General government:							
Financial and administrative:							
Personal services	1,970,297	-	-	-	4,908	-	1,975,205
Operating	183,919	1,397	-	94,557	9,704	-	289,577
Capital outlay	1,661	-	-	-	33,853	-	35,514
Judicial:							
Personal services	-	2,592,057	-	-	-	176,261	2,768,318
Operating	-	309,313	135,478	-	-	-	444,791
Capital outlay	-	-	125,227	-	-	-	125,227
Total expenditures	<u>2,155,877</u>	<u>2,902,767</u>	<u>260,705</u>	<u>94,557</u>	<u>48,465</u>	<u>176,261</u>	<u>5,638,632</u>
Excess (deficiency) of revenues over expenditures	<u>(1,252,857)</u>	<u>192,475</u>	<u>19,209</u>	<u>(3,844)</u>	<u>112,997</u>	<u>-</u>	<u>(932,020)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Board of County Commissioners appropriation	1,499,001	-	-	-	-	-	1,499,001
Board of County Commissioners unspent revenues	(246,144)	-	-	-	-	-	(246,144)
Payments to Clerks of the Court Trust Fund	-	(166,076)	-	-	-	-	(166,076)
Transfers in	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,252,857</u>	<u>(166,076)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,781</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>26,399</u>	<u>19,209</u>	<u>(3,844)</u>	<u>112,997</u>	<u>-</u>	<u>154,761</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>24,423</u>	<u>402,986</u>	<u>206,354</u>	<u>262,304</u>	<u>-</u>	<u>896,067</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 50,822</u>	<u>\$ 422,195</u>	<u>\$ 202,510</u>	<u>\$ 375,301</u>	<u>\$ -</u>	<u>\$ 1,050,828</u>

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

**Santa Rosa County, Florida Clerk of Courts  
STATEMENT OF FIDUCIARY NET ASSETS -  
AGENCY FUNDS  
September 30, 2012**

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**ASSETS**

Cash and cash equivalents	\$ 1,592,376
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**LIABILITIES**

Accounts payable	35,500
Due to other governmental units	785,617
Deposits	<u>771,259</u>
Total liabilities	<u>1,592,376</u>

**NET ASSETS**

Net assets	<u><u>\$ -</u></u>
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**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows:

**1. Reporting Entity**

The Clerk of the Courts of Santa Rosa County, Florida (the “Clerk”) was established as a constitutional office of Santa Rosa County, Florida (the “County”) by Article VIII, Section 1 (d) of the Constitution of the State of Florida. The Clerk is an elected official of the County and serves as Clerk of the Circuit Court (duties described in Chapter 28, Florida Statutes), Clerk of the County Court (duties described in Chapter 34, Florida Statutes), and Clerk and Accountant to the Santa Rosa County Board of County Commissioners (the “BOCC”) (in this capacity the Clerk is required to keep the minutes of the county commission, keep the accounts of the County, invest county funds, and perform such other duties as provided by law). The Clerk’s office is funded by appropriations from the BOCC and by fees charged for providing court related services. Although the Clerk is operationally autonomous from the BOCC, it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Clerk is considered part of the County’s primary government.

These *special-purpose financial statements* of the Clerk are not intended to be a complete presentation of the financial position and results of operations of the County, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consists of only the *fund level* financial statements as defined in GASB Statement No. 34, and do not include presentations of *government-wide* financial statements of the Clerk.

**2. Fund Accounting**

The accounting system of the Clerk’s office is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE A – SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**2. Fund Accounting -- (Continued)**

The funds utilized by the Clerk are as follows:

**Governmental Funds**

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

The Clerk reports the following major governmental funds:

**General Fund** is used to account for all financial resources that are generated from operations of the office, appropriations from the BOCC, and any other resources not required to be accounted for in another fund.

**Courts Fund** is a special revenue fund used to account for all court-related activities and court-related financial resources of the Clerk.

**Courts Technology Fund** is a special revenue fund used to account for the court-related technology needs of the Clerk.

**Records Modernization Trust Fund** is a special revenue fund used to account for monies collected according to Chapter 28.24, Florida Statutes, to be used exclusively for equipment, personnel training, and technical assistance in modernizing the official records system and to pay for equipment and start-up costs necessitated by a statewide recording system.

**Title IV-D Fund** is a special revenue fund used to account for activities related to Title IV-D child support cases. The funding provides assistance to the plaintiff and enforcement of collections through the Office of Child Support Enforcement.

**10% Fines – Public Records Modernization Trust (PRMT) Fund** is a special revenue fund used to account for 10% of fines collected and retained by the Clerk for supporting court operations.

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE A – SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**2. Fund Accounting -- (Continued)**

**Fiduciary Funds**

The Clerk uses agency funds to account for assets being held in a trustee capacity or for individuals, private organizations, and/or other governments. Assets equal liabilities in agency funds, and results of operations are not measured.

**3. Basis of Accounting**

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. The Clerk considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

**4. Cash and Cash Equivalents**

The Clerk's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**5. Budgets and Budgetary Accounting**

The Clerk establishes annual budgets for its general fund and special revenue funds pursuant to Section 218.35, Florida Statutes. The budget is prepared in two parts. The first part includes the budget for funds necessary to perform court-related functions as provided in Section 28.36, Florida Statutes and must be submitted to and approved by the Florida Clerks of Courts Operations Corporation. The second part includes the budget relating to the requirements of the Clerk as Clerk of the BOCC, county auditor, and custodian or treasurer of all county funds and other county-related duties. The budget is submitted to the BOCC and is incorporated into the overall County budget. The Clerk's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE A – SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**6. Accounting for Capital Assets**

Capital assets (vehicles, equipment, and other tangible property and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and are accounted for in the County's government-wide financial statements.

**7. Compensated Absences**

Employees accumulate a limited amount of earned but unused annual, sick, and compensatory leave which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements. For the governmental fund statements, expenditures are recognized when payments are made to employees.

**8. Unspent Revenue**

Annually, the Clerk must calculate and remit to the Department of Revenue Clerks of Courts Trust Fund the unspent revenues attributable to state funded court-related functions. In addition, the Clerk must also remit to the Board any unspent revenues attributable to non court-related functions. These amounts are reported as due to other governmental units at year-end.

**9. Fund Balances**

Fund balances are classified either as non-spendable or as spendable restricted, committed, assigned, and unassigned based on the extent to which there are external and internal constraints on the spending of these fund balances.

**10. Events Occurring After Reporting Date**

The Clerk has evaluated events and transactions that occurred between September 30, 2012 and March 21, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE B – CASH**

At September 30, 2012, the banks reported deposits before outstanding checks of \$3,387,269 all of which were held by financial institutions designated as "qualified public depositories" by the State Treasurer. All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

**NOTE C – LONG-TERM LIABILITY – COMPENSATED ABSENCES**

Disclosures required by Chapter 10.557(3)(h), Rules of the State of Florida Auditor General, related to long term liabilities are as follows:

Balance - October 1, 2011	\$ 562,732
Increases	427,948
Decreases	<u>(435,750)</u>
Balance - September 30, 2012	<u>\$ 554,930</u>

Compensated absences are paid from the respective funds which incur compensation expenditures.

**NOTE D – PENSION AND RETIREMENT PLAN**

Substantially all full-time employees of the Clerk are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.myfrs.com](http://www.myfrs.com) or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE D – PENSION AND RETIREMENT PLAN -- (Continued)**

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age.

Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE D – PENSION AND RETIREMENT PLAN -- (Continued)**

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Blended contribution rates for the fiscal year ended September 30, 2012 were as follows: regular employees, 4.98%, special risk employees, 14.30%, elected officials, 10.91%, senior management employees, 6.28%, and DROP participants, 4.68%. The Clerk's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$168,807, \$328,626, and \$365,501 for the years ended September 30, 2012, 2011, and 2010, respectively.

**NOTE E – OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN**

The Clerk participates in the health insurance plan offered to employees of the Board and other County Elected Officials (the Board plan). Additionally, retirees and eligible dependents have the option of continuing in the Board plan at the same group rate as for active employees, resulting in an implicit rate subsidy.

The Board engaged an actuarial firm to determine the estimated obligation associated with the post employment health insurance benefits as of September 30, 2012 for all participants in the Board plan. Costs attributed to the Clerk were allocated based on the Clerk's payroll compared to total payroll of all participants in the plan. The Clerk's Annual OPEB Cost for fiscal year 2012 was \$110,730 and employer contributions included in Personal Services expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance were \$25,030. The net OPEB obligation of the Clerk was \$376,342, and the Unfunded Actuarial Accrued Liability, which is being amortized over a thirty year period as part of the Annual Required Contribution, was \$897,942. Because these financial statements focus on current financial resources, they do not include the net OPEB obligation or any other long-term liability. A full presentation of the OPEB liabilities, funding status, and actuarial methods and assumptions is included in the Board's Annual Financial Report.

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE E – OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN -- (Continued)**

Following are the components of the Clerk’s net OPEB obligation at September 30, 2012:

Normal Cost	\$ 62,243
Amortization of Unfunded Actuarial Accrued Liability	<u>54,952</u>
Annual Required Contribution (ARC)	117,195
Interest on Net OPEB Obligation	12,178
Adjustment to ARC	<u>(18,643)</u>
Annual OPEB Cost	110,730
Estimated Employer Contributions Made	<u>(25,030)</u>
Increase in net OPEB Obligation	85,700
Net OPEB Obligation, October 1, 2011	<u>290,642</u>
Net OPEB Obligation, September 30, 2012	<u><u>\$ 376,342</u></u>

**NOTE F - FUND BALANCES**

Fund balances consist of the following:

Non-spendable fund balances include amounts that cannot be spent because they are not spendable form or are legally or contractually required to be maintained intact. The Clerk does not have any non-spendable fund balances.

The remaining fund balances are classified as follows depending on the Clerk’s ability to control their spending:

*Restricted* fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or are imposed by law through constitutional provisions or enabling legislation. As of September 30, 2012, the Clerk had restricted fund balances for state court operations of \$50,822 and for records modernization and court equipment and technology of \$1,000,006.

*Committed* fund balances can only be used for specific purposes imposed internally by the Clerk’s formal action of highest level of decision making authority. At year end the Clerk had no committed fund balances.

*Assigned* fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. At year end the Clerk had no assigned fund balances.



**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE F - FUND BALANCES -- (Continued)**

*Unassigned* fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At year end the Clerk had no unassigned fund balances because all unspent revenues of the General Fund are required to be returned to the BOCC and there were no negative residual balances in the Special Revenue Funds.

**NOTE G – CLAIMS AND CONTINGENCIES**

The Clerk is involved from time to time in routine civil litigation incidental to the ordinary course of operations. In the opinion of management and legal counsel, there are no lawsuits or claims outstanding which might materially affect the financial position of the Clerk's Office.

**NOTE H – RISK MANAGEMENT**

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss.

Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Building and contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

**Santa Rosa County, Florida Clerk of Courts**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended September 30, 2012**

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**NOTE H – RISK MANAGEMENT -- (Continued)**

Conventional insurance remains in effect for buildings and contents. There also were no significant reductions in insurance coverage from the prior year and settled claims resulting from conventional insurance risks have not exceeded coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage. The Clerk participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Santa Rosa County, Florida Clerk of Courts**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL -**  
**GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS**  
**For the year ended September 30, 2012**

	General Fund				Special Revenue Fund Courts Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	3,134,071	\$ 3,134,071	\$ 3,092,476	\$ (41,595)
Charges for services	751,905	750,425	866,399	115,974	5,000	5,000	2,766	(2,234)
Miscellaneous	33,615	35,095	36,621	1,526	1,000	1,000	-	(1,000)
Total revenues	<u>785,520</u>	<u>785,520</u>	<u>903,020</u>	<u>117,500</u>	<u>3,140,071</u>	<u>3,140,071</u>	<u>3,095,242</u>	<u>(44,829)</u>
<b>EXPENDITURES</b>								
Current:								
General government:								
Financial and administrative:								
Personal services	1,961,565	1,954,825	1,970,297	(15,472)	-	-	-	-
Operating	196,360	201,435	183,919	17,516	2,100	1,500	1,397	103
Capital outlay	-	1,665	1,661	4	-	-	-	-
Judicial:								
Personal services	-	-	-	-	2,889,264	2,715,979	2,592,057	123,922
Operating	-	-	-	-	248,707	333,592	309,313	24,279
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>2,157,925</u>	<u>2,157,925</u>	<u>2,155,877</u>	<u>2,048</u>	<u>3,140,071</u>	<u>3,051,071</u>	<u>2,902,767</u>	<u>148,304</u>
Excess (deficiency) of revenues over expenditures	<u>(1,372,405)</u>	<u>(1,372,405)</u>	<u>(1,252,857)</u>	<u>119,548</u>	<u>-</u>	<u>89,000</u>	<u>192,475</u>	<u>103,475</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Board of County Commissioners appropriation	1,372,405	1,372,405	1,499,001	126,596	-	-	-	-
Board of County Commissioners unspent revenues	-	-	(246,144)	(246,144)	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	(89,000)	(166,076)	(77,076)
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,372,405</u>	<u>1,372,405</u>	<u>1,252,857</u>	<u>(119,548)</u>	<u>-</u>	<u>(89,000)</u>	<u>(166,076)</u>	<u>(77,076)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,399</u>	<u>26,399</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,423</u>	<u>24,423</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,822</u>	<u>\$ 50,822</u>

**Santa Rosa County, Florida Clerk of Courts**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL -**  
**GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS (Continued)**  
**For the year ended September 30, 2012**

	Special Revenue Fund Courts Technology Fund				Special Revenue Fund Records Modernization Trust Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	225,000	225,000	279,914	54,914	75,000	75,000	90,713	15,713
Miscellaneous	200,000	200,000	-	(200,000)	-	25,000	-	(25,000)
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>279,914</u>	<u>(145,086)</u>	<u>75,000</u>	<u>100,000</u>	<u>90,713</u>	<u>(9,287)</u>
<b>EXPENDITURES</b>								
Current:								
General government:								
Financial and administrative:								
Personal services	-	-	-	-	-	-	-	-
Operating	-	-	-	-	37,950	94,950	94,557	393
Capital outlay	-	-	-	-	37,050	5,050	-	5,050
Judicial:								
Personal services	228,850	93,850	-	93,850	-	-	-	-
Operating	126,150	151,150	135,478	15,672	-	-	-	-
Capital outlay	70,000	180,000	125,227	54,773	-	-	-	-
Total expenditures	<u>425,000</u>	<u>425,000</u>	<u>260,705</u>	<u>164,295</u>	<u>75,000</u>	<u>100,000</u>	<u>94,557</u>	<u>5,443</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>19,209</u>	<u>19,209</u>	<u>-</u>	<u>-</u>	<u>(3,844)</u>	<u>(3,844)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Board of County Commissioners appropriation	-	-	-	-	-	-	-	-
Board of County Commissioners unspent revenues	-	-	-	-	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>19,209</u>	<u>19,209</u>	<u>-</u>	<u>-</u>	<u>(3,844)</u>	<u>(3,844)</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>402,986</u>	<u>402,986</u>	<u>-</u>	<u>-</u>	<u>206,354</u>	<u>206,354</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,195</u>	<u>\$ 422,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,510</u>	<u>\$ 202,510</u>

**Santa Rosa County, Florida Clerk of Courts**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL -**  
**GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS (Continued)**  
**For the year ended September 30, 2012**

	Special Revenue Fund 10% Fines & PRMT Fund				Special Revenue Fund Child Support Title IV-D Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	200,000	\$ 200,000	\$ 176,261	\$ (23,739)
Fines & forfeits	180,000	180,000	161,462	(18,538)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>161,462</u>	<u>(18,538)</u>	<u>200,000</u>	<u>200,000</u>	<u>176,261</u>	<u>(23,739)</u>
<b>EXPENDITURES</b>								
Current:								
General government:								
Financial and administrative:								
Personal services	67,960	67,960	4,908	63,052	-	-	-	-
Operating	107,040	77,040	9,704	67,336	-	-	-	-
Capital outlay	5,000	35,000	33,853	1,147	-	-	-	-
Judicial:								
Personal services	-	-	-	-	200,000	200,000	176,261	23,739
Operating	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>180,000</u>	<u>180,000</u>	<u>48,465</u>	<u>131,535</u>	<u>200,000</u>	<u>200,000</u>	<u>176,261</u>	<u>23,739</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>112,997</u>	<u>112,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Board of County Commissioners appropriation	-	-	-	-	-	-	-	-
Board of County Commissioners unspent revenues	-	-	-	-	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>112,997</u>	<u>112,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>262,304</u>	<u>262,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,301</u>	<u>\$ 375,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTARY INFORMATION**  
**COMBINING FUND FINANCIAL STATEMENTS**

**Santa Rosa County, Florida Clerk of Courts  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
ALL AGENCY FUNDS  
September 30, 2012**

	Court Registry	Fine and Cost	Court Revenues - State	Intangible Tax	State Documentary Stamp	Suspense	Tax Redemption	Ordinary Witness	Bail Bonds	Child Support	Totals
<b>ASSETS</b>											
Cash and cash equivalents	\$ 289,561	\$ 214,216	\$ 157,565	\$ 44,217	\$ 212,361	\$ 155,864	\$ 318,881	\$ 35,500	\$ 162,817	\$ 1,394	\$ 1,592,376
Total assets	<u>289,561</u>	<u>214,216</u>	<u>157,565</u>	<u>44,217</u>	<u>212,361</u>	<u>155,864</u>	<u>318,881</u>	<u>35,500</u>	<u>162,817</u>	<u>1,394</u>	<u>1,592,376</u>
<b>LIABILITIES</b>											
Accounts payable	-	-	-	-	-	-	-	35,500	-	-	35,500
Due to other governmental units	-	214,216	157,565	44,217	212,361	155,864	-	-	-	1,394	785,617
Deposits	289,561	-	-	-	-	-	318,881	-	162,817	-	771,259
Total liabilities	<u>289,561</u>	<u>214,216</u>	<u>157,565</u>	<u>44,217</u>	<u>212,361</u>	<u>155,864</u>	<u>318,881</u>	<u>35,500</u>	<u>162,817</u>	<u>1,394</u>	<u>1,592,376</u>
<b>NET ASSETS</b>											
Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**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**

Honorable Mary M. Johnson – Clerk of Courts  
(Effective October 1, 2011 – January 7, 2013)

Honorable Donald Spencer – Clerk of Courts  
(Effective January 8, 2013 to present)

Santa Rosa County, Florida

We have audited the special-purpose financial statements (hereinafter referred to as “financial statements”) of each major fund and the aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2012, and have issued our report thereon dated March 21, 2013.

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

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clerk’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk’s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

As required by the provisions of Chapter 10.550, Rules of the Auditor General, we have issued a separate management letter dated March 21, 2013 which should be considered in assessing the results of our audit.

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

*Warren Averett, LLC*

March 21, 2013  
Pensacola, Florida

**MANAGEMENT LETTER**

Honorable Mary M. Johnson – Clerk of Courts  
(Effective October 1, 2011 – January 7, 2013)

Honorable Donald Spencer – Clerk of Courts  
(Effective January 8, 2013 to present)

Santa Rosa County, Florida

We have audited the special-purpose financial statements (hereinafter referred to as “financial statements”) of each major fund and aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2012, and have issued our report thereon dated March 21, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also issued our 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*. Disclosures in that report, which is dated March 21, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter.

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. Corrective action was taken regarding Finding 2011-1 from the prior year.

Section 10.554 (1) (i) 2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.

Section 10.554 (1) (i) 3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554 (1) (i) 4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such recommendations

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

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

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

*Warren Averett, LLC*

March 21, 2013  
Pensacola, Florida

**Santa Rosa County, Florida Clerk of Courts  
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER  
For the year ended September 30, 2012**

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There are no findings which require a response from management.