



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

WALTON COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
March 20, 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 Walton 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 (FY06-07) 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 \$1,472,635, \$1,537,009 and \$1,950,437 respectively.
- Walton County has a population of 56,255 and had 33.70, 32.85 and 41.35 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 \$1,504,597 and \$1,472,635 respectively, resulting in a budgeted surplus of \$31,962. Actual revenues and expenditures as reported by the Clerk for FY 05-06 detailed a surplus of \$280,059. 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 \$1,542,802 and \$1,537,009 respectively, resulting in a budgeted surplus of \$5,793. Actual revenues and expenditures as reported by the Clerk for FY 06-07 detailed a surplus of \$356,227. The Clerk remitted the FY 06-07 surplus to DOR on December 31, 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 \$1,976,000 and \$1,950,437 respectively, resulting in a \$25,563 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 January 30 – February 1, 2008 at the Walton 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 Walton County Clerk's Office applied a 48.84 and 46.27 percent cost allocation rate to the FY 05-06 and FY 06-07 certified annual budgets. A 52.34 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 Walton County Clerk's Office budgeted 33.70 of 69.00, 32.85 of 71.00 and 41.35 of 79.00 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 \$1,472,635. Major expenditure categories were: Personal Services (\$1,269,654), Operating Expenses (\$202,181) and Capital (\$800). The final approved budget for FY 06-07 was \$1,537,009. Major expenditure categories were: Personal Services (\$1,339,494), Operating Expenses (\$195,590) and Capital (\$1,925). The final approved budget for FY 07-08 was \$1,950,437. Major expenditure categories are: Personal Services (\$1,747,828), Operating Expenses (\$201,784) and Capital (\$825).

- Revenue Forecasting – Budgeted revenues of \$1,504,597, \$1,542,802 and \$1,976,000 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 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 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 Walton 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.
- Walton County Clerk of Court was designated a “donor” office for FY 05-06 by CCOC based upon a budgeted surplus of \$31,962. 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 \$280,059 based on actual revenues and expenditures of \$1,631,400 and \$1,351,341 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.
- Walton County Clerk of Court was designated a “donor” office for FY 06-07 by CCOC based upon a budgeted surplus of \$5,793. 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 \$356,227 based on actual revenues and expenditures of \$2,038,626 and \$1,682,399 respectively. The Clerk remitted the FY 06-07 surplus to DOR on December 31, 2007 for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
- The Walton County Clerk of Court is designated a “donor” office for FY 07-08 by CCOC based upon a budgeted surplus of \$25,563. Projected revenues and expenditures for FY 07-08 are \$1,976,000 and \$1,950,437 respectively. Through the time of our review (based on report data through November 2007), the Clerk’s Office reported a FY 07-08 surplus of \$79,569 based on revenues and expenditures of \$333,791 and \$254,222 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 11,956 new cases filed and 5,835 defendants during FY 05-06. The Clerk reported 16,468 new cases filed and 6,080 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 20 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 05-06.

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 Walton 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

MARTHA INGLE



CLERK OF COURT, WALTON COUNTY, FLORIDA

March 7, 2008

Ms. Priscilla Bailey-Brown
Department of Financial Services
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, FL 32399-0353

Dear Ms. Bailey-Brown,

Please accept this letter as the management response to your report entitled "Walton County Clerk of Circuit Court Budget Review" dated March 6, 2008. We appreciate the opportunity to express our appreciation to you and your staff for the thoroughness and expertise that your staff exhibited during this audit. Specifically, I would like to thank Mark Gressel and Jessica Robinson. It was a pleasure working with such outstanding professionals!

Sincerely,

A handwritten signature in cursive script that reads "Martha Ingle".

Martha Ingle

REPLY TO:

- 571 U.S. HIGHWAY 90 EAST ♦ P. O. BOX 1260 ♦ DEFUNIAK SPRINGS, FLORIDA 32435-1260
(850) 892-8115 ♦ FAX (850) 892-8130 ♦ SUNCOM 676-8118 ♦ FL TOLL FREE 1-800-342-0141
- 51 COASTAL CENTRE BLVD. SUITE 500 ♦ P. O. BOX 1327 ♦ SANTA ROSA BEACH, FLORIDA 32459
(850) 267-3066 ♦ FAX (850) 267-1335