

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019



**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
TABLE OF CONTENTS
SEPTEMBER 30, 2019**

INDEPENDENT AUDITORS' REPORT	1
FUND FINANCIAL STATEMENTS	
Balance Sheet - All Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Funds	5
Statement of Assets and Liabilities - Agency Funds	6
Notes to the Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund and Major Special Revenue Funds	14
Notes to Required Supplementary Information	16
SUPPLEMENTARY INFORMATION – COMBINING FINANCIAL STATEMENT	
Combining Statement of Assets and Liabilities - All Agency Funds	17
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	18
INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS PERFORMED IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL	20
MANAGEMENT LETTER	21
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER	23

INDEPENDENT AUDITORS' REPORT

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk’s financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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, 2019, 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 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Santa Rosa County, Florida that are attributable to the Clerk. They do not purport to, and do not present fairly the financial position of Santa Rosa County, Florida, as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and notes on pages 14-16 be presented to supplement the basic financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the 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 financial statements. The accompanying supplementary information, the combining fund financial statement on page 17, is presented for purposes of additional analysis and is not a required part of these financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain 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 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 January 15, 2020, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters included under the heading "*Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.*" 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.

Warren Averett, LLC

Pensacola, Florida
January 15, 2020

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
BALANCE SHEET – ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds				Non-Major	Total
	General	Courts	Courts	Records	Child Support	
			Technology	Modernization	Title	
			Trust	IV-D		
ASSETS						
Cash and cash equivalents	\$ 1,044,010	\$ 423,960	\$ 814,763	\$ 654,708	\$ -	\$ 2,937,441
Accounts receivable, net	12,431	-	-	-	-	12,431
Due from other funds	6,000	13,513	-	-	-	19,513
Due from other governmental units	2,637	23,774	-	-	13,431	39,842
TOTAL ASSETS	\$ 1,065,078	\$ 461,247	\$ 814,763	\$ 654,708	\$ 13,431	\$ 3,009,227
LIABILITIES						
Accounts payable	\$ 11,439	\$ 5,546	\$ 2,265	\$ -	\$ -	\$ 19,250
Accrued wages and salaries	57,458	105,820	4,585	-	-	167,863
Due to BOCC	875,693	-	-	-	-	875,693
Due to other funds	-	6,082	-	-	13,431	19,513
Due to other governmental units	73,290	343,799	38,233	-	-	455,322
Deposits	47,198	-	-	-	-	47,198
TOTAL LIABILITIES	1,065,078	461,247	45,083	-	13,431	1,584,839
FUND BALANCES						
Restricted for state court operations	-	-	-	-	-	-
Restricted for records modernization	-	-	-	654,708	-	654,708
Restricted for court equipment and technology	-	-	769,680	-	-	769,680
TOTAL FUND BALANCES	-	-	769,680	654,708	-	1,424,388
TOTAL LIABILITIES & FUND BALANCES	\$ 1,065,078	\$ 461,247	\$ 814,763	\$ 654,708	\$ 13,431	\$ 3,009,227

See notes to the 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, 2019**

	Major Funds				Non-Major	Total
	General	Courts	Courts	Records	Child Support	
			Technology	Modernization	Title	
			Trust	IV-D		
REVENUES						
Intergovernmental	\$ -	\$ 146,439	\$ -	\$ -	\$ 152,161	\$ 298,600
Charges for services	1,180,462	2,832,022	356,045	116,078	-	4,484,607
Fines and forfeitures	-	1,074,713	-	-	2,749	1,077,462
Miscellaneous	79,149	42,185	-	-	-	121,334
Total revenues	1,259,611	4,095,359	356,045	116,078	154,910	5,982,003
EXPENDITURES						
Current:						
General government:						
Financial and administrative:						
Personal services	2,383,473	-	-	-	-	2,383,473
Operating	421,329	-	-	-	-	421,329
Capital outlay	80,901	-	-	-	-	80,901
Judicial:						
Personal services	-	2,768,514	166,696	17,359	154,910	3,107,479
Operating	199	224,271	224,139	-	-	448,609
Capital outlay	-	-	11,971	-	-	11,971
Total expenditures	2,885,902	2,992,785	402,806	17,359	154,910	6,453,762
Excess (deficiency) of revenue over expenditures	(1,626,291)	1,102,574	(46,761)	98,719	-	(471,759)
OTHER FINANCING SOURCES (USES)						
BOCC appropriation	2,493,560	-	-	-	-	2,493,560
BOCC unspent revenues	(867,269)	-	-	-	-	(867,269)
Payments to Clerks of the Court Trust Fund	-	(1,118,788)	-	-	-	(1,118,788)
Total other financing sources (uses)	1,626,291	(1,118,788)	-	-	-	507,503
NET CHANGE IN FUND BALANCES	-	(16,214)	(46,761)	98,719	-	35,744
FUND BALANCES, BEGINNING	-	16,214	816,441	555,989	-	1,388,644
FUND BALANCES, ENDING	\$ -	\$ -	\$ 769,680	\$ 654,708	\$ -	\$ 1,424,388

See notes to the financial statements.

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS
SEPTEMBER 30, 2019

ASSETS

Cash and cash equivalents	\$ 5,415,632
TOTAL ASSETS	<u>\$ 5,415,632</u>

LIABILITIES

Accounts payable	\$ 1,720
Due to other governmental units	2,553,903
Deposits	<u>2,860,009</u>
TOTAL LIABILITIES	<u>\$ 5,415,632</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 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 financial statements consist 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.

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.

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).

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Governmental Funds – Continued

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.

Non-major governmental fund of the Clerk is as follows:

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.

Fiduciary Funds

The Clerk uses agency funds to account for assets being held in a custodial capacity for individuals, private organizations and/or other governments. Assets equal liabilities in agency funds.

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 60 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.

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

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

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.

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.

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.

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.

2. CASH

At September 30, 2019, the banks reported deposits before outstanding checks of approximately \$8.4 million, all of which were held by a financial institution designated as a qualified public depository by the State Treasurer. All deposits were fully-insured through a combination of federal depository insurance and participation of the financial institution 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.

3. 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.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

3. PENSION AND RETIREMENT PLAN – CONTINUED

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.

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 six 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 six 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 eight 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 eight 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 five (if enrolled prior to July 1, 2011) or eight (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 one 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 one year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to five 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.

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.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

3. PENSION AND RETIREMENT PLAN – CONTINUED

Blended contribution rates for the fiscal year ended September 30, 2019, were as follows: regular employees – 8.31%, special risk employees – 24.75%, elected officials – 48.73%, senior management employees – 24.40% and DROP participants – 14.17%. 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 \$387,572, \$355,131 and \$351,182 for the years ended September 30, 2019, 2018 and 2017, respectively.

Net Pension Liability – Proportionate Share

The Clerk has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the governmental funds. All required disclosures and schedules may be found in the County’s Comprehensive Annual Financial Report of Santa Rosa County, Florida.

4. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

The Board offers post-employment health care benefits (OPEB) to all retired employees of the Clerk’s Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board’s financial statements. However, these retirees are receiving an “implicit subsidy” because the premium is a group rate, which includes active, lower cost employees. This implicit subsidy has a cost; however, this annual cost and the total OPEB liability are measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The total OPEB liability and other required disclosures have been calculated for the County as a whole, and not separately for the Clerk’s Office. Accordingly, these calculations and disclosures can be found in the County’s Comprehensive Annual Financial Report.

5. 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.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

5. FUND BALANCES – CONTINUED

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, 2019, the Clerk had restricted fund balances for state court operations of \$654,708 and for records modernization and court equipment and technology of \$769,680.

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.

6. 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.

7. 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

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

7. RISK MANAGEMENT – CONTINUED

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 AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General Fund				Special Revenue Fund Courts Fund			
	Original	Final	Actual	Variance with	Original	Final	Actual	Variance with
	Budget	Budget		Final Budget Positive (Negative)	Budget	Budget		Final Budget Positive (Negative)
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,439	\$ 146,439
Charges for services	1,130,065	1,130,065	1,180,462	50,397	4,095,359	4,095,359	2,832,022	(1,263,337)
Fines & forfeitures	-	-	-	-	947,425	947,425	1,074,713	127,288
Miscellaneous	57,300	57,300	79,149	21,849	204,553	204,553	42,185	(162,368)
Total revenues	1,187,365	1,187,365	1,259,611	72,246	5,247,337	5,247,337	4,095,359	(1,151,978)
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	2,786,384	2,786,384	2,383,473	402,911	-	-	-	-
Operating	529,229	529,229	421,329	107,900	-	-	-	-
Capital outlay	102,193	120,993	80,901	40,092	-	-	-	-
Judicial:								
Personal services	-	-	-	-	2,992,785	2,992,785	2,768,514	224,271
Operating	-	-	199	(199)	187,769	187,769	224,271	(36,502)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	3,417,806	3,436,606	2,885,902	550,704	3,180,554	3,180,554	2,992,785	187,769
Excess (deficiency) of revenues over expenditures	(2,230,441)	(2,249,241)	(1,626,291)	622,950	2,066,783	2,066,783	1,102,574	(964,209)
OTHER FINANCING SOURCES (USES)								
BOCC appropriation	2,493,560	2,493,560	2,493,560	-	-	-	-	-
BOCC unspent revenues	-	-	(867,269)	(867,269)	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	(1,000,000)	(1,118,788)	(118,788)
Total other financing sources (uses)	2,493,560	2,493,560	1,626,291	(867,269)	-	(1,000,000)	(1,118,788)	(118,788)
NET CHANGE IN FUND BALANCES	263,119	244,319	-	(244,319)	2,066,783	1,066,783	(16,214)	(1,082,997)
FUND BALANCES, BEGINNING	-	-	-	-	-	-	16,214	16,214
FUND BALANCES, ENDING	\$ 263,119	\$ 244,319	\$ -	\$ (244,319)	\$ 2,066,783	\$ 1,066,783	\$ -	\$ (1,066,783)

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 AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	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							
Charges for services	\$ 335,000	\$ 335,000	\$ 356,045	\$ 21,045	\$ 110,000	\$ 110,000	\$ 116,078	\$ 6,078
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	335,000	335,000	356,045	21,045	110,000	110,000	116,078	6,078
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Operating	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Judicial:								
Personal services	114,870	194,869	166,696	28,173	-	-	17,359	(17,359)
Operating	172,647	252,647	224,139	28,508	35,200	65,200	-	65,200
Capital outlay	-	-	11,971	(11,971)	114,800	114,800	-	114,800
Total expenditures	287,517	447,516	402,806	44,710	150,000	180,000	17,359	162,641
Excess (deficiency) of revenues over expenditures	47,483	(112,516)	(46,761)	65,755	(40,000)	(70,000)	98,719	168,719
FUND BALANCES, BEGINNING	-	112,516	816,441	703,925	40,000	70,000	555,989	485,989
FUND BALANCES, ENDING	<u>\$ 47,483</u>	<u>\$ -</u>	<u>\$ 769,680</u>	<u>\$ 769,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,708</u>	<u>\$ 654,708</u>

See notes to required supplementary information.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

BUDGET 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 STATEMENT**

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
 COMBINING STATEMENT OF ASSETS AND LIABILITIES –
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2019**

	<u>Court Registry</u>	<u>Fine and Cost</u>	<u>Intangible Tax</u>	<u>State Documentary Stamp</u>	<u>Suspense</u>	<u>Tax Redemption</u>	<u>Ordinary Witness</u>	<u>Bail Bonds</u>	<u>Flower Trust Fund</u>	<u>Totals</u>
ASSETS										
Cash and cash equivalents	\$ 1,646,376	\$ 282,455	\$ 353,241	\$ 1,840,904	\$ 67,823	\$ 1,009,451	\$ 11,200	\$ 202,656	\$ 1,526	\$ 5,415,632
TOTAL ASSETS	<u>\$ 1,646,376</u>	<u>\$ 282,455</u>	<u>\$ 353,241</u>	<u>\$ 1,840,904</u>	<u>\$ 67,823</u>	<u>\$ 1,009,451</u>	<u>\$ 11,200</u>	<u>\$ 202,656</u>	<u>\$ 1,526</u>	<u>\$ 5,415,632</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,720	\$ -	\$ -	\$ -	\$ -	\$ 1,720
Due to other governmental units	-	282,455	353,241	1,840,904	66,103	-	11,200	-	-	2,553,903
Deposits	1,646,376	-	-	-	-	1,009,451	-	202,656	1,526	2,860,009
TOTAL LIABILITIES	<u>\$ 1,646,376</u>	<u>\$ 282,455</u>	<u>\$ 353,241</u>	<u>\$ 1,840,904</u>	<u>\$ 67,823</u>	<u>\$ 1,009,451</u>	<u>\$ 11,200</u>	<u>\$ 202,656</u>	<u>\$ 1,526</u>	<u>\$ 5,415,632</u>

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

Honorable Donald Spencer – Clerk of Court and Comptroller
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 financial statements of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements and have issued our report thereon dated January 15, 2020.

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*.

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

Pensacola, Florida
January 15, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

We have examined the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida's (hereinafter referred to as the "Clerk") compliance with Florida Statute 218.415 in regards to investments, Florida Statutes 28.35 and 28.36 in regard to certain court-related functions and Florida Statute 61.181 in regard to operation of a depository for alimony and child support for the year ended September 30, 2019. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Warren Averett, LLC

Pensacola, Florida
January 15, 2020

MANAGEMENT LETTER

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements (“financial statements”) of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2019, and have issued our report thereon dated January 15, 2020.

Auditors’ Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated January 15, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

Warren Averett, LLC

Pensacola, Florida
January 15, 2020

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
SEPTEMBER 30, 2019**

There are no findings, which require a response from management.