



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

ORANGE COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
April 14, 2008

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ALEX SINK

CHIEF FINANCIAL OFFICER

INTRODUCTION

The Department of Financial Services (DFS) has completed a review of the budget certifications made by the Orange 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 2005-2006 (FY 05-06) and 2006-2007 (FY 06-07).

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 05-06 and FY 06-07 approved budgets were \$24,677,501 and \$28,604,021 respectively.
- Orange County has a population of 1,073,717 and had 542.50 and 549.76 Full Time Employees (FTEs) budgeted to support court-related activities for FY 05-06 and FY 06-07 respectively.
- Budgeted revenues and expenditures for FY 05-06 were \$26,188,000 and \$24,677,501 respectively, resulting in a budgeted surplus of \$1,510,499. Actual revenues and expenditures as reported by the Clerk for FY 05-06 detail a surplus of \$2,365,057. The Clerk remitted the FY 05-06 surplus to Department of Revenue (DOR) on December 18, 2006 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- Budgeted revenues and expenditures for FY 06-07 were \$29,300,584 and \$28,604,021 respectively, resulting in a budgeted surplus of \$696,563. Monthly payments to the Clerks of the Court Trust Fund were 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 05-06 and FY 06-07 budgets. Our review was conducted on December 19 - 20, 2007 at the Orange 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 Orange County Clerk's Office applied a 99.27 percent cost allocation rate to the FY 05-06 certified annual budget. A 94.54 percent cost allocation rate was utilized for the FY 06-07 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 Orange County Clerk's Office budgeted 542.50 of 546.50 and 549.76 of 581.50 FTEs for FY 05-06 and FY 06-07 respectively, to support court-related functions.
 - General Fund Expenditures – The final approved budget for FY 05-06 was \$24,677,501. Major expenditure categories were: Personal Services (\$23,020,530) and Operating Expenses (\$1,656,971). The final approved budget for FY 06-07 was \$28,604,021. Major expenditure categories were: Personal Services (\$26,669,180) and Operating Expenses (\$1,934,841).
 - Revenue Forecasting – Budgeted revenues of \$26,188,000 and \$29,300,584 were calculated for FY 05-06 and FY 06-07 respectively, based on prior period data and management's assessment of future operational activities.

- Our review determined that the Clerk’s FY 05-06 and FY 06-07 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 05-06 were assessed pursuant to the provisions of Chapter 28, F.S. The Clerk’s budget for FY 06-07 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 Orange County Clerk’s Office is currently utilizing an internal database system to account for partial fee payments and outstanding receivables. The Clerk is contracting with an external collection agency to assist with collecting delinquent accounts.
- The Orange County Clerk of Court was designated a “donor” office for FY 05-06 by CCOC based upon a budgeted surplus of \$1,510,499. 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 05-06 surplus of \$2,365,057 based on actual revenues and expenditures of \$28,552,775 and \$26,187,718 respectively. The Clerk remitted the FY 05-06 surplus to DOR on December 18, 2006 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- The Orange County Clerk of Court was designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$696,563. Budgeted revenues and expenditures for FY 06-07 were \$29,300,584 and \$28,604,021 respectively. The Clerk’s Office reported an actual FY 06-07 surplus of \$2,713,035 based on revenues and expenditures of \$34,013,619 and \$31,300,584 respectively.
- The following performance measures were adopted by CCOC, pursuant to Section 28.35, F.S., for FY 05-06 and FY 06-07.
 - 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 376,066 new cases filed and 81,061 defendants for FY 05-06. The Clerk reported 423,019 new cases filed and 86,623 defendants for FY 06-07.

- 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 17 of 20 performance standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 20 of 20 performance standards to CCOC for FY 06-07.
 - 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 05-06. The Clerk reported meeting or exceeding 9 of 9 collections performance standards to CCOC for FY 06-07.
- Fiscal Management Measures – Fiscal Management Standards
 - Status Report - The Clerk reported meeting or exceeding 9 of 9 fiscal management standards to CCOC for FY 06-07.

FINDINGS AND RECOMMENDATIONS

Finding:

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 Orange 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*
 Bob Johnson, *Professional Accountant Specialist*
 Angie Lawson, *Professional Accountant Specialist*
 Jessica Robinson, *Professional Accountant Specialist*

APPENDIX

Appendix A



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

August 29, 2007

The Honorable Lydia Gardner
Clerk of Circuit Court
Orange County
425 North Orange Avenue, Suite 2110
Orlando, Florida 32801

Dear Ms. Gardner:

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 December 19 – 21, 2007. 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.
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 05-06 and FY 06-07 (through October 2007).
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 05-06 and FY 06-07 (through October 2007).
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 • SC 293-5588
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Appendix A (continued)

The Honorable Lydia Gardner
August 29, 2007
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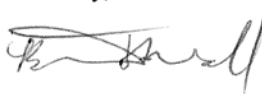
9. Contract, outstanding balance of accounts assigned, and supporting records for remittances by collection agency for FY 05-06 and FY 06-07, if applicable.
10. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 05-06 and FY 06-07.
11. Any internal documentation used to complete a Budget Amendment Request(s) approved by CCOC, if applicable.
12. Annual Financial Report and Audit Report for FY 05-06.

Please have the requested information available for fiscal years 2005-2006 and 2006-2007, as our review will cover both periods. Mr. Mark Gressel, Ms. Jessica Robinson, and Ms. Krystal Glover 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@fldfs.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



Lydia Gardner
Clerk of the Circuit and County Courts
Orange County • Florida

March 28, 2008

Mr. Mark Gressel
Bureau of Local Government
Department of Financial Services
200 E. Gaines Street
Tallahassee, FL 32399-0354

Dear Mr. Gressel:

This letter is in response to your report dated March, 2008, the scope of which covered the Clerk's fiscal years ended September 30, 2006 and 2007. The Findings and Recommendations and our response follows.

Auditors' Findings and Recommendations:

Based on 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 Orange County Clerk's Office is currently able to report on all required performance standards.

Management's Response:

We would like to acknowledge the professionalism and courtesy shown to us during your audit. Your guidance and assistance was invaluable. We continue to monitor and improve our internal processes in an effort to ensure compliance with state requirements.

Should you have any additional questions related to this matter, please do not hesitate to contact me at 407.836.6335.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lydia Gardner".

Lydia Gardner
Orange County Clerk of Courts

@ myorangeclerk.com

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