



REPRESENTING  
**ALEX SINK**  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA

**SANTA ROSA COUNTY**  
**CLERK OF CIRCUIT COURT**  
**BUDGET REVIEW**

REPORT DATE:  
May 14, 2009

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## TABLE OF CONTENTS

INTRODUCTION	1
SUMMARY	1
SCOPE, OBJECTIVES AND METHODOLOGY	2
Scope	2
Objectives and Methodology	2
FINDINGS AND RECOMMENDATIONS	4
REVIEW TEAM	5
APPENDIX	
Budget Review Engagement Letter	A
Clerk's Response	B



# ALEX SINK

## CHIEF FINANCIAL OFFICER

### INTRODUCTION

The Department of Financial Services (DFS) has completed a review of the budget certifications made by the Santa Rosa 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 \$3,339,955 and \$3,534,179 respectively.
- Santa Rosa County has a population of 142,144 and had 80.13 and 82.81 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 \$3,340,000 and \$3,339,955 respectively, resulting in a budgeted surplus of \$45. Actual revenues and expenditures as reported by the Clerk for FY 06-07, which included payments to the Clerks of the Court Trust Fund, detailed a surplus of \$146,288. The Clerk remitted the FY 06-07 surplus to Department of Revenue (DOR) on November 20, 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 were \$3,517,300 and \$3,534,179 respectively, resulting in a \$16,879 budgeted deficit. Monthly payments from the Clerks of the Court Trust Fund were scheduled to fund the Clerk's projected deficit 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 November 12-13, 2008 at the Santa Rosa 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 Santa Rosa County Clerk's Office applied a 64.62 percent cost allocation rate to the FY 06-07 certified annual budget. A 65.21 percent cost allocation rate is being utilized for the FY 07-08 budget.
  - Our review of supporting documentation disclosed the methodologies used to calculate and distribute overhead costs were reasonable.
  - Distribution of Court-Related FTEs – The Santa Rosa County Clerk's Office budgeted 80.13 of 124.00 FTEs and 82.81 of 127.00 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 \$3,339,955. Major expenditure categories were: Personal Services (\$3,018,886), Operating Expenses (\$288,000) and Capital (\$33,069). The final approved budget for FY 07-08 was \$3,534,179. Major expenditure categories were: Personal Services (\$3,178,463), Operating Expenses (\$320,891) and Capital (\$34,825).
  - Revenue Forecasting – Budgeted revenues of \$3,340,000 and \$3,517,300 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 not limited to court-related functions as specified in Section 28.35(4)(a), F.S. The Santa Rosa Clerk’s Office reported \$19,904 for vehicle related expenses in FY 06-07.
- 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 Santa Rosa 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 120 days past due.
- Santa Rosa County Clerk of Court was designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$45. 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 \$146,288 based on actual revenues and expenditures of \$3,461,766 and \$3,315,478 respectively, which included payments to the Clerks of the Court Trust Fund. The Clerk remitted the FY 06-07 surplus to DOR on November 20, 2007 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- Santa Rosa County Clerk of Court is designated a “recipient” office for FY 07-08 by CCOC based upon a budgeted deficit of \$16,879. Projected revenues and expenditures for FY 07-08 were \$3,517,300 and \$3,534,179 respectively. Through the time of our review (based on report data through September 2008), the Clerk’s Office reported a FY 07-08 breakeven status based on revenues and expenditures of \$3,445,023 which included payments to and from the Clerks of the Court Trust Fund.
- The following performance measures were adopted by CCOC, pursuant to Section 28.35, F.S., for FY 05-06, 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 36,351 cases filed and 10,986 defendants during FY 06-07. The Clerk reported 32,334 cases filed and 9,310 defendants for FY 07-08. The Clerk reported 28,360 financial receipts for 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 16 of 20 performance standards to CCOC for FY 06-07. The Clerk reported meeting or exceeding 18 of 20 performance standards to CCOC for FY 07-08.

- Collection Rate – The collection rate is calculated by dividing collections by the adjusted assessments. The Clerk reported meeting or exceeding 5 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 for 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

### **Finding Number 1:**

Based upon our review, we found the Clerk’s budgeting practices and revenue methodologies for State funds to be efficient and accurate. We concluded the Santa Rosa County Clerk’s Office is currently able to report on all required performance standards. However, expenditures during the review period were not limited to court-related functions as specified in Sections 28.35(4)(a) and 29.008, F.S. The Santa Rosa County Clerk’s Office reported vehicle expenditures totaling \$19,904 which was outside the scope of State funding authority for FY 06-07.

### **Recommendation Number 1:**

The Santa Rosa County Clerk’s Office should closely adhere to and follow all expenditure requirements prescribed in Florida Statutes. The Clerk should reimburse the Clerks of the Court Trust Fund for unallowable expenditures totaling \$19,904 within 30 days of receiving this report, pursuant to Section 28.36(4)(b), F.S.

**Clerk Response:** The Santa Rosa County Clerk’s Office believes the purchase of the vehicle is a justifiable expense. The vehicle is used exclusively to shuttle court records to and from the courthouse from the archives building.

**DFS Response:**

The department’s interpretation of Florida Statutes is not based on implied authority. Expenditures specified for court-related functions are described in Sections 28.35(4)(b) and 29.008(1)(f)(2), F.S. Consequently, our recommendation remains that expenditures related to vehicle expense are not specifically authorized and should be reimbursed within 30 days of receiving this report.

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**REVIEW TEAM**

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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*

# APPENDIX



## Appendix A



REPRESENTING  
**ALEX SINK**  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA



**MAILED**  
9-16-08

September 16, 2008

The Honorable Mary M. Johnson  
Clerk of Circuit Court  
Santa Rosa County  
Post Office Box 472  
Milton, Florida 32570

Dear Ms. Johnson:

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 November 12 – 14, 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 copies 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. Please do not include Social Security Numbers on documentation.
4. Listing of General Ledger codes (500-700 range) as prescribed by the DFS Uniform Accounting System Manual Chart of Accounts.
5. General Ledger report of court-related revenues and expenditures for FY 06-07 and FY 07-08.
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 06-07 and FY 07-08.
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  
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Affirmative Action • Equal Opportunity Employer

## Appendix A (continued)

The Honorable Mary M. Johnson  
September 16, 2008  
Page 2

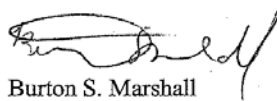
9. Contract, outstanding balance of accounts assigned, and supporting records for remittances by collection agency for FY 06-07 and FY 07-08, if applicable.
10. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 06-07 and FY 07-08.
11. Any internal documentation used to complete a Budget Amendment Request(s) approved by CCOC, if applicable.
12. Management Letter from the Annual 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 and FY 08-09 Rebasing worksheets for Budget Submission to the CCOC.

Please have the requested report information available for fiscal years 2006-2007 and 2007-2008, as our review will cover these periods. Ms. Angie Lawson 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](mailto: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

## Appendix B

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Mary M. Johnson  
Clerk Circuit Court & County Court  
Santa Rosa County  
P.O. Box 472  
Milton, Florida 32572-0472

May 6, 2009

Burton S. Marshall  
Florida Department of Financial Services  
200 E. Gaines Street  
Tallahassee, FL 32399-0354

Dear Mr. Marshall,

This office believes the purchase of the vehicle is a justifiable expense. This vehicle is used exclusively to shuttle court records to and from the courthouse from our archives building.

We no longer charge any vehicle or transportation expenses to court-related functions budget. Thank you for your recommendations.

Sincerely,

Mary M. Johnson  
Clerk of the Circuit Court