

**SANTA ROSA COUNTY, FLORIDA
CLERK OF COURT AND COMPTROLLER**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Honorable Donald Spencer – Clerk of Court and Comptroller
(Effective January 8, 2013 to present)

Honorable Mary M. Johnson – Clerk of Court and Comptroller
(Effective October 1, 2012 – January 7, 2013)

Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Office of the Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the special-purpose financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the Clerk's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Clerk, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the special-purpose financial statements, the financial statements referred to above have been prepared for the purpose of complying with Chapter 10.550, Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation of the financial position and changes in financial position of the Clerk. Additionally, the special-purpose financial statements present only the Clerk and are not intended to present the financial position and changes in financial position of Santa Rosa County, Florida, taken as a whole. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 17-18 be presented to supplement the basic financial statements. Such information, although not a part of the special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose 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 any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements. The accompanying supplementary information, the Combining Statement of Fiduciary Net Position – All Agency Funds (Combining Statement), on page 21 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the special-purpose financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the entity's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the Clerk, the 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 13, 2014
Pensacola, Florida

Santa Rosa County, Florida Clerk of Court and Comptroller
BALANCE SHEET - ALL GOVERNMENTAL FUNDS
September 30, 2013

	Major Funds						Total
	General	Courts	Courts Technology	Records Modernization Trust	10% Fines- PRMTF	Child Support Title IV-D	
ASSETS							
Cash and cash equivalents	\$ 743,726	\$ 285,547	\$ 424,988	\$ 223,032	\$ 504,999	\$ 8,415	\$ 2,190,707
Due from other funds	-	27,645	-	-	-	-	27,645
Due from other governmental units	-	86,857	85	-	-	19,230	106,172
Total assets	<u>\$ 743,726</u>	<u>\$ 400,049</u>	<u>\$ 425,073</u>	<u>\$ 223,032</u>	<u>\$ 504,999</u>	<u>\$ 27,645</u>	<u>\$ 2,324,524</u>
LIABILITIES							
Accounts payable	\$ 9,766	\$ 4,021	\$ 28,847	\$ -	\$ 855	\$ -	\$ 43,489
Accrued wages and salaries	54,573	103,836	4,206	-	-	-	162,615
Due to Board of County Commissioners	619,340	-	1,259	-	-	-	620,599
Due to other Funds	-	-	-	-	-	27,645	27,645
Due to other governmental units	3,502	264,710	-	-	-	-	268,212
Deposits	56,545	-	-	-	-	-	56,545
Total liabilities	<u>743,726</u>	<u>372,567</u>	<u>34,312</u>	<u>-</u>	<u>855</u>	<u>27,645</u>	<u>1,179,105</u>
FUND BALANCES							
Restricted for state court operations	-	27,482	-	-	-	-	27,482
Restricted for records modernization	-	-	-	223,032	-	-	223,032
Restricted for court equipment and technology	-	-	390,761	-	504,144	-	894,905
Total fund balances	<u>-</u>	<u>27,482</u>	<u>390,761</u>	<u>223,032</u>	<u>504,144</u>	<u>-</u>	<u>1,145,419</u>
Total liabilities and fund balances	<u>\$ 743,726</u>	<u>\$ 400,049</u>	<u>\$ 425,073</u>	<u>\$ 223,032</u>	<u>\$ 504,999</u>	<u>\$ 27,645</u>	<u>\$ 2,324,524</u>

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

Santa Rosa County, Florida Clerk of Court and Comptroller
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUNDS
For the year ended September 30, 2013

	Major Funds						Total
	General	Courts	Courts Technology	Records		Child Support Title IV-D	
				Modernization Trust	10% Fines- PRMTF		
REVENUES							
Intergovernmental	\$ -	\$ 2,476,576	\$ -	\$ -	\$ -	\$ 133,957	\$ 2,610,533
Charges for services	1,028,865	660,833	348,644	111,773	-	-	2,150,115
Fines and forfeits	-	119,652	-	-	130,291	-	249,943
Miscellaneous	35,872	2,911	-	-	-	-	38,783
Total revenues	<u>1,064,737</u>	<u>3,259,972</u>	<u>348,644</u>	<u>111,773</u>	<u>130,291</u>	<u>133,957</u>	<u>5,049,374</u>
EXPENDITURES							
Current:							
General government:							
Financial and administrative:							
Personal services	1,641,143	-	-	-	-	-	1,641,143
Operating	318,570	15,663	-	60,765	10,953	-	405,951
Capital outlay	13,125	-	-	30,486	7,995	-	51,606
Judicial:							
Personal services	-	2,853,879	124,930	-	-	133,957	3,112,766
Operating	-	354,071	134,383	-	-	-	488,454
Capital outlay	-	2,555	120,765	-	-	-	123,320
Total expenditures	<u>1,972,838</u>	<u>3,226,168</u>	<u>380,078</u>	<u>91,251</u>	<u>18,948</u>	<u>133,957</u>	<u>5,823,240</u>
Excess (deficiency) of revenues over expenditures	<u>(908,101)</u>	<u>33,804</u>	<u>(31,434)</u>	<u>20,522</u>	<u>111,343</u>	<u>-</u>	<u>(773,866)</u>
OTHER FINANCING SOURCES (USES)							
Board of County Commissioners appropriation	1,527,441	-	-	-	-	-	1,527,441
Board of County Commissioners unspent revenues	(619,340)	-	-	-	-	-	(619,340)
Payments to Clerks of the Court Trust Fund	-	(39,644)	-	-	-	-	(39,644)
Transfers in	-	-	-	-	17,500	-	17,500
Transfers out	-	(17,500)	-	-	-	-	(17,500)
Total other financing sources (uses)	<u>908,101</u>	<u>(57,144)</u>	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>868,457</u>
Net change in fund balances	<u>-</u>	<u>(23,340)</u>	<u>(31,434)</u>	<u>20,522</u>	<u>128,843</u>	<u>-</u>	<u>94,591</u>
FUND BALANCES, BEGINNING OF YEAR	<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>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 27,482</u>	<u>\$ 390,761</u>	<u>\$ 223,032</u>	<u>\$ 504,144</u>	<u>\$ -</u>	<u>\$ 1,145,419</u>

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

Santa Rosa County, Florida Clerk of Courts and Comptroller
STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS
September 30, 2013

ASSETS

Cash and cash equivalents	\$ 3,379,083
Due from other governmental units	<u>4,336</u>
Total assets	<u>3,383,419</u>

LIABILITIES

Accounts payable	137,188
Due to other governmental units	531,058
Deposits	<u>2,715,173</u>
Total liabilities	<u>3,383,419</u>

NET POSITION

Net Position	<u><u>\$ -</u></u>
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Santa Rosa County, Florida Clerk of Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

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 Office of the Clerk of Court and Comptroller 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 Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

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 Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

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. 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.

6. 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.

Santa Rosa County, Florida Clerk of Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

7. Unspent Revenue

Annually, the Clerk must remit to the Board any unspent revenues attributable to non court-related functions. Additionally, 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. These amounts are reported as due to other governmental units at year-end.

8. Fund Balances

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

9. Events Occurring After Reporting Date

The Clerk has evaluated events and transactions that occurred between September 30, 2013 and March 13, 2014, 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 Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

NOTE B – CASH

At September 30, 2013, the banks reported deposits before outstanding checks of \$5,995,592 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, 2012	\$ 554,930
Increases	433,793
Decreases	<u>(457,899)</u>
Balance - September 30, 2013	<u>\$ 530,824</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 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 Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

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 Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

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 rates established by the State of Florida. Blended contribution rates for the fiscal year ended September 30, 2013 were as follows: regular employees, 5.62%, special risk employees, 15.94%, elected officials, 15.93%, senior management employees, 9.30%, and DROP participants, 7.29%. 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 \$205,508, \$168,807, and \$328,626 for the years ended September 30, 2013, 2012, and 2011, 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. Although participating retirees are required to reimburse the Board for 100% of the premium cost, employees who retire with a minimum of 10 years of creditable service (8 years elected service) are eligible for a monthly health insurance subsidy of \$3 per year of creditable service, limited to the lesser of \$90 per month or the actual cost of the retiree's monthly health insurance premium.

Because the premium is a group rate which includes active lower cost employees, these retirees are receiving an "implicit subsidy". This implicit subsidy has a cost which is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Clerk. Accordingly, these calculations and disclosures can be found in the County-wide comprehensive annual financial report.

Santa Rosa County, Florida Clerk of Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

NOTE F – FUND BALANCES

Fund balances consist of the following:

Non-spendable fund balances include amounts that cannot be spent because they are not in 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, 2013, the Clerk had restricted fund balances for state court operations of \$27,482 and for records modernization and court equipment and technology of \$1,117,937.

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.

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.

Santa Rosa County, Florida Clerk of Court and Comptroller
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2013

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
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

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 Court and Comptroller
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, 2013

	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)
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	3,124,883	\$ 2,528,189	\$ 2,476,576	\$ (51,613)
Charges for services	830,850	937,151	1,028,865	91,714	-	653,423	660,833	7,410
Fines & Forfeitures	-	-	-	-	-	189,760	119,652	(70,108)
Miscellaneous	29,625	32,615	35,872	3,257	-	2,995	2,911	(84)
Total revenues	<u>860,475</u>	<u>969,766</u>	<u>1,064,737</u>	<u>94,971</u>	<u>3,124,883</u>	<u>3,374,367</u>	<u>3,259,972</u>	<u>(114,395)</u>
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	2,002,537	1,985,867	1,641,143	344,724	-	-	-	-
Operating	259,293	384,054	318,570	65,484	600	15,565	15,663	(98)
Capital outlay	16,800	18,000	13,125	4,875	-	-	-	-
Judicial:								
Personal services	-	-	-	-	2,983,933	2,987,202	2,853,879	133,323
Operating	-	-	-	-	140,350	369,043	354,071	14,972
Capital outlay	-	-	-	-	-	2,557	2,555	2
Total expenditures	<u>2,278,630</u>	<u>2,387,921</u>	<u>1,972,838</u>	<u>415,083</u>	<u>3,124,883</u>	<u>3,374,367</u>	<u>3,226,168</u>	<u>148,199</u>
Excess (deficiency) of revenues over expenditures	<u>(1,418,155)</u>	<u>(1,418,155)</u>	<u>(908,101)</u>	<u>510,054</u>	<u>-</u>	<u>-</u>	<u>33,804</u>	<u>33,804</u>
OTHER FINANCING SOURCES (USES)								
Board of County Commissioners appropriation	1,418,155	1,418,155	1,527,441	109,286	-	-	-	-
Board of County Commissioners unspent revenues	-	-	(619,340)	(619,340)	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	-	(39,644)	(39,644)
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(17,500)	(17,500)
Total other financing sources (uses)	<u>1,418,155</u>	<u>1,418,155</u>	<u>908,101</u>	<u>(510,054)</u>	<u>-</u>	<u>-</u>	<u>(57,144)</u>	<u>(57,144)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,340)</u>	<u>(23,340)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,822</u>	<u>50,822</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,482</u>	<u>\$ 27,482</u>

See Notes to Required Supplementary Information

Santa Rosa County, Florida Clerk of Court and Comptroller
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, 2013

	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)
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	275,000	349,000	348,644	(356)	90,000	100,000	111,773	11,773
Miscellaneous	200,000	126,000	-	(126,000)	-	-	-	-
Total revenues	<u>475,000</u>	<u>475,000</u>	<u>348,644</u>	<u>(126,356)</u>	<u>90,000</u>	<u>100,000</u>	<u>111,773</u>	<u>11,773</u>
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	-	-	-	-	-	-	-	-
Operating	-	-	-	-	52,950	62,950	60,765	2,185
Capital outlay	-	-	-	-	37,050	37,050	30,486	6,564
Judicial:								
Personal services	228,850	203,730	124,930	78,800	-	-	-	-
Operating	126,150	145,170	134,383	10,787	-	-	-	-
Capital outlay	120,000	126,100	120,765	5,335	-	-	-	-
Total expenditures	<u>475,000</u>	<u>475,000</u>	<u>380,078</u>	<u>94,922</u>	<u>90,000</u>	<u>100,000</u>	<u>91,251</u>	<u>8,749</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(31,434)</u>	<u>(31,434)</u>	<u>-</u>	<u>-</u>	<u>20,522</u>	<u>20,522</u>
OTHER FINANCING SOURCES (USES)								
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>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(31,434)</u>	<u>(31,434)</u>	<u>-</u>	<u>-</u>	<u>20,522</u>	<u>20,522</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>422,195</u>	<u>422,195</u>	<u>-</u>	<u>-</u>	<u>202,510</u>	<u>202,510</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,761</u>	<u>\$ 390,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,032</u>	<u>\$ 223,032</u>

See Notes to Required Supplementary Information

Santa Rosa County, Florida Clerk of Court and Comptroller
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, 2013

	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)
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	155,000	\$ 155,000	\$ 133,957	\$ (21,043)
Fines & forfeits	165,000	165,000	130,291	(34,709)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>165,000</u>	<u>165,000</u>	<u>130,291</u>	<u>(34,709)</u>	<u>155,000</u>	<u>155,000</u>	<u>133,957</u>	<u>(21,043)</u>
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	67,960	55,760	-	55,760	-	-	-	-
Operating	92,040	101,240	10,953	90,287	-	-	-	-
Capital outlay	5,000	8,000	7,995	5	-	-	-	-
Judicial:								
Personal services	-	-	-	-	155,000	155,000	133,957	21,043
Operating	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>165,000</u>	<u>165,000</u>	<u>18,948</u>	<u>146,052</u>	<u>155,000</u>	<u>155,000</u>	<u>133,957</u>	<u>21,043</u>
Excess (deficiency) of revenues over expenditures	-	-	111,343	111,343	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Board of County Commissioners appropriation	-	-	-	-	-	-	-	-
Board of County Commissioners unspent revenues	-	-	-	-	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	-	-	-
Transfers in	-	-	17,500	17,500	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	128,843	128,843	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	375,301	375,301	-	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,144</u>	<u>\$ 504,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Required Supplementary Information

Santa Rosa County, Florida Clerk of Courts
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended September 30, 2013

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 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.

SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS

**Santa Rosa County, Florida Clerk of Court and Comptroller
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
ALL AGENCY FUNDS
September 30, 2013**

	Court Registry	Fine and Cost	Intangible Tax	State Documentary Stamp	Suspense	Tax Redemption	Ordinary Witness	Bail Bonds	Flower Trust Fund	Child Support	Totals
ASSETS											
Cash and cash equivalents	\$ 2,034,057	\$ 226,227	\$ 46,276	\$ 255,835	\$ 96,438	\$ 527,049	\$ 31,164	\$ 160,480	\$ 357	\$ 1,200	\$ 3,379,083
Due from other governmental units	-	-	-	-	-	-	4,336	-	-	-	4,336
Total assets	<u>2,034,057</u>	<u>226,227</u>	<u>46,276</u>	<u>255,835</u>	<u>96,438</u>	<u>527,049</u>	<u>35,500</u>	<u>160,480</u>	<u>357</u>	<u>1,200</u>	<u>3,383,419</u>
LIABILITIES											
Accounts payable		92,521			2,397		35,500	6,770	-	-	137,188
Due to other governmental units		133,706	46,276	255,835	94,041				-	1,200	531,058
Deposits	2,034,057					527,049		153,710	357	-	2,715,173
Total liabilities	<u>2,034,057</u>	<u>226,227</u>	<u>46,276</u>	<u>255,835</u>	<u>96,438</u>	<u>527,049</u>	<u>35,500</u>	<u>160,480</u>	<u>357</u>	<u>1,200</u>	<u>3,383,419</u>
NET POSITION											
Net Position	<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 Donald Spencer – Clerk of Court and Comptroller
(Effective January 8, 2013 to present)

Honorable Mary M. Johnson – Clerk of Court and Comptroller
(Effective October 1, 2012 – January 7, 2013)

Santa Rosa County, Florida

We have audited, 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, 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 the Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Clerk’s special-purpose financial statements and have issued our report thereon dated March 13, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of 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 13, 2014, which should be considered in assessing the results of our audit.

Purpose of this Report

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

Warren Averett, LLC

March 13, 2014
Pensacola, Florida

MANAGEMENT LETTER

Honorable Mary M. Johnson – Clerk of Court and Comptroller
(Effective October 1, 2012 – January 7, 2013)

Honorable Donald Spencer – Clerk of Court and Comptroller
(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 Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2014.

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 13, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida 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. There were no findings or recommendations made in the preceding annual financial audit.

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 noncompliance with provisions of contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such recommendations.

Section 10.554 (1) (i) 7., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

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

Warren Averett, LLC

March 13, 2014
Pensacola, Florida

**Santa Rosa County, Florida Clerk of Court and Comptroller
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2013**

There are no findings which require a response from management.