



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

BAKER COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
June 12, 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 Baker 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), 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 05-06, FY 06-07 and FY 07-08 approved budgets were \$585,072, \$623,628 and \$618,866 respectively.
- Baker County has a population of 24,124 and had 12.83, 13.43, and 13.43 Full Time employees (FTEs) budgeted to support court-related activities for FY 05-06, FY 06-07 and FY 07-08 respectively.
- Budgeted revenues and expenditures for FY 05-06 were \$571,376 and \$585,072 respectively, resulting in a budgeted deficit of \$13,696. Actual revenues and expenditures as reported by the Clerk for FY 05-06 detailed a surplus of \$33,780. The Clerk remitted the FY 05-06 surplus to the Department of Revenue (DOR) on December 19, 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 \$626,333 and \$623,628 respectively, resulting in a budgeted surplus of \$2,705. Actual revenues and expenditures as reported by the Clerk for FY 06-07 detailed a surplus of \$16,916. The Clerk remitted the FY 06-07 surplus to DOR on December 13, 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 \$621,550 and \$618,866 respectively, resulting in a \$2,685 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 05-06, FY 06-07 and FY 07-08 budgets. Our review was conducted on March 12 – 14, 2008 at the Baker 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 Baker County Clerk's Office applied a 91.67 and 92.59 percent cost allocation rate to the FY 05-06 and FY 06-07 certified annual budgets. A 92.59 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 Baker County Clerk's Office budgeted 12.83 of 14.00, 13.43 of 14.50 and 13.43 of 14.50 FTEs for FY 05-06, FY 06-07 and FY 07-08 respectively, to support court-related functions.
 - General Fund Expenditures – The final approved budget for FY 05-06 was \$585,072. Major expenditure categories were: Personal Services (\$506,347), Operating Expenses (\$65,160) and Capital (\$13,565). The final approved budget for FY 06-07 was \$623,628. Major expenditure categories were: Personal Services (\$536,918), Operating Expenses (\$72,710) and Capital (\$14,000). The final approved budget for FY 07-08 was \$618,866. Major expenditure categories are: Personal Services (\$580,249), Operating Expenses (\$24,617) and Capital (\$14,000).

- Revenue Forecasting – Budgeted revenues of \$571,376, \$626,333 and \$621,550 were calculated for FY 05-06, 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 05-06, 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., and were not classified appropriately according to the UASM. The Baker County Clerk’s Office expenditure detail reflected \$15,750 for vehicle expense in FY 05-06. During FY 06-07, the Clerk’s Office expenditure detail reflected \$789.67 for travel mileage and \$16,600.52 for vehicle expense.
- Revenues for fees, services charges, court costs and funding for court-related functions for FY 05-06 and 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 Baker 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.
- Baker County Clerk of Court was designated a “recipient” office for FY 05-06 by CCOC based upon a budgeted deficit of \$13,696. Monthly remittances from the Clerks of the Court Trust Fund were scheduled to fund the Clerk’s projected deficit pursuant to CCOC directive. The Clerk reported a FY 05-06 surplus of \$33,780 based on actual revenues and expenditures of \$595,733 and \$561,953 respectively. The Clerk remitted the FY 05-06 surplus to DOR on December 19, 2006 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- Baker County Clerk of Court was designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$2,705. 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 \$16,916 based on actual revenues and expenditures of \$616,034 and \$599,118 respectively. The Clerk remitted the FY 06-07 surplus to DOR on December 13, 2007 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- The Baker County Clerk of Court is designated a “donor” office for FY 07-08 by CCOC based upon a budgeted surplus of \$2,685. Projected revenues and expenditures for FY 07-08 are \$621,550 and \$618,866 respectively. Through the time of our review (based on report data through January 2008), the Clerk’s Office reported a FY 07-08 surplus of \$15,320 based on revenues and expenditures of \$197,095 and \$181,775 respectively.

- 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 7,816 new cases filed and 1,920 defendants during FY 05-06. The Clerk reported 8,917 new cases filed and 2,031 defendants during 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 19 of 20 performance standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 18 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 8 of 9 collections performance standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 7 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 the first 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.

FINDINGS AND RECOMMENDATIONS

Finding Number 1:

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 Baker 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 Section 29.008, F.S., and were not classified appropriately according to the Uniform Accounting System Manual. The Baker County Clerk’s Office reported travel mileage and vehicle expenditures totaling \$33,140 which was outside the scope of State funding authority for FY 05-06 and FY 06-07.

Recommendation Number 1:

The Baker County Clerk's Office should closely adhere to and follow all expenditure requirements prescribed in Florida Statutes and utilize the Uniform Accounting System Manual. The Clerk should reimburse the Clerks of the Court Trust Fund for travel mileage and vehicle expenditures totaling \$33,140 within 30 days of receiving this report, pursuant to Section 28.36(4)(b), F.S.

Clerk Response:

The Baker County Clerk's Office interpretation of Florida Statutes is that vehicle related expenses are allowable. The Clerk's Office uses the vehicle for court related duties on a daily basis for transportation to the bank, post office and the record storage facility.

DFS Response:

The department's interpretation of Florida Statutes is not based on implied authority. Expenditures specified for court related functions are described in Section 28.35(4)(b) and Section 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.

Finding Number 2:

The Baker County Clerk's Office is receiving administrative fees from the contracted collection agency. According to the Florida Attorney General's Opinion (AGO 2007-52), the Clerk of the Court is not authorized to charge a fee to the collection agent or attorney for support services provided by the Clerk, when an unpaid amount owed to the Clerk is referred to an agent for collection. Any administrative support costs incurred by the Clerk after referring unpaid fines and fees for collection should most appropriately be paid from "filing fee, services charges, court costs and fines" as provided in Section 28.35(4)(a), Florida Statutes.

Recommendation Number 2:

The Baker County Clerk's Office should adhere to the Attorney General's Opinion regarding the unauthorized collection of administrative fees received from collection agents.

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*

Jeremy Smith, *Professional Accountant Specialist*

APPENDIX

Appendix A



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

January 17, 2008

The Honorable Al Fraser
Clerk of Circuit Court
Baker County
339 East Macclenny Avenue, Suite 113
Macclenny, Florida 32063

Dear Mr. Fraser:

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 March 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 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 05-06, FY 06-07 and FY 07-08 (through January 2008).
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 05-06, FY 06-07 and FY 07-08 (through January 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 • SC 293-5588
Email • Burton.Marshall@fldfs.com
Affirmative Action • Equal Opportunity Employer

Appendix A (continued)

The Honorable Al Fraser

January 17, 2008

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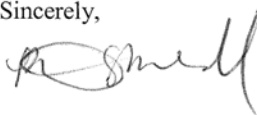
9. Contract, outstanding balance of accounts assigned, and supporting records for remittances by collection agency for FY 05-06, FY 06-07 and FY 07-08 (through January 2008), if applicable.
10. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 05-06, FY 06-07 and FY 07-08 (through January 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. 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@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



AL FRASER
CLERK OF COURTS
BAKER COUNTY, FLORIDA



June 5, 2008

Alex Sink, Chief Financial Officer
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0300

Re: 2005-2006 FY / 2006-2007 FY / 2007-2008 FY

Dear Ms. Sink:

The Accounting Policies of the Baker County Clerk of the Circuit and County Court conforms to the accounting principles generally accepted as applicable to governments. This letter is intended as notification to your office that as Clerk of Courts, I have addressed the findings as noted in the Budget Review Report, dated May 27, 2008.

I acknowledge our responsibilities as addressed in the audit and as to:

Finding 1: The Baker County Clerk's Office believe and interpret the Florida Statutes that it is permissible to use income out of the courts budget to purchase a vehicle and necessary expenses. These expenses were expended over the last 2 years budgets (05-06 & 06-07) and last year's audit did not reflect any improprieties. We use the vehicle for trips to the bank, post office and to the records storage facility on a daily basis which is court related.

The Clerk's Office has no funds to reimburse expenses that we feel are legitimate; however we will adhere and implement any corrective action that is recommended by the Chief Financial Officer as of the date that the Budget Review took place.

Finding 2: The Clerk's Office notified the collection agent we use immediately after your visit and discontinued receiving an administrative fee that was income to the court budget for this office.

We will adhere to the Attorney General's opinion regarding the unauthorized collection of fees received from collection agents.

Should you have any questions, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script that reads "AL FRASER".

Al Fraser
Clerk of Courts