



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

HILLSBOROUGH COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
January 16, 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 Hillsborough 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 \$33,130,866 and \$36,273,220 respectively.
- Hillsborough County has a population of 1,156,244 and had 618.83 and 708.62 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 \$36,850,000 and \$33,130,866 respectively, resulting in a budgeted surplus of \$3,719,134. Actual revenues and expenditures as reported by the Clerk for FY 05-06 detail a surplus of \$4,137,009. The Clerk remitted the FY 05-06 surplus to the Department of Revenue (DOR) on December 29, 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 \$37,342,891 and \$36,273,220 respectively, resulting in a budgeted surplus of \$1,069,671. 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 and FY 06-07 budgets. Our review was conducted on October 24 – 26, 2007 at the Hillsborough 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 Hillsborough County Clerk's Office applied a 68.91 percent cost allocation rate to the FY 05-06 certified annual budgets. A 73.74 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 Hillsborough County Clerk's Office budgeted 618.83 of 898.00 and 708.62 of 961.00 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 \$33,130,866. Major expenditure categories were: Personal Services (\$26,992,820) and Operating Expenses (\$6,138,046). The final approved budget for FY 06-07 was \$36,273,220. Major expenditure categories were: Personal Services (\$30,914,552), Operating Expenses (\$5,322,450) and Capital (\$36,217).
 - Revenue Forecasting – Budgeted revenues of \$36,850,000 and \$37,342,891 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 Hillsborough 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 more than 90 days past due.
- The Hillsborough County Clerk of Court was designated a “donor” office for FY 05-06 by CCOC based upon a budgeted surplus of \$3,719,134. 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 \$4,137,009 based on actual revenues and expenditures of \$34,823,148 and \$30,686,139 respectively. The Clerk remitted the FY 05-06 surplus to DOR on December 29, 2006 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- The Hillsborough County Clerk of Court is designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$1,069,671. Budgeted revenues and expenditures for FY 06-07 were \$37,342,891 and \$36,273,220 respectively. Through the time of our review (August 2007), the Clerk’s Office reported an actual FY 06-07 surplus of \$2,370,626 based on revenues and expenditures of \$31,260,465 and \$28,889,839 respectively. Clerks are required to remit monthly, one-third of all excess income, pursuant to Section 28.37(2), F.S. Our review concluded the Hillsborough County Clerk’s Office is meeting this requirement.
- 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 342,295 new cases filed and 116,584 defendants for FY 05-06. The Clerk reported 352,793 new cases filed and 117,440 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 18 of 20 performance standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 19 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 5 of 9 collections performance standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 6 of 9 collections performance standards to CCOC for FY 06-07.

FINDINGS AND RECOMMENDATIONS

Finding Number 1:

Based upon our review, we found the Clerk’s budgeting practices, expenditure and revenue methodologies for State funds to be efficient and accurate. We concluded the Hillsborough 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 15, 2007

The Honorable Pat Frank
Clerk of Circuit Court
Hillsborough County
George East Edgecomb Courthouse
800 Twiggs Street
Tampa, Florida 33602

Dear Mrs. Frank:

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 October 24 – 26, 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 August 2007).
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 05-06 and FY 06-07 (through August 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
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Appendix A (continued)

The Honorable Tim Sanders
August 24, 2007
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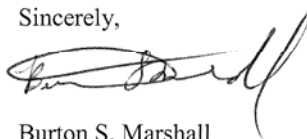
9. Contract, outstanding balance of accounts assigned, and supporting records for remittances by collection agency for FY 04-05, FY 05-06 and FY 06-07, if applicable.
10. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 04-05, 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 04-05 and FY 05-06.

Please have the requested information available for fiscal years 2004-2005, 2005-2006 and 2006-2007, as our review will cover all three years. 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@fldfs.com.

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

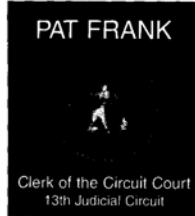
Sincerely,



Burton S. Marshall

BSM:cc

Appendix B



January 4, 2008

The Honorable Alex Sink
Chief Financial Officer
Florida Department of Financial Services
Division of Accounting & Auditing
200 East Gaines St.
Tallahassee, FL 32399-0354

RE: Response – Hillsborough County Clerk of Circuit Court Budget Review

Dear Ms. Sink:

The following represents the Clerk's Office response to the "Findings and Recommendations" presented in the Hillsborough County Clerk of Circuit Court Budget Review dated January 2, 2008.

Findings and Recommendations:

Based on our review, we found the Clerk's budget practices, methodology and accounting for state funds to be efficient and accurate. The Hillsborough County Clerk of Court's Office is currently able to report on all performance standards.

Response:

The Hillsborough County Clerk's Office concurs with the Department of Financial Services Findings and Recommendations as presented. We appreciate the thoroughness of the DFS budget review and the cooperation of the Review Team.

Please advise should you require any additional information to finalize your report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Pat Frank".

Pat Frank
Clerk of the Circuit Court