



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

MADISON COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
January 16, 2008

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CHIEF FINANCIAL OFFICER

INTRODUCTION

The Department of Financial Services (DFS) has completed a review of the budget certifications made by the Madison 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 2004-2005 (FY 04-05), 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 04-05, 05-06 and FY 06-07 approved budgets were \$467,543, \$439,199 and \$493,840 respectively.
- Madison County has a population of 19,889 and had 12.09, 11.95 and 11.59 Full Time Employees (FTEs) budgeted to support court-related activities for FY 04-05, FY 05-06 and FY 06-07 respectively.
- Budgeted revenues and expenditures for FY 04-05 were \$926,372 and \$467,543 respectively, resulting in a budgeted surplus of \$458,829. Actual revenues and expenditures as reported by the Clerk for FY 04-05 detailed a surplus of \$259,487.04. The Clerk remitted the FY 04-05 surplus to the Department of Revenue (DOR) on January 21, 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 05-06 were \$979,800 and \$439,199 respectively, resulting in a budgeted surplus of \$540,601. Actual revenues and expenditures as reported by the Clerk for FY 05-06 detail a surplus of \$268,973. The Clerk remitted the FY 05-06 surplus to the Department of Revenue (DOR) on February 7, 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 06-07 are \$1,116,353 and \$493,840 respectively, resulting in a \$622,513 budgeted surplus. Monthly payments to the Clerks of the Court Trust Fund are scheduled to liquidate the Clerk's projected surplus pursuant to the provisions of Section 28.37(2), F.S.
- 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 04-05, 05-06 and FY 06-07 budgets. Our review was conducted on October 3 - 4, 2007 at the Madison 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 Madison County Clerk's Office applied a 75.40 and 74.67 percent cost allocation rate to the FY 04-05 and FY 05-06 certified annual budgets. A 68.55 percent cost allocation rate is being 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 Madison County Clerk's Office budgeted 12.09 of 16.04, 11.95 of 16.00 and 11.59 of 16.90 FTEs for FY 04-05, FY 05-06 and FY 06-07 respectively, to support court-related functions.
 - General Fund Expenditures – The final approved budget for FY 04-05 was \$467,543. Major expenditure categories were: Personal Services (\$403,670), Operating Expenses (\$57,373) and Capital (\$6,500). The final approved budget for FY 05-06 was \$439,199. Major expenditure categories were: Personal Services (\$383,977) and Operating Expenses (\$55,222). The final approved budget for FY 06-07 is \$493,840. Major expenditure categories are: Personal Services (\$440,058) and Operating Expenses (\$53,782).

- Revenue Forecasting – Budgeted revenues of \$926,372, \$979,800 and \$1,116,353 were calculated for FY 04-05, 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 04-05, 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 04-05 and 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 Madison 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 120 days past due.
- Madison County Clerk of Court was designated a “donor” office for FY 04-05 by CCOC based upon a budgeted surplus of \$458,829. Monthly remittances to the Clerks of the Court Trust Fund were scheduled to liquidate the Clerk’s projected surplus pursuant to the provisions of Section 28.37(2), F.S. The Clerk reported a FY 04-05 surplus of \$259,487.28 based on actual revenues and expenditures of \$705,173.32 and \$445,686.04 respectively. The Clerk remitted the FY 05-06 surplus to DOR on January 21, 2006 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- Madison County Clerk of Court was designated a “donor” office for FY 05-06 by CCOC based upon a budgeted surplus of \$540,601. Monthly remittances to the Clerks of the Court Trust Fund were scheduled to liquidate the Clerk’s projected surplus pursuant to the provisions of Section 28.37(2), F.S. The Clerk reported a FY 05-06 surplus of \$268,973 based on actual revenues and expenditures of \$1,072,421 and \$803,447 respectively. The Clerk remitted the FY 05-06 surplus to DOR on February 7, 2007 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- The Madison County Clerk of Court is designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$622,513. Projected revenues and expenditures for FY 06-07 are \$1,116,353 and \$493,840 respectively. Through the time of our review (based on report data through August 2007), the Clerk’s Office reported an actual FY 06-07 surplus of \$119,943 based on revenues and expenditures of \$891,639 and \$771,696 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 Madison County Clerk’s Office is currently 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 11,117 new cases filed and 1,684 defendants during FY 04-05. The Clerk reported 11,677 new cases filed and 1,273 defendants during FY 05-06. The Clerk reported 7,299 new cases filed and 985 defendants through the third quarter of 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 04-05. The Clerk reported meeting or exceeding 19 of 20 performance standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 16 of 20 performance standards to CCOC for the third quarter of FY 06-07.

- 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 04-05. The Clerk reported meeting or exceeding 7 of 9 collections performance standards to CCOC for FY 05-06. The Clerk reported meeting or exceeding 8 of 9 collections performance standards to CCOC for the third quarter of FY 06-07.

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 Madison County Clerk’s Office is currently able to report on all required performance standards. However, Clerks are required to remit their annual surplus funds to DOR for deposit in the General Revenue Fund by January 1st following the end of the fiscal year, pursuant to Section 28.37(4), F.S. The Madison County Clerk’s Office remitted the FY 04-05 surplus on January 21, 2006, which did not meet the required deadline. Additionally, the FY 05-06 surplus funds were not remitted by the Clerk until February 7, 2007.

Recommendation Number 1:

The Clerk should closely adhere to and follow all remittance requirements prescribed by Section 28.37(4), F.S.

Finding Number 2:

Clerks are required to remit one-third of fines, fees, service charges and cost collected to DOR for deposit in the General Revenue Fund by the 20th of the following month, pursuant to Section 28.37(2), F.S. The Madison County Clerk of Court frequently remitted payments past the deadline.

Recommendation Number 2:

The Clerk should closely adhere to and follow all remittance requirements prescribed by Section 28.37(2), F.S.

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 24, 2007

The Honorable Tim Sanders
Clerk of Circuit Court
Madison County
125 South West Range Avenue
Madison, Florida 32341

Dear Mr. Sanders:

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 3 – 4, 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 04-05, FY 05-06 and FY 06-07 (through August 2007).
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 04-05, 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
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 Tim Sanders
August 24, 2007
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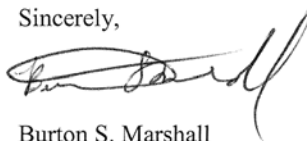
9. Contract, outstanding balance of accounts assigned, and supporting records for remittances by collection agency for FY 04-05, FY 05-06 and FY 06-07, if applicable.
10. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 04-05, 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



Tim Sanders
Clerk of the Circuit Court
Madison County, Florida

125 SW Range Avenue
P.O. Box 237
Madison, Florida 32341-0237
Telephone 850-973-1500
Court Fax 850-973-2059
Finance Fax 850-973-3471
Traffic Fax 850-973-6998

January 14, 2008

Burton S. Marshall, CPA
Division of Accounting and Auditing
Bureau of Local Government
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0354

Dear Mr. Marshall:

The Office of the Clerk of the Circuit Court of Madison County is in receipt of the BUDGET REVIEW by the Department of Financial Services (Department) dated December 23, 2007. Please find attached our response to the Department's "Findings and Recommendations" to the Clerk of the Circuit Court.

Our office appreciates the pleasant, professional manner of the Department's Article V audit staff. We appreciate their prompt responses to our questions and concerns and value their opinions. We are always open to ideas to make our office the best that it can be for those we serve.

Sincerely,

Tim Sanders
Clerk of the Circuit Court
Madison County, Florida

Appendix B (continued)

FINDINGS AND RECOMMENDATIONS

Recommendation Number 1:

The Clerk should closely adhere to and follow all remittance requirements prescribed by Section 28.37(4), F.S.

The Madison County Clerk's Office will make every effort to remit to the Department of Revenue for deposit all annual surplus funds by January 1st following the end of the fiscal year. I am very proud of the tremendous work of our budget-constrained court-related staff in making Madison County, population 19,889, a "donor" county. We apologize funds did not get to the State of Florida on time.

Recommendation Number 2:

The Clerk should closely adhere to and follow all remittance requirements prescribed by Section 28.37(2), F.S.

The Madison County Clerk's Office will make every effort to remit one-third of fines, fees, service charges and costs collected to the Florida Department of Revenue by the 20th of the following month. Again, I am very proud of all we do in the Madison County Clerk's Office in helping fund in the hundreds of thousands of dollars the court system of Florida.