

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

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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, 2006, 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, 2006, 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 December 4, 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 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.

O'Sullivan Grell, LLP

December 4, 2006

**Santa Rosa County, Florida Clerk of Courts
BALANCE SHEET - ALL GOVERNMENTAL FUNDS
September 30, 2006**

	Major Funds				Nonmajor Fund	Total
	General	Courts	Courts Technology	Records Modernization Trust	OSCA	
	ASSETS					
Cash and cash equivalents	\$ 935,059	\$ 307,207	\$ 654,342	\$ 843,581	\$ -	\$ 2,740,189
Due from other governmental units	7,099	9,363	-	-	10,870	27,332
Due from other funds	10,092	-	-	-	-	10,092
Total assets	<u>\$ 952,250</u>	<u>\$ 316,570</u>	<u>\$ 654,342</u>	<u>\$ 843,581</u>	<u>\$ 10,870</u>	<u>\$ 2,777,613</u>
LIABILITIES						
Accounts payable	\$ 95,121	\$ 8,735	\$ 3,342	\$ -	\$ -	\$ 107,198
Accrued wages and salaries	30,580	45,263	4,793	-	1,466	82,102
Due to other governmental units	775,622	262,572	83,016	-	-	1,121,210
Due to other funds	-	-	-	-	10,092	10,092
Deferred income	50,927	-	-	-	-	50,927
Total liabilities	<u>952,250</u>	<u>316,570</u>	<u>91,151</u>	<u>-</u>	<u>11,558</u>	<u>1,371,529</u>
FUND BALANCES						
Reserved for courts technology fund	-	-	563,191	-	-	563,191
Reserved for records modernization trust fund	-	-	-	843,581	-	843,581
Unreserved	-	-	-	-	(688)	(688)
Total fund balances	<u>-</u>	<u>-</u>	<u>563,191</u>	<u>843,581</u>	<u>(688)</u>	<u>1,406,084</u>
Total liabilities and fund balances	<u>\$ 952,250</u>	<u>\$ 316,570</u>	<u>\$ 654,342</u>	<u>\$ 843,581</u>	<u>\$ 10,870</u>	<u>\$ 2,777,613</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, 2006**

	Major Funds				Nonmajor Fund	Total
	General	Courts	Courts Technology	Records Modernization Trust	OSCA	
REVENUES						
Intergovernmental	\$ -	\$ 76,675	\$ -	\$ -	\$ 63,444	\$ 140,119
Charges for services	1,582,368	3,136,258	515,466	165,830	-	5,399,922
Miscellaneous	171,090	14,230	-	-	-	185,320
Total revenues	<u>1,753,458</u>	<u>3,227,163</u>	<u>515,466</u>	<u>165,830</u>	<u>63,444</u>	<u>5,725,361</u>
EXPENDITURES						
Current:						
General government:						
Financial and administrative:						
Personal services	1,787,783	-	-	-	-	1,787,783
Operating	356,958	10,831	-	-	-	367,789
Capital outlay	65,044	-	-	-	-	65,044
Judicial:						
Personal services	-	2,672,260	231,012	-	63,718	2,966,990
Operating	-	228,432	167,124	-	2,505	398,061
Capital outlay	-	53,068	10,665	-	-	63,733
Total expenditures	<u>2,209,785</u>	<u>2,964,591</u>	<u>408,801</u>	<u>-</u>	<u>66,223</u>	<u>5,649,400</u>
Excess (deficiency) of revenues over expenditures	<u>(456,327)</u>	<u>262,572</u>	<u>106,665</u>	<u>165,830</u>	<u>(2,779)</u>	<u>75,961</u>
OTHER FINANCING SOURCES (USES)						
Board of County Commissioners appropriation	1,224,140	-	-	-	-	1,224,140
Board of County Commissioners excess fees	(767,813)	-	-	-	-	(767,813)
Transfer to Clerk of Court Trust Fund	-	(262,572)	-	-	-	(262,572)
Total other financing sources (uses)	<u>456,327</u>	<u>(262,572)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,755</u>
Net change in fund balances	-	-	106,665	165,830	(2,779)	269,716
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>456,526</u>	<u>677,751</u>	<u>2,091</u>	<u>1,136,368</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 563,191</u>	<u>\$ 843,581</u>	<u>\$ (688)</u>	<u>\$ 1,406,084</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, 2006**

ASSETS

Cash and cash equivalents	\$ 2,091,764
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LIABILITIES

Accounts payable	5,429
Due to other governmental units	1,085
Deposits	<u>2,085,250</u>
Total liabilities	<u>2,091,764</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, 2006

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, 2006

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.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2006

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, 2006

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, 2006, the banks reported deposits before outstanding checks of \$6,308,500, 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, 2005	\$ 540,918
Increases	428,226
Decreases	<u>(385,441)</u>
Balance - September 30, 2006	<u>\$ 583,703</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, 2006

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 will 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 eligible 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 his/her 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, 2006

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, 2006 were as follows: regular employees, 8.34%, special risk employees, 19.13%, elected officials, 15.56%, senior management employees, 11.12%, and DROP participants, 9.73%. 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 \$323,719, \$251,875, and \$226,630, for the years ended September 30, 2006, 2005, and 2004, 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, 2006

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 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 MAJOR SPECIAL REVENUE FUNDS
For the year ended September 30, 2006**

	General Fund				Special Revenue Fund Courts Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 46,957	\$ 46,957	\$ 76,675	\$ 29,718
Charges for services	1,725,399	1,619,734	1,582,368	(37,366)	2,938,043	2,923,548	3,136,258	212,710
Miscellaneous	79,500	185,165	171,090	(14,075)	17,500	14,495	14,230	(265)
Total revenues	1,804,899	1,804,899	1,753,458	(51,441)	3,002,500	2,985,000	3,227,163	242,163
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	1,855,990	1,842,660	1,787,783	54,877	-	-	-	-
Operating	435,952	443,233	356,958	86,275	-	10,461	10,831	(370)
Capital outlay	59,000	65,049	65,044	5	-	-	-	-
Judicial:								
Personal services	-	-	-	-	2,701,912	2,681,069	2,672,260	8,809
Operating	-	-	-	-	282,988	240,301	228,432	11,869
Capital outlay	-	-	-	-	-	53,069	53,068	1
Total expenditures	2,350,942	2,350,942	2,209,785	141,157	2,984,900	2,984,900	2,964,591	20,309
Excess (deficiency) of revenues over expenditures	(546,043)	(546,043)	(456,327)	89,716	17,600	100	262,572	262,472
OTHER FINANCING SOURCES (USES)								
Board of County Commissioners appropriation	1,224,140	1,224,140	1,224,140	-	-	-	-	-
Board of County Commissioners excess fees	(678,097)	(678,097)	(767,813)	(89,716)	-	-	-	-
Transfer to Clerk of Court Trust Fund	-	-	-	-	(17,600)	(100)	(262,572)	(262,472)
Total other financing sources (uses)	546,043	546,043	456,327	(89,716)	(17,600)	(100)	(262,572)	(262,472)
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 -
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS (Continued)
For the year ended September 30, 2006**

	Special Revenue Fund Courts Technology Fund				Special Revenue Fund Records Modernization Trust Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES								
Charges for services	\$ 567,000	\$ 567,000	\$ 515,466	\$ (51,534)	\$ 186,000	\$ 186,000	\$ 165,830	\$ (20,170)
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Operating	-	-	-	-	130,000	130,000	-	130,000
Capital outlay	-	-	-	-	56,000	56,000	-	56,000
Judicial:								
Personal services	277,618	277,618	231,012	46,606	-	-	-	-
Operating	262,727	262,727	167,124	95,603	-	-	-	-
Capital outlay	26,655	26,655	10,665	15,990	-	-	-	-
Reserve for contingencies	-	-	-	-	-	-	-	-
Total expenditures	567,000	567,000	408,801	158,199	186,000	186,000	-	186,000
Excess (deficiency) of revenues over expenditures	-	-	106,665	106,665	-	-	165,830	165,830
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	106,665	106,665	-	-	165,830	165,830
FUND BALANCES, BEGINNING OF YEAR	-	-	456,526	456,526	-	-	677,751	677,751
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 563,191	\$ 563,191	\$ -	\$ -	\$ 843,581	\$ 843,581

SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS

**Santa Rosa County, Florida Clerk of Courts
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
 ALL AGENCY FUNDS
 September 30, 2006**

	Court Registry	Tax Redemption	Ordinary Witness	Bail Bonds	Child Support	Totals
ASSETS						
Cash and cash equivalents	\$ 1,357,412	\$ 106,150	\$ 5,429	\$ 621,688	\$ 1,085	\$ 2,091,764
LIABILITIES						
Accounts payable	-	-	5,429	-	-	5,429
Due to other governmental units	-	-	-	-	1,085	1,085
Deposits	1,357,412	106,150	-	621,688	-	2,085,250
Total liabilities	<u>1,357,412</u>	<u>106,150</u>	<u>5,429</u>	<u>621,688</u>	<u>1,085</u>	<u>2,091,764</u>
NET ASSETS						
Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Honorable 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 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, 2006, which collectively comprise the Clerk’s financial statements, and have issued our report thereon dated December 4, 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 opinions 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 December 4, 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

December 4, 2006

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, 2006, and have issued our report thereon dated December 4, 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 December 4, 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. 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) (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 report any recommendations to improve the Clerk’s financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

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

December 4, 2006

**Santa Rosa County, Florida Clerk of Courts
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2006**

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