

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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
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SEPTEMBER 30, 2016**

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## 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, 2016, and the related notes to the financial statements, which collectively comprise the 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, 2016, 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, 2016, 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 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 statements beginning 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 December 20, 2016 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*

December 20, 2016  
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER**  
**BALANCE SHEET – ALL GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	Major Funds				Non-Major	Total
	General	Courts	Courts Technology	Records Modernization Trust	Other Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 442,373	\$ 575,961	\$ 601,464	\$ 445,668	\$ 26,552	\$ 2,092,018
Accounts receivable, net	32,126	-	-	-	-	32,126
Due from other funds	-	72,319	-	-	-	72,319
Due from other governmental units	-	-	-	-	72,319	72,319
Total assets	<u>\$ 474,499</u>	<u>\$ 648,280</u>	<u>\$ 601,464</u>	<u>\$ 445,668</u>	<u>\$ 98,871</u>	<u>\$ 2,268,782</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 23,818	\$ 19,510	\$ 7,068	\$ -	\$ 2,785	\$ 53,181
Accrued wages and salaries	94,855	74,021	4,072	-	-	172,948
Due to BOCC	240,839	-	-	-	-	240,839
Due to other funds	-	-	-	-	72,319	72,319
Due to other governmental units	69,677	520,481	32,905	-	-	623,063
Deposits	45,310	-	-	-	-	45,310
Total liabilities	<u>474,499</u>	<u>614,012</u>	<u>44,045</u>	<u>-</u>	<u>75,104</u>	<u>1,207,660</u>
<b>FUND BALANCES</b>						
Restricted for state court operations	-	34,268	-	-	-	34,268
Restricted for records modernization	-	-	-	445,668	-	445,668
Restricted for court equipment and technology	-	-	557,419	-	23,767	581,186
Total fund balances	<u>-</u>	<u>34,268</u>	<u>557,419</u>	<u>445,668</u>	<u>23,767</u>	<u>1,061,122</u>
Total liabilities and fund balances	<u>\$ 474,499</u>	<u>\$ 648,280</u>	<u>\$ 601,464</u>	<u>\$ 445,668</u>	<u>\$ 98,871</u>	<u>\$ 2,268,782</u>

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, 2016**

	Major Funds				Non-Major	Total
	General	Courts	Courts Technology	Records Modernization Trust	Other Governmental Funds	
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 169,359	\$ -	\$ -	\$ 228,915	\$ 398,274
Charges for services	999,796	2,380,946	320,714	104,321	-	3,805,777
Fines and forfeitures	-	845,596	-	-	178,929	1,024,525
Miscellaneous	39,912	15,777	-	-	-	55,689
Total revenues	<u>1,039,708</u>	<u>3,411,678</u>	<u>320,714</u>	<u>104,321</u>	<u>407,844</u>	<u>5,284,265</u>
<b>EXPENDITURES</b>						
Current:						
General government:						
Financial and administrative:						
Personal services	2,178,799	-	-	-	-	2,178,799
Operating	351,178	-	-	24,864	-	376,042
Capital outlay	20,151	-	-	-	-	20,151
Judicial:						
Personal services	-	2,682,265	161,984	-	274,360	3,118,609
Operating	-	159,970	138,093	-	110,555	408,618
Capital outlay	-	-	19,734	-	-	19,734
Total expenditures	<u>2,550,128</u>	<u>2,842,235</u>	<u>319,811</u>	<u>24,864</u>	<u>384,915</u>	<u>6,121,953</u>
Excess (deficiency) of revenue over expenditures	<u>(1,510,420)</u>	<u>569,443</u>	<u>903</u>	<u>79,457</u>	<u>22,929</u>	<u>(837,688)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
BOCC appropriation	1,726,626	-	-	-	-	1,726,626
BOCC unspent revenues	(216,206)	-	-	-	-	(216,206)
Payments to Clerks of the Court Trust Fund	-	(566,926)	-	-	-	(566,926)
Total other financing sources (uses)	<u>1,510,420</u>	<u>(566,926)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,494</u>
<b>Net change in fund balances</b>	-	2,517	903	79,457	22,929	105,806
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	31,751	556,516	366,211	838	955,316
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 34,268</u>	<u>\$ 557,419</u>	<u>\$ 445,668</u>	<u>\$ 23,767</u>	<u>\$ 1,061,122</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS  
SEPTEMBER 30, 2016**

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**ASSETS**

Cash and cash equivalents	\$ 4,197,980
Due from other governmental units	<u>10,884</u>
Total assets	<u><u>\$ 4,208,864</u></u>

**LIABILITIES**

Accounts payable	\$ 39,629
Due to other governmental units	1,064,403
Deposits	<u>3,104,832</u>
Total liabilities	<u><u>\$ 4,208,864</u></u>

See notes to the financial statements.



**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**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 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.

**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, 2016**

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**1. SUMMARY OF ACCOUNTING POLICIES – 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 funds of the Clerk are 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.

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

**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.

**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.

**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, 2016**

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**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, 2016, the banks reported deposits before outstanding checks of \$6,603,050, 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.

**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](http://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, 2016**

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**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 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age. Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

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

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination.

The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

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

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, 2016**

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**3. PENSION AND RETIREMENT PLAN – CONTINUED**

Blended contribution rates for the fiscal year ended September 30, 2016 were as follows: regular employees - 7.33%, special risk employees – 22.17%, elected officials – 42.32%, senior management employees – 21.52%, and DROP participants - 12.91%. 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 \$346,250, \$347,267, and \$317,014 for the years ended September 30, 2016, 2015, and 2014, 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-wide financial statements of Santa Rosa County, Florida.

**4. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN**

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

Although participating retirees are required to reimburse the Board for 100% of the premium cost, employees who retire with a minimum of 10 years of creditable service (8 years elected service) are eligible for a monthly health insurance subsidy of \$3 per year of creditable service, limited to the lesser of \$90 per month or the actual cost of the retiree’s monthly health insurance premium.

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

**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, 2016**

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**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, 2016, the Clerk had restricted fund balances for state court operations of \$34,268 and for records modernization and court equipment and technology of \$1,026,854.

*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, 2016**

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**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 (GAAP BASIS) AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General Fund				Special Revenue Fund Courts Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 449,400	\$ 121,585	\$ 169,359	\$ 47,774
Charges for services	870,550	889,157	999,796	110,639	1,836,998	2,074,010	2,380,946	306,936
Fines & forfeitures	-	-	-	-	641,330	631,416	845,596	214,180
Miscellaneous	28,950	26,560	39,912	13,352	20,989	15,224	15,777	553
Total revenues	899,500	915,717	1,039,708	123,991	2,948,717	2,842,235	3,411,678	569,443
<b>EXPENDITURES</b>								
Current:								
General government:								
Financial and administrative:								
Personal services	2,176,665	2,224,986	2,178,799	46,187	-	-	-	-
Operating	411,485	388,165	351,178	36,987	-	-	-	-
Capital outlay	54,193	26,193	20,151	6,042	-	-	-	-
Judicial:								
Personal services	-	-	-	-	2,821,347	2,710,072	2,682,265	27,807
Operating	-	-	-	-	127,370	132,163	159,970	(27,807)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	2,642,343	2,639,344	2,550,128	89,216	2,948,717	2,842,235	2,842,235	-
Excess (deficiency) of revenues over expenditures	(1,742,843)	(1,723,627)	(1,510,420)	213,207	-	-	569,443	569,443
<b>OTHER FINANCING SOURCES (USES)</b>								
BOCC appropriation	1,742,843	1,726,626	1,726,626	-	-	-	-	-
BOCC unspent revenues	-	-	(216,206)	(216,206)	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	-	(566,926)	(566,926)
Total other financing sources (uses)	1,742,843	1,726,626	1,510,420	(216,206)	-	-	(566,926)	(566,926)
<b>Net change in fund balances</b>	-	2,999	-	(2,999)	-	-	2,517	2,517
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-	-	-	31,751	31,751
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ 2,999	\$ -	\$ (2,999)	\$ -	\$ -	\$ 34,268	\$ 34,268

See independent auditors' report on supplementary information.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS – CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Special Revenue Fund Courts Technology Fund</b>				<b>Special Revenue Fund Records Modernization Trust Fund</b>			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Charges for services	\$ 305,583	\$ 320,720	\$ 320,714	\$ (6)	\$ 100,000	\$ 100,000	\$ 104,321	\$ 4,321
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	305,583	320,720	320,714	(6)	100,000	100,000	104,321	4,321
<b>EXPENDITURES</b>								
Current:								
General government:								
Financial and administrative:								
Operating	-	-	-	-	65,200	65,200	24,864	40,336
Capital outlay	-	-	-	-	34,800	34,800	-	34,800
Judicial:								
Personal services	246,733	246,733	161,984	84,749	-	-	-	-
Operating	133,850	189,150	138,093	51,057	-	-	-	-
Capital outlay	125,000	69,700	19,734	49,966	-	-	-	-
Total expenditures	505,583	505,583	319,811	185,772	100,000	100,000	24,864	75,136
Excess (deficiency) of revenues over expenditures	(200,000)	(184,863)	903	185,766	-	-	79,457	79,457
<b>FUND BALANCES, BEGINNING OF YEAR</b>	200,000	200,000	556,516	356,516	-	-	366,211	366,211
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 556,516</u>	<u>\$ 356,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366,211</u>	<u>\$ 366,211</u>

See independent auditors' report on supplementary information.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2016**

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**Budgets and Budgetary Accounting**

The Clerk establishes annual budgets for its general fund and special revenue funds pursuant to Section 218.35, Florida Statutes. The Clerk's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

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

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
COMBINING BALANCE SHEET  
ALL NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	10% Fines- PRMTF	Child Support Title IV-D	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,552	\$ -	\$ 26,552
Due from other governmental units	-	72,319	72,319
Total assets	<u>\$ 26,552</u>	<u>\$ 72,319</u>	<u>\$ 98,871</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,785	\$ -	\$ 2,785
Due to other funds	-	72,319	72,319
Total liabilities	<u>2,785</u>	<u>72,319</u>	<u>75,104</u>
<b>FUND BALANCES</b>			
Restricted for court equipment and technology	<u>23,767</u>	-	<u>23,767</u>
Total fund balances	<u>23,767</u>	-	<u>23,767</u>
Total liabilities and fund balances	<u>\$ 26,552</u>	<u>\$ 72,319</u>	<u>\$ 98,871</u>

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	10% Fines- PRMTF	Child Support Title IV-D	Totals
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 228,915	\$ 228,915
Fines and forfeitures	178,929	-	178,929
Total revenues	<u>178,929</u>	<u>228,915</u>	<u>407,844</u>
<b>EXPENDITURES</b>			
Current:			
General government:			
Judicial:			
Personal services	45,445	228,915	274,360
Operating	110,555	-	110,555
Capital outlay	-	-	-
Total expenditures	<u>156,000</u>	<u>228,915</u>	<u>384,915</u>
Excess (deficiency) of revenue over expenditures	<u>22,929</u>	<u>-</u>	<u>22,929</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>838</u>	<u>-</u>	<u>838</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 23,767</u>	<u>\$ -</u>	<u>\$ 23,767</u>

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 SEPTEMBER 30, 2016**

	Court Registry	Fine and Cost	Intangible Tax	State Documentary Stamp	Suspense	Tax Redemption	Ordinary Witness	Bail Bonds	Flower Trust Fund	Totals
<b>ASSETS</b>										
Cash and cash equivalents	\$ 2,046,510	\$ 266,026	\$ 134,019	\$ 584,364	\$ 80,749	\$ 595,673	\$ 27,990	\$ 461,326	\$ 1,323	\$ 4,197,980
Due from other governmental units	-	-	-	-	-	-	10,884	-	-	10,884
Total assets	<u>\$ 2,046,510</u>	<u>\$ 266,026</u>	<u>\$ 134,019</u>	<u>\$ 584,364</u>	<u>\$ 80,749</u>	<u>\$ 595,673</u>	<u>\$ 38,874</u>	<u>\$ 461,326</u>	<u>\$ 1,323</u>	<u>\$ 4,208,864</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 755	\$ -	\$ 38,874	\$ -	\$ -	\$ 39,629
Due to other governmental units	-	266,026	134,019	584,364	79,994	-	-	-	-	1,064,403
Deposits	2,046,510	-	-	-	-	595,673	-	461,326	1,323	3,104,832
Total liabilities	<u>\$ 2,046,510</u>	<u>\$ 266,026</u>	<u>\$ 134,019</u>	<u>\$ 584,364</u>	<u>\$ 80,749</u>	<u>\$ 595,673</u>	<u>\$ 38,874</u>	<u>\$ 461,326</u>	<u>\$ 1,323</u>	<u>\$ 4,208,864</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, 2016, and the related notes to the financial statements, which collectively comprise the Clerk’s financial statements and have issued our report thereon dated December 20, 2016.

**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*

December 20, 2016  
Pensacola, Florida

**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 regards to certain court-related functions, and Florida Statute 61.181 in regards to operation of a depository for alimony and child support for the year ended September 30, 2016.

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 and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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, 2016.

*Warren Averett, LLC*

December 20, 2016  
Pensacola, Florida

## 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, 2016, and have issued our report thereon dated December 20, 2016.

### 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 Reports

We have also issued our Independent Auditors’ Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated December 20, 2016, 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 or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial report.

### Other Matters

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

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

December 20, 2016  
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER  
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER  
SEPTEMBER 30, 2016**

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There are no findings which require a response from management.