

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	2
FUND FINANCIAL STATEMENTS	
Balance Sheet - All Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Funds	5
Statement of Fiduciary Net Assets - Agency Funds	6
Notes to Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual - General Fund and Courts Fund	15
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual - Courts Technology Fund and Records Modernization Trust Fund	16
SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS	
Combining Schedule of Fiduciary Net Assets - All Agency Funds	17
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	18
MANAGEMENT LETTER	20
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER	22

INDEPENDENT AUDITOR'S REPORT

Honorable Mary M. Johnson
Clerk of Courts
Santa Rosa County, Florida

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2005, as listed in the table of contents. These special purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Clerk as of September 30, 2005, and the changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2006 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* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 15 and 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the special purpose fund level financial statements. The accompanying supplementary information, the Combining Statement of Fiduciary Net Assets – All Agency Funds, is presented for purposes of additional analysis and is not a required part of these special purpose financial statements. The Combining Schedule of Fiduciary Net Assets – All Agency Funds has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the special purpose financial statements taken as a whole.

O'Sullivan Creel, LLP

March 20, 2006

**Santa Rosa County, Florida Clerk of Courts
BALANCE SHEET - ALL GOVERNMENTAL FUNDS
September 30, 2005**

	General Fund	Courts Fund	Courts Technology Fund	Records Modernization Trust Fund	Nonmajor OSCA Fund	Total Governmental Funds
Cash and cash equivalents	\$ 798,074	\$ 53,203	\$ 522,053	\$ 677,751	\$ 995	\$ 2,052,076
Due from other governmental units	2,550	49,262	-	-	10,474	62,286
Due from other funds	7,978	-	-	-	-	7,978
Total assets	\$ 808,602	\$ 102,465	\$ 522,053	\$ 677,751	\$ 11,469	\$ 2,122,340

ASSETS

Cash and cash equivalents
Due from other governmental units
Due from other funds
Total assets

LIABILITIES

Accounts payable	\$ 15,844	\$ 266	\$ 59,480	\$ -	\$ 1,400	\$ 76,990
Accrued wages and salaries	60,292	41,210	3,297	-	-	104,799
Due to other governmental units	683,535	60,989	2,750	-	-	747,274
Due to other funds	-	-	-	-	7,978	7,978
Deferred income	48,931	-	-	-	-	48,931
Total liabilities	\$ 808,602	\$ 102,465	\$ 65,527	\$ -	\$ 9,378	\$ 985,972

FUND BALANCES

Reserved for courts technology fund	-	-	456,526	-	-	456,526
Reserved for records modernization trust fund	-	-	-	677,751	-	677,751
Reserved for OSCA fund	-	-	-	-	2,091	2,091
Unreserved	-	-	-	-	-	-
Total fund balances	-	-	456,526	677,751	2,091	1,136,368
Total liabilities and fund balances	\$ 808,602	\$ 102,465	\$ 522,053	\$ 677,751	\$ 11,469	\$ 2,122,340

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

Santa Rosa County, Florida Clerk of Courts
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUNDS
For the year ended September 30, 2005

	General Fund	Courts Fund	Courts Technology Fund	Records Modernization Trust Fund	Nonmajor OSCA Fund	Total Governmental Funds
REVENUES						
Intergovernmental	\$ 7,978	\$ 7,476	\$ -	\$ -	\$ 74,152	\$ 89,606
Charges for services	1,724,888	2,780,249	566,681	185,964	-	5,257,782
Miscellaneous	82,588	12,421	-	-	-	95,009
Total revenues	1,815,454	2,800,146	566,681	185,964	74,152	5,442,397
EXPENDITURES						
Current:						
General government:						
Financial and administrative:						
Personal services	1,673,269	-	-	-	-	1,673,269
Operating	481,574	12,025	-	60,513	-	554,112
Capital outlay	110,855	-	-	12,835	-	123,690
Judicial:						
Personal services	-	2,465,770	142,505	-	51,881	2,660,156
Operating	-	297,391	84,286	-	11,621	393,298
Capital outlay	-	24,960	20,704	-	8,559	54,223
Total expenditures	2,265,698	2,800,146	247,495	73,348	72,061	5,458,748
Excess (deficiency) of revenues over expenditures	(450,244)	-	319,186	112,616	2,091	(16,351)
OTHER FINANCING SOURCES (USES)						
Board of County Commissioners appropriation	1,126,270	-	-	-	-	1,126,270
Board of County Commissioners excess fees	(676,026)	-	-	-	-	(676,026)
Transfers out	-	-	-	(137,340)	-	(137,340)
Transfers in	-	-	137,340	-	-	137,340
Total other financing sources (uses)	450,244	-	137,340	(137,340)	-	450,244
Net change in fund balances	-	-	456,526	(24,724)	2,091	433,893
FUND BALANCES, BEGINNING OF YEAR	-	-	-	702,475	-	702,475
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 456,526	\$ 677,751	\$ 2,091	\$ 1,136,368

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

**Santa Rosa County, Florida Clerk of Courts
STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
For the year ended September 30, 2005**

ASSETS

Cash and cash equivalents	\$ 1,949,933
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LIABILITIES

Accounts payable	3,395
Due to other governmental units	102,421
Deposits	1,844,117
Total liabilities	<u>1,949,933</u>

NET ASSETS

Net assets	<u>\$ -</u>
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Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES

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

1. Reporting Entity

The Clerk of the Courts of Santa Rosa County, Florida (the “Clerk”), as established by Article VIII of the constitution of the State of Florida, is an elected official of Santa County, Florida (the “County”). Although the Clerk is operationally autonomous from the Santa Rosa County Board of County Commissioners, 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 of Court.

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.

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 Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

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

2. Fund Accounting -- (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 Board of County Commissioners, 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.

Additionally, the Clerk reports the following non-major governmental fund:

OSCA Fund is a special revenue fund used to account for funding received from the Office of the State Courts Administrator (OSCA) and related expenditures for domestic violence prosecution services.

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. The agency funds utilized are:

Court Registry - Funds are deposited pursuant to court order pending the outcome of legal action and are distributed by order of the court.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

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

2. Fund Accounting -- (Continued)

Documentary Stamp - The Clerk collects documentary stamps tax as an agent for the State of Florida and remits the revenue, less commission, to the Department of Revenue.

Uniform Support - The Clerk collects child support and other payments required by court order and remits to the appropriate individuals or organizations.

Intangible Tax - The Clerk collects intangible tax and remits to the Department of Revenue.

Tax Redemption - The Clerk collects tax deed application fees and tax deed bids and makes distributions on payments as appropriate.

Ordinary Witness - State funding for payment of witness fees is held in this fund.

Fine and Cost - Traffic and other fines are collected by the Clerk and remitted to the various governmental agencies.

Suspense - The Clerk collects fees for marriage licenses, spousal abuse, and restitution. Also, the Clerk collects money for the state co-educational trust fund and attorney's fees. Distributions on payments and remittances are made as appropriate to the various agencies or individuals.

Bail Bonds - The Clerk holds cash bonds collected by the jail pending appearance of individuals before the court. Such bonds are ultimately disbursed pursuant to order of the court.

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.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

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

4. Cash and Investments

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. Investments are stated at fair value in accordance with GASB Statement No. 31.

Pursuant to Florida Statutes Section 218.415, the Clerk's investment policy outlines the Clerk's investment responsibilities, objectives, and policies. The Clerk's investment policy authorizes the Clerk to invest in the following:

- a. The Local Government Surplus Funds Trust Fund (SBA) (State Pool);
- b. Florida Counties Investment Trust (FCIT) (State Investment Trust);
- c. Qualified money market mutual funds;
- d. U.S. Treasury bills, notes and bonds;
- e. Obligations guaranteed by the U.S. Government as to principal and interest such as obligations of the Government National Mortgage Association (GNMA);
- f. Non-callable Government Agency securities with stated maturities that fall within parameters put forth by the investment policy, including the following:
 - (i) Federal Farm Credit Bank (FFCB),
 - (ii) Federal Home Loan Mortgage Corporation (FHLMC),
 - (iii) Federal Home Loan Bank (FHLB),
 - (iv) Federal National Mortgage Association (FNMA).This classification of government agency securities does not include any mortgage debt of any government agency;
- g. Time deposits and savings accounts in banks or savings and loan associations doing business in Florida;
- h. Tax-exempt obligations of the State of Florida and its various local governments;
- i. Repurchase agreements for investments authorized in categories d, e, or f above.

5. Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible 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 Board of County Commissioners' government-wide statement of net assets.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

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

6. Budgets and Budgetary Accounting

The Clerk establishes an annual budget for the general fund, courts fund, courts technology fund, and the records modernization trust fund pursuant to Section 218.35, Florida Statutes. The budget is prepared in two parts. The first part includes the budget for funds necessary to perform court-related functions as provided in Section 28.36, Florida Statutes. The second part includes the budget relating to the requirements of the Clerk as Clerk of the Board of County Commissioners, county auditor, and custodian or treasurer of all county funds and other county-related duties. The budget is submitted to the Board of County Commissioners and is incorporated into the overall County budget. The Clerk's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

7. Documentary Stamps

Documentary stamps are issued by the Clerk as an agent for the State of Florida. The stamps are recorded and sold at cost.

8. Compensated Absences

Employees accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time, 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.

9. Excess Revenue

Annually, the Clerk must calculate and remit to the Department of Revenue the excess revenues attributable to court-related functions per Section 28.37(4), Florida Statutes. In addition, the Clerk must also remit to the Board of County Commissioners any excess revenues attributable to non court-related functions per Section 218.36(2), Florida Statutes. These amounts are reported as due to other governmental units at year-end.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

NOTE B - CASH AND INVESTMENTS

At September 30, 2005, the banks reported deposits before outstanding checks of \$4,612,154 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 DEBT - COMPENSATED ABSENCES

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

Balance - October 1, 2004	\$ 521,260
Increase	368,355
Decrease	<u>(348,697)</u>
Balance - September 30, 2005	<u>\$ 540,918</u>

Compensated absences are paid from the General Fund.

NOTE D - INTERFUND BALANCES

Interfund balances primarily relate to the payment of commissions (generally based upon statutory rates) earned by the Clerk for processing and handling various transactions occurring in the Agency Funds. These interfund balances are typically liquidated on a monthly basis.

NOTE E - RETIREMENT PLAN

Participation - Employees of the Clerk participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan, established by Chapter 121, Florida Statutes, and administered by the Florida Department of Administration, Division of Retirement. Changes to the FRS can be made only by an act to the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

NOTE E - RETIREMENT PLAN -- (Continued)

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During fiscal year 2005, the Clerk contributed an average of 7.50% of each qualified regular employee's gross salary, 15.23% of the elected official's salary, and 9.17% for each DROP participant. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$251,875, \$226,630, and \$181,519, for the years ended September 30, 2005, 2004, and 2003, respectively.

Benefit Provisions - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 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 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Financial Report of the Plan - The FRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

NOTE F - CLAIMS AND CONTINGENCIES

The Clerk is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management, based on the advice of legal counsel, there are no lawsuits or claims outstanding which will have a material adverse effect on the financial position of the Clerk's Office.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2005

NOTE G - 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 of County Commissioners 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
- Construction and Road Equipment
- Auto Physical Damage
- Auto Liability

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

- Portable Communication Equipment
- Boats
- General Liability, \$100,000 deductible
- Employee Fidelity
- Public Officials' Liability, \$100,000 deductible

Conventional insurance remains in effect for buildings and their contents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage. The Clerk participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

REQUIRED SUPPLEMENTARY INFORMATION

Santa Rosa County, Florida Clerk of Courts
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND AND COURTS FUND
For the year ended September 30, 2005

	General Fund			Special Revenue Fund Courts Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Intergovernmental	\$ 170,867	\$ -	\$ 7,978	\$ 54,348	\$ 54,348	\$ 7,476	\$ (46,872)
Charges for services	2,657,260	1,724,897	1,724,888	2,783,183	2,783,183	2,780,249	(2,934)
Miscellaneous	5,488	84,892	82,588	12,425	12,425	12,421	(4)
Total revenues	2,833,615	1,809,789	1,815,454	2,849,956	2,849,956	2,800,146	(49,810)
EXPENDITURES							
Current:							
General government:							
Financial and administrative:							
Personal services	902,251	1,843,946	1,673,269	-	-	-	-
Operating	197,678	590,603	481,574	12,025	12,025	12,025	-
Capital outlay	10,000	111,160	110,855	-	-	-	-
Judicial:							
Personal services	2,512,901	-	-	2,512,901	2,512,901	2,465,770	47,131
Operating	312,055	-	-	300,030	300,030	297,391	2,639
Capital outlay	25,000	-	-	25,000	25,000	24,960	40
Reserve for contingencies	-	-	-	-	-	-	-
Total expenditures	3,959,885	2,545,709	2,265,698	2,849,956	2,849,956	2,800,146	49,810
Excess (deficiency) of revenues over expenditures	(1,126,270)	(735,920)	(450,244)	-	-	-	-
OTHER FINANCING SOURCES (USES)							
Board of County Commissioners appropriation	1,126,270	1,126,270	1,126,270	-	-	-	-
Board of County Commissioners excess fees	-	(390,350)	(676,026)	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	1,126,270	735,920	450,244	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Santa Rosa County, Florida Clerk of Courts
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL -
COURTS TECHNOLOGY FUND AND RECORDS MODERNIZATION TRUST FUND
For the year ended September 30, 2005

	Special Revenue Fund Courts Technology Fund			Special Revenue Fund Records Modernization Trust Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Charges for services	\$ 566,686	\$ 566,686	\$ 566,681	\$ (5)	\$ 185,964	\$ 185,964	\$ -
EXPENDITURES							
Current:							
General government:							
Financial and administrative:							
Operating	-	-	-	-	60,513	60,513	-
Capital outlay	-	-	-	-	12,835	12,835	-
Judicial:							
Personal services	142,506	142,506	142,505	1	-	-	-
Operating	84,290	84,286	84,286	4	-	-	-
Capital outlay	20,704	20,704	20,704	-	-	-	-
Reserve for contingencies	319,186	319,186	-	319,186	112,616	112,616	112,616
Total expenditures	566,686	566,686	247,495	319,191	185,964	73,348	112,616
Excess (deficiency) of revenues over expenditures	-	-	319,186	319,186	-	112,616	112,616
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	(137,340)	(137,340)
Total other financing sources (uses)	-	-	137,340	137,340	-	(137,340)	(137,340)
Net change in fund balances	-	-	456,526	456,526	-	(24,724)	(24,724)
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-	702,475	702,475
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 456,526	\$ 456,526	\$ -	\$ 677,751	\$ 677,751

SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS

Santa Rosa County, Florida Clerk of Courts
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
ALL AGENCY FUNDS
For the year ended September 30, 2005

	Fine & Cost	Court Registry	Suspense	Tax Redemption	Ordinary Witness	Bail Bonds	Totals
ASSETS							
Cash and cash equivalents	\$ 77,337	\$ 1,404,878	\$ 25,084	\$ 72,942	\$ 3,395	\$ 366,297	\$ 1,949,933
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,395	\$ -	\$ 3,395
Due to other governmental units	77,337	-	25,084	-	-	-	102,421
Deposits	-	1,404,878	-	72,942	-	366,297	1,844,117
Total liabilities	\$ 77,337	\$ 1,404,878	\$ 25,084	\$ 72,942	\$ 3,395	\$ 366,297	\$ 1,949,933

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

Honorable Mary M. Johnson
Clerk of Courts
Santa Rosa County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2005, which collectively comprise the Clerk's special purpose financial statements, and have issued our report thereon dated March 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

As required by the provisions of Chapter 10.550, Rules of the Auditor General, we have issued a separate management letter dated March 20, 2006, which should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management of the Clerk and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

March 20, 2006

MANAGEMENT LETTER

Honorable Mary M. Johnson
Clerk of Courts
Santa Rosa County, Florida

We have audited the financial statements of each major fund and aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2005, and have issued our report thereon dated March 20, 2006.

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated March 20, 2006. Disclosures in that report, if any, should be considered in conjunction with this management letter.

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

The Rules of the Auditor General (Section 10.554 (1) (h) 1.) require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. All recommendations made in the preceding annual financial audit report have been implemented.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 2.), we determined that the Clerk is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1) (h) 3.) require that we address in the management letter any findings or recommendations to improve the Clerk's financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of Auditor General (Sections 10.554 (1) (h) 4.) require disclosure in the management letter of the following matters that are not clearly inconsequential, considering both quantitative and qualitative factors, including the following: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered within the scope of the audit; (2) improper or illegal expenditures discovered within the scope of the audit which may not materially affect the financial statements; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. Our audit disclosed no matters which are required to be disclosed.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 7. a.) we determined that the Clerk is in compliance with the budget certified by the Florida Clerk of Courts Operations Corporation pursuant to Section 28.35, Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 7. b.) we determined that the Clerk is in compliance with the performance standards developed and certified pursuant to Section 28.35, Florida Statutes.

This report is intended solely for the information and use of the Clerk, management, and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

March 20, 2006

**Santa Rosa County, Florida Clerk of Courts
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2005**

There were no comments which require management's written response.