



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

OSCEOLA COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
November 18, 2008

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CHIEF FINANCIAL OFFICER

INTRODUCTION

The Department of Financial Services (DFS) has completed a review of the budget certifications made by the Osceola County Clerk of Circuit Court's Office to the Clerks of Court Operations Corporation (CCOC), pursuant to Section 28.35(3)(b), Florida Statutes (F.S.). The scope of our review focused on validating the processes and methodologies utilized in the development of the Clerk's budgets for fiscal years 2006-2007 (FY 06-07) and 2007-2008 (FY 07-08).

The Chief Financial Officer (CFO) has contracted with CCOC to establish a process for review and certification of court-related budgets submitted by the Clerks of Circuit Courts. The CCOC is responsible for calculating the maximum authorized annual budget, identifying budgets exceeding the maximum expenditure amounts for a standard list of court-related functions and identifying budgets that have insufficient revenues to cover court-related expenditures, pursuant to Section 28.36, F.S.

SUMMARY

- The FY 06-07 and FY 07-08 approved budgets were \$7,151,580 and \$7,728,366 respectively.
- Osceola County has a population of 266,123 and had 129.23, and 140.53 Full Time Employees (FTEs) budgeted to support court-related activities for FY 06-07 and FY 07-08 respectively.
- Budgeted revenues and expenditures for FY 06-07 were \$9,557,130 and \$7,151,580 respectively, resulting in a budgeted surplus of \$2,405,550. Actual revenues and expenditures as reported by the Clerk for FY 06-07 detailed a surplus of \$1,108,114. The Clerk remitted the FY 06-07 surplus to the Department of Revenue (DOR) on December 26, 2007 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- Budgeted revenues and expenditures for FY 07-08 are \$10,097,247 and \$7,728,366 respectively, resulting in a \$2,368,881 budgeted surplus. Monthly payments to the Clerks of the Court Trust Fund are scheduled to liquidate the Clerk's projected surplus pursuant to CCOC directive.

- The Clerk has an internal system and reporting procedures for measuring and reporting on all required performance standards.

SCOPE, OBJECTIVES AND METHODOLOGY

Scope

The Scope of our review included an analysis of the development of the Clerk's FY 06-07 and FY 07-08 budgets. Our review was conducted on July 9 - 11, 2008 at the Osceola County Clerk of Circuit Court's Office.

Objectives and Methodology

The budget review was conducted with the following objectives:

- Each Clerk shall develop a budget funded from fees, services charges, court costs and fines, pursuant to Sections 28.35, 28.36 and 28.37, F.S. Clerks must provide detailed information on expenditures necessary for the performance of court-related functions using the court-related codes in the Uniform Accounting System Manual (UASM). The budget shall be submitted annually to CCOC for review and approval. The CCOC budget approval process focuses on the following key components:
 - Overhead Cost Allocation – The Osceola County Clerk's Office applied a 76.02 percent cost allocation rate to the FY 06-07 certified annual budgets. A 79.40 percent cost allocation rate is being utilized for the FY 07-08 budget.
 - Our review of supporting documentation disclosed that the methodologies used to calculate and distribute overhead costs were reasonable.
 - Distribution of Court-Related FTEs – The Osceola County Clerk's Office budgeted 129.23 of 170.00 and 140.53 of 177.00 FTEs for FY 06-07 and FY 07-08 respectively, to support court-related functions.
 - General Fund Expenditures – The final approved budget for FY 06-07 was \$7,151,580. Major expenditure categories were: Personal Services (\$6,218,956), Operating Expenses (\$736,659) and Capital (\$195,965). The final approved budget for FY 07-08 was \$7,728,366. Major expenditure categories are: Personal Services (\$6,980,016) and Operating Expenses (\$748,350).
 - Revenue Forecasting – Budgeted revenues of \$9,557,130 and \$10,097,247 were calculated for FY 06-07 and FY 07-08 respectively, based on prior period data and management's assessment of future operational activities.
 - Our review determined that the Clerk's FY 06-07 and FY 07-08 budgets were prepared pursuant to CCOC instructions and submitted in accordance with the provisions of Section 28.36, F.S.

- Expenditures during the review period were limited to court-related functions as specified in Section 28.35(4)(a), F.S.
- Revenues for fees, services charges, court costs and funding for court-related functions for FY 06-07 were assessed pursuant to the provisions of Chapter 28, F.S. The Clerk’s budget for FY 07-08 was based on projected revenues from the same sources, pursuant to Section 28.36, F.S.
- Clerks are required to maintain a partial fee payment system, pursuant to Section 28.246, F.S. The Osceola County Clerk’s Office is currently utilizing an internal database system to account for partial fee payments. The Clerk is contracting with an external collection agency to assist with collecting delinquent accounts that are past due.
- Osceola County Clerk of Court was designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$2,405,550. Monthly remittances to the Clerks of the Court Trust Fund were scheduled to liquidate the Clerk’s projected surplus pursuant to CCOC directive. The Clerk reported a FY 06-07 surplus of \$1,108,114 based on actual revenues and expenditures of \$10,195,773 and \$9,087,659 respectively. The Clerk remitted the FY 06-07 surplus to DOR on December 26, 2007 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- Osceola County Clerk of Court is designated a “donor” office for FY 07-08 by CCOC based upon a budgeted surplus of \$2,368,881. Projected revenues and expenditures for FY 07-08 are \$10,097,247 and \$7,728,366 respectively. Through the time of our review (based on report data through May 2008), the Clerk’s Office reported a FY 07-08 surplus of \$386,191 based on revenues and expenditures of \$8,123,470 and \$7,737,279 respectively.
- The following performance measures were adopted by CCOC, pursuant to Section 28.35, F.S., for FY 06-07 and FY 07-08:
 - Outputs – The outputs consist of the number of civil cases filed and the number of criminal defendants handled, by Court Divisions, as identified by the Clerk’s Office. The Clerk reported 108,005 new cases filed and 21,467 defendants during FY 06-07. The Clerk reported 67,056 new cases filed and 11,789 defendants for the first half of FY 07-08
 - Outcome Measures – Timeliness and Collection Rate:
 - Timeliness – New cases opened within a designated number of business days after the initial filing. The Clerk has the ability to collect data and report timeliness measures on new cases. The Clerk reported meeting or exceeding 20 of 20 performance standards to CCOC for FY 06-07. The Clerk reported meeting or exceeding 16 of 20 performance standards to CCOC for the first half of FY 07-08.

- Collection Rate – The collection rate is calculated by dividing collections by the adjusted assessments. The Clerk reported meeting or exceeding 9 of 9 collections performance standards to CCOC for FY 06-07. The Clerk reported meeting or exceeding 8 of 9 collections performance standards to CCOC through the second quarter of FY 07-08.
- Fiscal Management Measures – Fiscal Management Standards:
 - Status Report - The Clerk reported meeting or exceeding 9 of 9 fiscal management standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 9 of 9 fiscal management standards to CCOC for FY 06-07.
- Jury Management Measures – Percentage of juror payments issued timely:
 - Jurors Report – The Clerk reported meeting or exceeding 100 percent of juror payments issued timely to CCOC for the first half of FY 07-08.

FINDINGS AND RECOMMENDATIONS

Based upon our review, we found the Clerk’s budgeting practices and expenditure and revenue methodologies for State funds to be efficient and accurate. We concluded the Osceola County Clerk’s Office is currently able to report on all required performance standards.

REVIEW TEAM

Burton Marshall, *Chief, Bureau of Local Government*
 Priscilla Bailey-Brown, *Financial Administrator*
 Mark Gressel, *Professional Accountant Specialist*
 Angie Lawson, *Professional Accountant Specialist*
 Jessica Robinson, *Professional Accountant Specialist*
 Jeremy Smith, *Professional Accountant Specialist*
 Dariaen Brown, *Professional Accountant Specialist*

APPENDIX

Appendix A



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

May 6, 2008

The Honorable Larry Whaley
Clerk of Circuit Court
Osceola County
2 Courthouse Square, Suite 2000
Kissimmee, Florida 34741

Dear Mr. Whaley:

The Department of Financial Services (DFS) has scheduled a review of your budget processes in accordance with Section 28.35, Florida Statutes. The dates mutually selected for this review are July 9 – 10, 2008. Our review will encompass the following objectives: Analyze the methodologies used to develop both the current and prior fiscal years Clerks of Court Operations Corporation (CCOC) certified budget; review expenditures to ensure compliance with Florida Statutes; analyze projected and year-to-date revenues; and review methods used to collect and report data regarding performance measures.

To minimize disruptions to your daily operations, we request you have the following available upon our arrival:

1. Current organization chart.
2. Internal documentation of methodologies used to allocate FTEs to court-related activities.
3. Payroll subsidiary ledger for the most recent pay date and current annual salary listing by employee. Do not include Social Security Numbers on documentation.
4. Listing of General Ledger codes (500-700 range) used in conjunction with the chart of accounts.
5. General Ledger report of court-related revenues and expenditures for FY 06-07 and FY 07-08 (through May 2008).
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 06-07 and FY 07-08 (through May 2008).
7. Copies of monthly transmittals to the Department of Revenue for revenues remitted, pursuant to Sections 28.241(1)(a), 28.37(2) and 28.37(4), Florida Statutes.
8. Report detailing outstanding balance for each partial payment account.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
Burton S. Marshall, CPA • Chief
Division of Accounting and Auditing • Bureau of Local Government
200 E. Gaines St. • Tallahassee, FL 32399-0354 • Tel. 850-413-5588 • Fax 850-413-5548
Email • Burton.Marshall@myfloridacfo.com
Affirmative Action • Equal Opportunity Employer

Appendix A (continued)

The Honorable Larry Whaley
May 6, 2008
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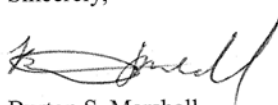
9. Contract, outstanding balance of accounts assigned, and supporting records for remittances by collection agency for FY 06-07 and FY 07-08 (through May 2008), if applicable.
10. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 06-07 and FY 07-08 (through May 2008).
11. Any internal documentation used to complete a Budget Amendment Request(s) approved by CCOC, if applicable.
12. Audit Report for FY 05-06 and FY 06-07.
13. Fiscal Management Measures Status Report Form to CCOC for FY 05-06 and FY 06-07.
14. FY 07-08 Rebasing worksheets for Budget Submission to the CCOC.

Please have the requested information available for fiscal years 2005-2006, 2006-2007 and 2007-2008, as our review will cover these periods. Mr. Bob Johnson and Ms. Jessica Robinson will represent DFS during this review.

We ask that you provide workspace for DFS and a lead from your staff to assist in the review. It is not our intent to disrupt your operations. You may contact us to reschedule if, for any reason, the dates selected cannot be accommodated. Please use Ms. Priscilla Bailey-Brown as our primary point of contact at (850) 413-5592 or priscilla.bailey-brown@myfloridacfo.com.

Thank you for your advanced preparation. We look forward to working with you and your staff.

Sincerely,



Burton S. Marshall

BSM:cc