



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

DADE COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
September 17, 2009

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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 Dade 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), 2007-2008 (FY 07-08), and 2008-2009 (FY 08-09).

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, FY 07-08, and FY 08-09 approved budgets were \$71,160,586, \$75,350,300, and \$85,895,520, respectively.
- Dade County has a population of 2,462,292 and had 1,243.74, 1,285.60, and 1,330.18 Full Time Employees (FTEs) budgeted to support court-related activities for FY 06-07, FY 07-08, and FY 08-09, respectively.
- Budgeted revenues and expenditures for FY 06-07 were \$71,188,000 and \$71,160,586, respectively, resulting in a budgeted surplus of \$27,414. Actual revenues and expenditures for FY 06-07, which included payments to the Clerks of Court Trust Fund, detailed a surplus of \$1,349,632. The Clerk remitted the FY 06-07 surplus to Department of Revenue (DOR) on December 28, 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 \$76,674,000 and \$75,350,300, respectively, resulting in a budgeted surplus of \$1,323,700. Actual revenues and expenditures for FY 07-08, which included payments to the Clerks of Court Trust Fund, detailed a surplus of \$1,956,697.

The Clerk remitted the FY 07-08 surplus to DOR on December 18, 2008, for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.

- Budgeted revenues and expenditures for FY 08-09 are \$88,431,200 and \$85,895,520, respectively, resulting in a \$2,535,680 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, OBSERVATIONS, AND METHODOLOGY

Scope

The Scope of our review included an analysis of the development of the Clerk's FY 06-07, FY 07-08, and FY 08-09 budgets. Our review was conducted February 9-13, 2009, at the Dade County Clerk of Circuit Court's Office.

Objectives, Observations, and Methodology

The budget review was conducted to ensure Clerk budget methodologies, performance measures, revenues, and expenditures are accurately implemented and recorded according to law.

- Our review of the Clerk's budgets verified the budgets were funded from fees, service 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 Dade County Clerk's Office applied an 83.85 and an 83.10 percent cost allocation rate to the FY 06-07 and FY 07-08 certified annual budgets. An 83.05 percent cost allocation rate is being utilized for the FY 08-09 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 Dade County Clerk's Office budgeted 1,243.74 of 1,483.38, 1,285.60 of 1,547.03, and 1,330.18 of 1,601.75 FTEs for FY 06-07, FY 07-08, and FY 08-09, respectively to support court-related functions.

- General Fund Expenditures – The final approved budget for FY 06-07 was \$71,160,586. Major expenditure categories were: Personal Services (\$61,642,000), Operating Expenses (\$8,732,200), and Capital (\$786,386). The final approved budget for FY 07-08 was \$75,350,300. Major expenditure categories were: Personal Services (\$69,518,338), Operating Expenses (\$5,577,062), and Capital (\$254,900). The final approved budget for FY 08-09 was \$85,895,520. Major expenditure categories were: Personal Services (\$75,937,027), Operating Expenses (\$8,925,340), and Capital (\$1,033,153).
- Revenue Forecasting – Budgeted revenues of \$71,188,000, \$76,674,000, and \$88,431,200 were calculated for FY 06-07, FY 07-08, and FY 08-09, respectively, based on prior period data and management’s assessment of future operational activities.
- Our review determined that the Clerk’s FY 06-07, FY 07-08, and FY 08-09 budgets were prepared pursuant to CCOC instructions and submitted in accordance with the provisions of Section 28.36, F.S.
- Our analysis of the Clerk’s expenditures during the review period confirmed the Clerk’s expenditures were not limited to court-related functions as specified in Section 28.35(4)(a), F.S. The Dade County Clerk’s Office reported \$1,400 for vehicle related expenses in FY 06-07 and \$3,274 in FY 07-08.
- Our analysis of the Clerk’s revenues for fees, service charges, court costs, and funding for court-related functions for FY 06-07 and FY 07-08 confirmed the Clerk’s revenues were assessed pursuant to the provisions of Chapter 28, F.S. The Clerk’s budget for FY 08-09 was based on projected revenues from the same sources, pursuant to Section 28.36, F.S.
- Our review disclosed the Clerk maintains a partial fee payment system, pursuant to Section 28.246, F.S. The Dade County Clerk’s Office is currently utilizing an internal database system to account for partial fee payments. The Clerk is contracting with three external collection agencies to assist with collecting delinquent accounts.
- Dade County Clerk of Court was designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$27,414. 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 \$1,349,632 based on actual revenues and expenditures of \$76,333,495 and \$74,983,863, respectively, which included payments to the Clerks of Court Trust Fund. The Clerk remitted the FY 06-07 surplus to DOR on December 28, 2007, for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.

- Dade County Clerk of Court was designated a “donor” office for FY 07-08 by CCOC based upon a budgeted surplus of \$1,323,700. 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 07-08 surplus of \$1,956,697 based on actual revenues and expenditures of \$86,147,404 and \$84,190,707, respectively, which included payments to the Clerks of Court Trust Fund. The Clerk remitted the FY 07-08 surplus to DOR on December 18, 2008, for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- Dade County Clerk of Court is designated a “donor” office for FY 08-09 by CCOC based upon a budgeted surplus of \$2,535,680. Projected revenues and expenditures for FY 08-09 were \$88,431,200 and \$85,895,520, respectively. Through the time of our review (based on report data through December 2008), the Clerk’s Office reported a FY 08-09 surplus of \$1,292,745 based on revenues and expenditures of \$20,880,480 and \$19,587,735, respectively, which included payments to the Clerks of 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, FY 07-08, and FY 08-09:
 - 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 1,006,470 cases filed and 215,492 defendants during FY 06-07. The Clerk reported a total case count of 1,387,208 for FY 07-08, which included re-openings and Notices of Appeal (NOAs). The Clerk’s Office reported a total number of defendants of 342,221 for FY 07-08, which included re-openings and NOAs. The Clerk reported 1,169,773 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 20 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 6 of 9 collections performance standards to CCOC for FY 06-07. The Clerk reported meeting or exceeding 6 of 9 collections performance standards to CCOC for FY 07-08. The Clerk reported meeting or exceeding 6 of 9 collections performance standards to CCOC for the first quarter of FY 08-09.

- 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 100 percent of juror payments issued timely to CCOC for 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 Dade 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 Section 28.35(4)(a) and 29.008, F.S. The Clerk reported expenditures outside the scope of State funding authority. The unallowable expenditures totaled \$1,400 for FY 06-07 and \$3,274 for FY 07-08.

Recommendation Number 1:

The Dade 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 the unallowable expenditures totaling \$1,400 for FY 06-07 and \$3,274 for FY 07-08, within 30 days of receiving this report, pursuant to Section 28.36(4)(b), F.S.

Clerk Response:

The Dade County Clerk’s Office interpretation of Florida Statutes is vehicle related expenditures are allowable. The Clerk’s Office covers a geographical area of 2,000+ square miles and performs court-related functions at over 16 locations throughout the County. The Clerk’s Office uses the vehicles to travel between various locations and sometimes on a daily basis.

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.

REVIEW TEAM

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

APPENDIX

Appendix A

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REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

December 24, 2008

The Honorable Harvey Ruvin
Clerk of Circuit Court
Miami-Dade County
73 West Flagler Street
Miami, Florida 33130

Dear Mr. Ruvin:

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 February 9 – 13, 2009. 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, FY 07-08 and FY 08-09 (through December 2008).
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 06-07, FY 07-08 and FY 08-09 (through December 2008).
7. Juror Expense Allocation Letters from CCOC for the fourth quarter of FY 07-08 and the first quarter of FY 08-09.
8. General Ledger report of Juror Expenditures for the fourth quarter of FY 07-08 and the first quarter of FY 08-09.
9. Copies of monthly transmittals to the Department of Revenue for revenues remitted during FY 06-07, FY 07-08 and FY 08-09, pursuant to Sections 28.241(1)(a), 28.241(2), 34.041(1)(b), 28.37(2) and 28.37(4), Florida Statutes.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
Burton S. Marshall, CPA • Chief
Division of Accounting and Auditing • Bureau of Local Government
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Affirmative Action • Equal Opportunity Employer

Appendix A (continued)

The Honorable Harvey Ruvin
December 23, 2008
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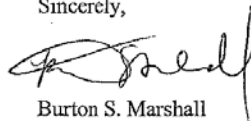
10. General Ledger report for the fourth quarter of FY 07-08 and the first quarter of FY 08-09 for revenues related to Chapter 2008-111, Laws of Florida (SB 1790). Also, any internal documents used in tracking and reporting Chapter 2008-111 revenues.
11. DOR Confirmations of remittances for the fourth quarter of FY 07-08 and the first quarter of FY 08-09 for new revenues relating to Chapter 2008-111, Laws of Florida (SB 1790), with any relevant supporting documentation.
12. Quarterly Detail Revenue Report to CCOC (Attachment E) for the fourth quarter of FY 07-08 and the first quarter of FY 08-09, pursuant to Chapter 2008-111, Laws of Florida (SB 1790).
13. Report detailing outstanding balance for each partial payment account.
14. Contract, outstanding balance of accounts assigned and supporting records for remittances by collection agency for FY 06-07, FY 07-08 and FY 08-09, if applicable.
15. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 06-07, FY 07-08 and FY 08-09 (through December 2008).
16. Any internal documentation used to complete a Budget Amendment Request(s) approved by CCOC, if applicable.
17. Management Letter from the Annual Audit Report for FY 05-06, FY 06-07 and FY 07-08 (if completed).
18. Fiscal Management Measures Status Report Form to CCOC for FY 06-07 and FY 07-08.
19. Financial Receipts data for FY 07-08 (reference the Cases Semi-Annual Report Form).
20. FY 07-08 and FY 08-09 Rebasing worksheets for Budget Submission to the CCOC.
21. FY 07-08 Juror Report Form to the CCOC.

Please have the requested report information available for fiscal years 2006-2007, 2007-2008 and 2008-2009 (through December 2008), as our review will cover these periods. Mrs. Priscilla Bailey-Brown, Ms. Angie Lawson, Mr. Jeremy Smith, Mr. Mark Gressel 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

Appendix B



HARVEY RUVIN
MIAMI-DADE CLERK
COURTS • COMMISSION • RECORDER • FINANCE

Telephone: (305) 349-7333
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E-Mail: clerk@miami-dadeclerk.com
Web Site: <http://www.miami-dadeclerk.com>

DADE COUNTY COURTHOUSE
ROOM 242
73 West Flagler Street
Miami, FL 33130

September 14, 2009

Ms. Priscilla Bailey-Brown
Department of Financial Services
Bureau of Local Government
200 E. Gaines Street
Tallahassee, FL 32399-0354

Dear Ms. Bailey-Brown:

I would like to thank you and your staff for your courtesy and professionalism during our last budget review. It was a pleasure working with all of you.

I am in receipt of the Draft Budget Review Report and I respectfully disagree with your finding regarding unallowable vehicle expenditures of \$1,400 in FY 06-07 and \$3,274 in FY 07-08.

Miami-Dade County covers a geographical area of 2,000+ square miles and the Clerk's Office performs court-related functions at over 16 locations throughout the County. It is physically impossible to have all of our operations centralized in one downtown location, there is simply not enough space. In order to efficiently and effectively perform court-related duties, staff is often required to travel between various locations, sometimes on a daily basis.

Florida Statute 28.24(4)(a) authorizes the use of filing fees, fines, service charges, and court costs for expenditures incurred in performing court-related functions. The use of vehicles and their related expenditures are an integral part of our ability to perform those court-related functions.

Comptroller/Auditor • Civil Division • Criminal Division • Family Division • Juvenile Division • Traffic Division • District Courts Division
Technical Services Division • Clerk of the Board of County Commissioners • Marriage License • Parking Violations • Recording • Records/Archives
Management • Code Enforcement Support • Value Adjustment Board Support • Human Resources and Administrative Services Division

Appendix B (continued)

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Additionally we concur with the opinion dated April 8, 2008, from Greenburg Traug, General Counsel to the Florida Association of Court Clerks and Comptroller that states that transportation costs required for the Clerk to fulfill court-related functions as detailed in FS 28.24 are a permissible use of filing fees, fines, service charges, and court costs.

Sincerely,



Harvey Ruvlin
Clerk of the Courts