

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying special-purpose financial statements (hereinafter referred to as "financial statements") of each major fund and the aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Clerk's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Clerk as of September 30, 2007, 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 24, 2008 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 14 and 15 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 fund level financial statements. The accompanying supplementary information, the Combining Schedule of Fiduciary Net Assets – All Agency Funds, is presented for purposes of additional analysis and is not a required part of these 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 financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole.

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

O'Sullivan Creel, LLP

March 24, 2008

**Santa Rosa County, Florida Clerk of Courts
BALANCE SHEET - ALL GOVERNMENTAL FUNDS
September 30, 2007**

	Major Funds				Nonmajor Fund	Total
	General	Courts	Courts Technology	Records Modernization Trust	OSCA	
ASSETS						
Cash and cash equivalents	\$ 446,423	\$ 216,514	\$ 521,117	\$ 874,973	\$ -	\$ 2,059,027
Due from other governmental units	11,223	5,843	-	-	10,770	27,836
Due from other funds	10,597	-	-	-	-	10,597
Total assets	<u>\$ 468,243</u>	<u>\$ 222,357</u>	<u>\$ 521,117</u>	<u>\$ 874,973</u>	<u>\$ 10,770</u>	<u>\$ 2,097,460</u>
LIABILITIES						
Accounts payable	\$ 13,775	\$ 26,652	\$ 1,692	\$ -	\$ -	\$ 42,119
Accrued wages and salaries	35,342	49,406	4,653	-	1,157	90,558
Due to other governmental units	366,563	146,299	-	-	-	512,862
Due to other funds	-	-	-	-	10,597	10,597
Deferred income	52,563	-	-	-	-	52,563
Total liabilities	<u>468,243</u>	<u>222,357</u>	<u>6,345</u>	<u>-</u>	<u>11,754</u>	<u>708,699</u>
FUND BALANCES						
Reserved for courts technology fund	-	-	514,772	-	-	514,772
Reserved for records modernization trust fund	-	-	-	874,973	-	874,973
Unreserved	-	-	-	-	(984)	(984)
Total fund balances	<u>-</u>	<u>-</u>	<u>514,772</u>	<u>874,973</u>	<u>(984)</u>	<u>1,388,761</u>
Total liabilities and fund balances	<u>\$ 468,243</u>	<u>\$ 222,357</u>	<u>\$ 521,117</u>	<u>\$ 874,973</u>	<u>\$ 10,770</u>	<u>\$ 2,097,460</u>

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

**Santa Rosa County, Florida Clerk of Courts
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUNDS
For the year ended September 30, 2007**

	Major Funds				Nonmajor Fund	Total
	General	Courts	Courts Technology	Records Modernization Trust	OSCA	
REVENUES						
Intergovernmental	\$ -	\$ 72,174	\$ -	\$ -	\$ 65,073	\$ 137,247
Charges for services	1,335,520	2,423,416	407,436	130,822	-	4,297,194
Fines and forfeits	-	1,007,883	-	-	-	1,007,883
Miscellaneous	184,766	30,475	-	-	-	215,241
Total revenues	<u>1,520,286</u>	<u>3,533,948</u>	<u>407,436</u>	<u>130,822</u>	<u>65,073</u>	<u>5,657,565</u>
EXPENDITURES						
Current:						
General government:						
Financial and administrative:						
Personal services	2,039,910	-	-	-	-	2,039,910
Operating	404,923	7,264	-	99,430	-	511,617
Capital outlay	116,225	-	-	-	-	116,225
Judicial:						
Personal services	-	2,929,958	268,033	-	65,119	3,263,110
Operating	-	290,087	152,763	-	250	443,100
Capital outlay	-	25,441	35,059	-	-	60,500
Total expenditures	<u>2,561,058</u>	<u>3,252,750</u>	<u>455,855</u>	<u>99,430</u>	<u>65,369</u>	<u>6,434,462</u>
Excess (deficiency) of revenues over expenditures	<u>(1,040,772)</u>	<u>281,198</u>	<u>(48,419)</u>	<u>31,392</u>	<u>(296)</u>	<u>(776,897)</u>
OTHER FINANCING SOURCES (USES)						
Board of County Commissioners appropriation	1,385,860	-	-	-	-	1,385,860
Board of County Commissioners excess fees	(345,088)	-	-	-	-	(345,088)
Payments to Clerks of the Court Trust Fund	-	(281,198)	-	-	-	(281,198)
Total other financing sources (uses)	<u>1,040,772</u>	<u>(281,198)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,574</u>
Net change in fund balances	-	-	(48,419)	31,392	(296)	(17,323)
FUND BALANCES, BEGINNING OF YEAR	-	-	563,191	843,581	(688)	1,406,084
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,772</u>	<u>\$ 874,973</u>	<u>\$ (984)</u>	<u>\$ 1,388,761</u>

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

**Santa Rosa County, Florida Clerk of Courts
STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
September 30, 2007**

ASSETS

Cash and cash equivalents	\$ 2,541,958
Due from other governmental units	11,889
Total assets	<u>2,553,847</u>

LIABILITIES

Accounts payable	11,889
Due to other governmental units	1,223,850
Deposits	1,318,108
Total liabilities	<u>2,553,847</u>

NET ASSETS

Net assets	<u><u>\$ -</u></u>
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Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2007

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") 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, F.S.), Clerk of the County Court (duties described in Chapter 34, F.S.), and Clerk and Accountant to the Board of County Commissioners (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 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.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2007

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 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.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2007

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

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 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. Budgets and Budgetary Accounting

The Clerk establishes annual budgets for its general fund and special revenue funds pursuant to Section 218.35, Florida Statutes. The budget is prepared in two parts. The first part includes the budget for funds necessary to perform court-related functions as provided in Section 28.36, Florida Statutes and must be submitted to and approved by the Florida Clerks of Courts Operations Corporation. The second part includes the budget relating to the requirements of the Clerk as Clerk of the 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 the fund level.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2007

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

7. 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.

8. Excess Revenue

Annually, the Clerk must calculate and remit to the Department of Revenue Clerks of Courts Trust Fund 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.

NOTE B - CASH

At September 30, 2007, the banks reported deposits before outstanding checks of \$5,063,845, 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)(g), Rules of the State of Florida Auditor General, related to long term debt are as follows:

Balance - October 1, 2006	\$ 583,703
Increases	443,668
Decreases	<u>(324,957)</u>
Balance - September 30, 2007	<u>\$ 702,414</u>

Compensated absences are paid from the General Fund.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2007

NOTE D – PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Clerk are covered by the Florida Retirement System (FRS), a multiple employer cost sharing defined benefit pension plan. 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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560.

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 for all members actively employed on July 1, 2001 after 6 years of creditable service, regardless of membership class. Under the laws in effect before that date, members needed 7, 8, or 10 years of service to become vested, depending on their membership class. Normal retirement benefits are available to employees who retire 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. Retirement age and years of service requirements vary depending on membership class. Early retirement is available after 6 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.

Deferred Retirement Option Program (DROP) is an elective program available for members of the FRS Pension Plan, Teachers' Retirement System, and State and County Officers and Employees' Retirement System who are eligible for normal retirement. Under this program, a member effectively retires and continues covered employment for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2007

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

The FRS is noncontributory for employees and all contributions are made by participating FRS employers. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2007 were as follows: regular employees, 9.85%, special risk employees, 20.92%, elected officials, 16.53%, senior management employees, 13.12%, and DROP participants, 10.91%. The Clerk's contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$392,353, \$323,719, and \$251,875, for the years ended September 30, 2007, 2006, and 2005, respectively.

NOTE E - CLAIMS AND CONTINGENCIES

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

NOTE F - 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

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2007

NOTE F - RISK MANAGEMENT -- (Continued)

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

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings and 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 MAJOR SPECIAL REVENUE FUNDS
For the year ended September 30, 2007**

	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	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1	\$ 72,174	\$ 72,173
Charges for services	1,579,903	1,545,103	1,335,520	(209,583)	2,395,723	2,415,808	2,423,416	7,608
Fines and forfeits	-	-	-	-	930,026	910,451	1,007,883	97,432
Miscellaneous	155,100	189,900	184,766	(5,134)	14,205	13,695	30,475	16,780
Total revenues	<u>1,735,003</u>	<u>1,735,003</u>	<u>1,520,286</u>	<u>(214,717)</u>	<u>3,339,955</u>	<u>3,339,955</u>	<u>3,533,948</u>	<u>193,993</u>
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	2,010,638	2,057,347	2,039,910	17,437	-	-	-	-
Operating	481,400	416,147	404,923	11,224	-	7,468	7,264	204
Capital outlay	47,000	116,232	116,225	7	-	-	-	-
Judicial:								
Personal services	-	-	-	-	3,018,888	2,970,824	2,929,958	40,866
Operating	-	-	-	-	287,998	303,149	290,087	13,062
Capital outlay	-	-	-	-	-	25,445	25,441	4
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Reserve for contingencies	1	1	-	1	33,069	33,069	-	33,069
Total expenditures	<u>2,539,039</u>	<u>2,589,727</u>	<u>2,561,058</u>	<u>28,669</u>	<u>3,339,955</u>	<u>3,339,955</u>	<u>3,252,750</u>	<u>87,205</u>
Excess (deficiency) of revenues over expenditures	<u>(804,036)</u>	<u>(854,724)</u>	<u>(1,040,772)</u>	<u>(186,048)</u>	<u>-</u>	<u>-</u>	<u>281,198</u>	<u>281,198</u>
OTHER FINANCING SOURCES (USES)								
Board of County Commissioners appropriation	1,385,860	1,385,860	1,385,860	-	-	-	-	-
Board of County Commissioners excess fees	(581,824)	(531,136)	(345,088)	186,048	-	-	-	-
Transfer to Clerk of Court Trust Fund	-	-	-	-	-	-	(281,198)	(281,198)
Total other financing sources (uses)	<u>804,036</u>	<u>854,724</u>	<u>1,040,772</u>	<u>186,048</u>	<u>-</u>	<u>-</u>	<u>(281,198)</u>	<u>(281,198)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Santa Rosa County, Florida Clerk of Courts
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS (Continued)
For the year ended September 30, 2007**

	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	\$ 597,600	\$ 597,600	\$ 407,436	\$ (190,164)	\$ 166,000	\$ 166,000	\$ 130,822	\$ (35,178)
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Operating	-	-	-	-	130,000	130,000	99,430	30,570
Capital outlay	-	-	-	-	36,000	36,000	-	36,000
Judicial:								
Personal services	302,600	302,600	268,033	34,567	-	-	-	-
Operating	240,000	240,000	152,763	87,237	-	-	-	-
Capital outlay	55,000	55,000	35,059	19,941	-	-	-	-
Reserve for contingencies	-	-	-	-	-	-	-	-
Total expenditures	<u>597,600</u>	<u>597,600</u>	<u>455,855</u>	<u>141,745</u>	<u>166,000</u>	<u>166,000</u>	<u>99,430</u>	<u>66,570</u>
Net change in fund balances	-	-	(48,419)	(48,419)	-	-	31,392	31,392
FUND BALANCES, BEGINNING OF YEAR	-	-	563,191	563,191	-	-	843,581	843,581
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,772</u>	<u>\$ 514,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874,973</u>	<u>\$ 874,973</u>

SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS

**Santa Rosa County, Florida Clerk of Courts
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
 ALL AGENCY FUNDS
 September 30, 2007**

	Court Registry	Fine and Cost	Intangible Tax	State Documentary Stamp	Suspense	Tax Redemption	Ordinary Witness	Bail Bonds	Child Support	Totals
ASSETS										
Cash and cash equivalents	\$ 598,808	\$ 108,062	\$ 214,512	\$ 873,562	\$ 26,813	\$ 109,645	\$ -	\$ 609,655	\$ 901	\$ 2,541,958
Due from other governmental units	-	-	-	-	-	-	11,889	-	-	11,889
Total assets	598,808	108,062	214,512	873,562	26,813	109,645	11,889	609,655	901	2,553,847
LIABILITIES										
Accounts payable	-	-	-	-	-	-	11,889	-	-	11,889
Due to other governmental units	-	108,062	214,512	873,562	26,813	-	-	-	901	1,223,850
Deposits	598,808	-	-	-	-	109,645	-	609,655	-	1,318,108
Total liabilities	598,808	108,062	214,512	873,562	26,813	109,645	11,889	609,655	901	2,553,847
NET ASSETS										
Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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 special-purpose financial statements (hereinafter referred to a “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, 2007, and have issued our report thereon dated March 24, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.

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

Compliance and Other Matters

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

As required by the provisions of Chapter 10.550, Rules of the Auditor General, we have issued a separate management letter dated March 24, 2008 which should be considered in assessing the results of our audit.

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

O'Sullivan Creel, LLP

March 24, 2008

MANAGEMENT LETTER

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

We have audited the special-purpose financial statements (hereinafter referred to as “financial statements”) of each major fund and aggregate remaining fund information of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2007, and have issued our report thereon dated March 24, 2008.

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 24, 2008. 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) (i) 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. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554 (1) (i) 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) (i) 3.) require that we report any recommendations to improve the Clerk’s financial management, accounting procedures, and internal controls. We are submitting for consideration the recommendation described in Attachment A as required to be disclosed by the Rules of the Auditor General (Section 10.554 (1) (i) 3.).

The Rules of the Auditor General (Section 10.554 (1) (i) 4.) require disclosure in the management letter of violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. No items were identified which are required to be disclosed.

The Rules of the Auditor General (Section 10.554 (1) (i) 5.) permit disclosure in the management letter based on professional judgment of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, including the following: violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; improper expenditures or illegal acts that would have an immaterial effect on the financial statements; control deficiencies that are not significant deficiencies, including, but not limited to: improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements), failures to properly record financial transactions, and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters which, in our judgment, are required to be disclosed.

As required by the Rules of the Auditor General (Section 10.554 (1) (i) 8. (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) 8. (b)) we determined that the Clerk is in compliance with the performance standards developed and certified pursuant to Section 28.35, Florida Statutes.

The Clerk's responses to the recommendations described in Attachment A are included in the accompanying management's response to management letter. We did not audit the Clerk's response and, accordingly, we express no opinion on it.

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

O'Sullivan Creel, LLP

March 24, 2008

**Santa Rosa County, Florida Clerk of Courts
CURRENT YEAR RECOMMENDATIONS (Attachment A)
For the year ended September 30, 2007**

2007-1 SEGREGATION OF DUTIES – DISBURSEMENTS

Finding – We noted that the same person who enters vendor invoices into the system for payments has the authority to print checks with electronic signature and has the ability to create or change vendors within the payables system and create journal entries.

Recommendation – We recommend that the Clerk consider restricting certain duties of this employee to improve internal controls in this area.

**Santa Rosa County, Florida Clerk of Courts
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2007**

2007-1 SEGREGATION OF DUTIES – DISBURSEMENTS

The Clerk has revised its procedures to restrict the ability of the employee to create or change vendors within the payables system.