



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

PASCO COUNTY
CLERK OF CIRCUIT COURT
BUDGET REVIEW

REPORT DATE:
June 29, 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 Pasco 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 \$13,193,541, \$14,382,638 and \$15,941,208 respectively.
- Pasco County has a population of 434,425 and had 276.76, 296.31 and 297.78 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 \$9,077,920 and \$13,193,541 respectively, resulting in a budgeted deficit of \$4,115,621. Actual revenues and expenditures for FY 06-07, which included payments from the Clerks of the Court Trust Fund, detailed a surplus of \$1,851,212. The Clerk remitted the FY 06-07 surplus to the Department of Revenue (DOR) on June 4, 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 07-08 were \$9,810,590 and \$14,382,638 respectively, resulting in a budgeted deficit of \$4,572,048. Actual revenues and expenditures for FY 07-08, which included payments from the Clerks of the Court Trust Fund, detailed a surplus of \$1,183,422.

- Budgeted revenues and expenditures for FY 08-09 are \$10,527,804 and \$15,941,208 respectively, resulting in a budgeted deficit \$5,413,404. Monthly payments from the Clerks of the Court Trust Fund are scheduled to fund the Clerk's projected deficit 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 06-07, FY 07-08 and FY 08-09 budgets. Our review was conducted on December 17 – 19, 2008, at the Pasco 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 Pasco County Clerk's Office applied a 74.56 and 75.53 percent cost allocation rate to the FY 06-07 and FY 07-08 certified annual budgets. A 75.94 percent cost allocation rate is being utilized for the FY 08-09 budget.
 - Our review of supporting documentation disclosed the methodologies used to calculate and distribute overhead costs were reasonable.
 - Distribution of Court-Related FTEs – The Pasco County Clerk's Office budgeted 276.76 of 371.18, 296.31 of 392.31 and 297.78 of 392.13 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 \$13,193,541 which included a budget reserve of \$423,304. Major expenditure categories were: Personal Services (\$11,033,845), Operating Expenses (\$1,339,285) and Capital (\$397,107). The final approved budget for FY 07-08 was \$14,382,638 which included a budget reserve of \$219,654.

- Major expenditure categories are: Personal Services (\$13,002,051), Operating Expenses (\$1,019,499) and Capital (\$141,434). The final approved budget for FY 08-09 was \$15,941,208 which included a budget reserve of \$841,394. Major expenditure categories are: Personal Services (\$12,887,703), Operating Expenses (\$2,206,125) and Capital (\$5,986).
 - Revenue Forecasting – Budgeted revenues of \$9,077,920, \$9,810,590 and \$10,527,804 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.
- Expenditures during the review period were not limited to court-related functions as specified in Section 28.35(4)(a), F.S. The Pasco County Clerk’s Office reported \$2,516 for fuel expenses in FY 06-07 and \$4,815 in FY 07-08. The Clerk reported \$395 for fuel expenses through October of FY 08-09.
 - Revenues for fees, services charges, court costs and funding for court-related functions for 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 Pasco 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 90 days past due.
 - Pasco County Clerk of Court was designated a “recipient” office for FY 06-07 by CCOC based upon a budgeted deficit of \$4,115,621. 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 06-07 surplus of \$1,851,212 based on actual revenues and expenditures of \$13,696,814 and \$11,845,602 respectively, which included payments from the Clerks of the Court Trust Fund. The Clerk remitted the FY 06-07 surplus to DOR on June 4, 2008, for deposit in the General Revenue Fund, pursuant to the provisions of Section 28.37(4), F.S.
 - Pasco County Clerk of Court is designated a “recipient” office for FY 07-08 by CCOC based upon a budgeted deficit of \$4,572,048. 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 07-08 surplus of \$1,183,422 based on revenues and expenditures of \$14,978,705 and \$13,795,283 respectively, which included payments from the Clerks of the Court Trust Fund.

- Pasco County Clerk of Court is designated a “recipient” office for FY 08-09 by CCOC based upon a budgeted deficit of \$5,413,404. Projected revenues and expenditures for FY 07-08 are \$10,527,804 and \$15,941,208 respectively. Through the time of our review (based on report data through October 2008), the Clerk’s Office reported a FY 08-09 surplus of \$337,973 based on revenues and expenditures of \$1,203,210 and \$865,237 respectively, which included a payment from the Clerks of the Court Trust Fund.
- The following performance measures were adopted by CCOC, pursuant to Section 28.35, F.S., for 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 89,655 cases filed and 24,068 defendants during FY 06-07. The Clerk reported 95,702 cases filed and 22,643 defendants for FY 07-08. The Clerk reported 609,532 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 19 of 20 performance standards to CCOC for FY 06-07. The Clerk reported meeting or exceeding 20 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 9 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 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. The Clerk reported meeting or exceeding 8 of 9 fiscal management standards to CCOC for FY 06-07.
 - Jury Management Measures – Percentage of juror payments issued timely:
 - Jurors Report – The Clerk met 96 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 Pasco 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 Sections 28.35(4)(a) and 29.008, F.S. The Clerk reported expenditures that were outside the scope of State funding authority. The unallowable expenditures totaled \$2,516 for FY 06-07, \$4,815 for FY 07-08 and \$395 for FY 08-09 (through October 2008).

Recommendation Number 1:

The Pasco 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 \$2,516 for FY 06-07, \$4,815 for FY 07-08 and \$395 for FY 08-09 (through October 2008), within 30 days of receiving this report, pursuant to Section 28.36(4)(b), F.S.

Finding Number 2:

The Pasco County Clerk's Office did not meet the required performance standard for juror payments. Clerks are required to issue juror payments within 20 days after completion of juror services, pursuant to Section 40.32, F.S.

Recommendation Number 2:

The Pasco County Clerk's Office should closely adhere to Section 40.32, F.S. regarding timely payment for juror services.

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



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA



October 7, 2008

The Honorable Jed Pittman
Clerk of Circuit Court
Pasco County
38053 Live Oak Avenue
Dade City, Florida 33523

Dear Mr. Pittman:

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 December 17 – 18, 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 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 October 2008).
6. Revenue and Expenditure Tracking Reports submitted to CCOC for FY 06-07, FY 07-08 and FY 08-09 (through October 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
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Appendix A (continued)

The Honorable Jed Pittman
October 7, 2008
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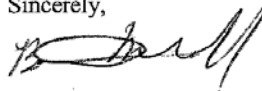
9. Contract, outstanding balance of accounts assigned, and supporting records for remittances by collection agency for FY 06-07, FY 07-08 and FY 08-09, if applicable.
10. Submissions of timeliness and collections performance measure data and any related supporting documentation to CCOC for FY 06-07 and FY 07-08.
11. Any internal documentation used to complete a Budget Amendment Request(s) approved by CCOC, if applicable.
12. Management Letter from the Annual 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 and FY 08-09 Rebasing worksheets for Budget Submission to the CCOC.
15. FY 07-08 (through October 2008) Juror Report to the CCOC and General Ledger for Juror expenditures.

Please have the requested report information available for fiscal years 2006-2007, 2007-2008 and 2008-2009, 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@myfloridacfo.com.

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

Sincerely,



Burton S. Marshall

BSM:cc