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CHIEF FINANCIAL OFFICER
STATE OF FLORIDA**

Florida Department of Financial Services

**BAKER COUNTY
CLERK OF THE CIRCUIT COURT
PERFORMANCE AND COMPLIANCE REVIEW**

**Report No. 2010-30
July 14, 2011**

SUMMARY

The Chief Financial Officer for the State of Florida is authorized by law to conduct performance and compliance reviews for each of the Clerk of the Circuit Court's accounting of Article V State funding. The Department of Financial Services has completed a review of the Baker County Clerk of Circuit Court's Office as required by Section 28.36(8), Florida Statutes (F.S.). It is the practice of the Department of Financial Services to conduct these reviews for each Clerk of the Circuit Court every three years.

- The Baker County Clerk of Circuit Court serves a population of 25,899.
- The review verified the Clerk's budgeting practices for each county fiscal year (CFY), October through September, and each state fiscal year (SFY), July through June, are in compliance with the Florida Clerks of Court Operations Corporation (CCOC) guidelines.
- The review verified the Clerk's remittances and recording of revenues/liabilities due to the State to be accurate and timely, as required by Section 28.245, F.S..
- The review verified the Clerk's court-related expenditures were allowable and compliant with Sections 28.35(3) and 29.008, F.S.
- The Clerk's office was able to meet or exceed all performance standards established by the CCOC except the performance standards for juror payments for SFY 09-10. Pursuant to Section 40.32(3), F.S. Clerks are required to issue juror payments within 20 days after completion of juror services.

BACKGROUND

In 1998, revisions to Article V, Section 14, of the Florida Constitution, specified portions of the state courts system and court-related functions that were to be funded from State revenues derived from statutory fines, fees, service charges, and court costs collected by the Clerks of Court.

Prior to July 1, 2009, Clerks prepared budgets using a revenue-based model independent of the State appropriations process. Clerks collected fines, fees, service charges, and court costs to fund their approved budgets and remitted any excess revenues to the Department of Revenue for deposit into the Clerks of Court Trust Fund. The Florida Legislature passed Florida Laws Chapter 2009-61 and Chapter 2009-204, placing the Clerks court-related budgets under the State appropriations process beginning July 1, 2009. The Florida Legislature appropriates the total amount for the Clerks budgets in the General Appropriations Act (GAA).

The organization that governs the Clerks, the CCOC, is now administratively housed in the Justice Administrative Commission. The CCOC is responsible for developing the budgets and certifying a uniform system of performance measures for Clerks. Under the current model, all fines, fees, service charges, and court costs, except as otherwise provided in Sections 28.241 and 34.041, F.S., are collected by the Clerks' offices and remitted to the Department of Revenue for deposit into the Clerks of the Court Trust Fund, in accordance with Section 28.37, F.S. Beginning July 2009, Section 28.245, F.S, requires Clerks collections of court-related fines, fees, service charges, and costs to be considered liabilities due to the State and is required to be remitted to the Clerks of Court Trust Fund by the 20th of the month immediately following the month in which the monies are collected. Beginning July 2010, Section 28.245, F.S., requires Clerks to remit liabilities to the Clerks of Court Trust Fund by the 10th of the month immediately following the month in which the monies are collected. The Clerks are now funded by the State appropriations process.

SCOPE

The Article V performance and compliance review of the Baker County Clerk of the Circuit Court's Office covered CFY 07-08, CFY 08-09, SFY 09-10, and SFY 10-11 (through March) court-related budgets certified by the CCOC, pursuant to Section 28.35, F.S. The review was conducted on May 9-11, 2011 at the Baker County Clerk of Circuit Court's Office.

OBJECTIVES & METHODOLOGY

The performance and compliance review was conducted to ensure Clerk budget methodologies, expenditures, revenues/liabilities due to the State, and performance measures were accurately implemented and recorded according to law.

BUDGETS

The review of the Clerk's budgets verified that the budgets were funded from fines, fees, service charges, and court costs, pursuant to Section 28.37(1), F.S., and were prepared according to the CCOC instructions.

The table below reflects the budgeted expenditures and revenues/liabilities for each fiscal year reviewed, and reflects the budgeted surplus/deficit amounts certified by the CCOC.

| Fiscal Year | Expenditures | Revenues/ Liabilities | Surplus/ (Deficit) |
|--------------------|---------------------|----------------------------------|-------------------------------|
| CFY 07-08 | \$ 620,603 | \$ 621,550 | \$ 947 |
| CFY 08-09 | \$ 636,151 | \$ 637,343 | \$ 1,192 |

The Clerk’s office was budgeted as a “donor” county by the CCOC for CFY 07-08 and CFY 08-09. The Clerk’s office was scheduled to make monthly payments to the Clerks of Court Trust Fund based on the “donor” county designation. The Clerk’s budgeted surplus increased from CFY 07-08 to CFY 08-09 by approximately 25.87%.

The table below reflects the revised budgeted expenditures and revenues/liabilities following the budget reductions implemented in May 2009.

| Fiscal Year | Expenditures | Revenues/ Liabilities | Surplus/ (Deficit) |
|------------------------------|---------------------|----------------------------------|-------------------------------|
| CFY 08-09¹ | \$ 460,375 | \$ 458,733 | \$ (1,642) |
| SFY 09-10 | \$ 598,549 | \$ 472,555 | \$ (125,994) |
| SFY 10-11 | \$ 598,549 | \$ 505,500 | \$ (93,049) |

Note 1: CFY 08-09 budgeted expenditures and revenues/liabilities are for the nine month period of October 2008 through June 2009.

Clerks are now required to budget according to State Fiscal Year (July 1 through June 30) and are provided funding through the State GAA. The CCOC released appropriations in the amount of one-twelfth of each Clerk’s approved budget each month for SFY 09-10 and SFY 10-11 (through March).

The table below reflects the budgeted FTEs for each fiscal year reviewed and the court-related allocation percentages applied for shared overhead.

| Fiscal Year | Direct Court-Related FTEs | Indirect Overhead FTEs | Total Court-Related FTEs | Total Court & Non-Court FTEs | Cost Allocation Percentage |
|--------------------|----------------------------------|-------------------------------|---------------------------------|---|-----------------------------------|
| CFY 07-08 | 12.50 | 0.93 | 13.43 | 14.50 | 92.62% |
| CFY 08-09 | 12.00 | 0.92 | 12.92 | 14.00 | 92.29% |
| SFY 09-10 | 11.00 | 0.92 | 11.92 | 13.00 | 91.69% |
| SFY 10-11 | 11.00 | 0.92 | 11.92 | 13.00 | 91.69% |

The cost allocation percentages are applied to overhead costs budgeted to support court-related activities for all fiscal years. The allocation is based on the percentage of time each overhead position's duties are performed for court-related activities. The allocation methodologies applied by the Clerk's office are within the approved budget guidelines set by the CCOC. The budgeted total court-related FTEs decreased from CFY 07-08 to SFY 10-11 by approximately 11.24%. The budgeted cost allocation decreased from CFY 07-08 to SFY 10-11 by approximately 1.00%.

EXPENDITURES

The review sampled various court-related expenditure accounts and transactions to determine if the Clerk's office was in compliance with Section 28.35, F.S. The expenditure sample confirmed court-related expenditures were in compliance with Section 28.35, F.S., and funds were expended for allowable court-related costs. The Clerk's CCOC Technology Expense Monthly Tracking Report was in compliance with guidelines set by the CCOC. The Clerk's salary was within the salary requirements developed by the Office of Economic and Demographic Research. The Clerk provided 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 review confirmed the accuracy of the expenditures listed on the Clerk's General Ledger by reconciling with the expenditures reported on the CCOC Clerks' Trust Fund Collections Tracking Report for each fiscal year.

The table below reflects the budgeted and actual expenditures for each fiscal year reviewed.

| Fiscal Year | Budgeted | Actual |
|------------------------------|------------|-------------------------|
| CFY 07-08 | \$ 620,603 | \$ 589,198 |
| CFY 08-09¹ | \$ 460,375 | \$ 423,844 |
| SFY 09-10 | \$ 598,549 | \$ 554,305 |
| SFY 10-11 | \$ 598,548 | \$ 377,646 ² |

Note 1: CFY 08-09 budgeted and actual expenditures are for the nine month period of October 2008 through June 2009.

Note 2: SFY 10-11 actual expenditures are for the nine month period of July 2010 through March 2011.

The budgeted expenditures decreased from CFY 07-08 to SFY 10-11 by 3.55%. The Clerk's actual expenditures were below budgeted expenditures in CFY 07-08, for the nine month period of October 2008 through June 2009 of CFY 08-09 and SFY 09-10.

The table below reflects the budget categories that make up total budgeted expenditures for each fiscal year reviewed.

| Fiscal Year | Personal Services | Operating Expenses | Capital Outlay | Budget Reserve | Total Expenditures |
|--------------------------------|-------------------|--------------------|----------------|----------------|-------------------------|
| CFY 07-08 | \$ 580,249 | \$ 26,354 | \$ 14,000 | \$ - | \$ 620,603 |
| CFY 08-09 | \$ 585,535 | \$ 50,616 | \$ - | \$ - | \$ 636,151 |
| CFY 08-09^{1,2} | N/A | N/A | N/A | N/A | \$ 460,375 |
| SFY 09-10² | N/A | N/A | N/A | N/A | \$ 598,549 |
| SFY 10-11 | \$ 557,246 | \$ 41,302 | \$ - | \$ - | \$ 598,548 ³ |

Note 1: CFY 08-09 represents revised CFY 08-09 budgeted figures for the nine month period of October 2008 through June 2009, based on the May 2009 budget reductions implemented by the CCOC.

Note 2: The categories of Personal Services, Operating Expenses, Capital Outlay, and Budget Reserve are listed as N/A in CFY 08-09 and SFY 09-10 due to the implementation of budget reductions in May 2009.

Note 3: SFY 10-11 total appropriation is subject to change due to the Unit Cost adjustment, pursuant to Section 28.36 (10)b, F.S.

The Clerk's office budgets personnel related costs (employee salaries and benefits) in the budget category of personal services. The total budgeted expenditures in each fiscal year reviewed were approximately 93% personnel related.

REVENUES/LIABILITIES DUE TO THE STATE

The review confirmed that fines, fees, service charges, and court costs collected by the Clerk’s office were remitted to the Department of Revenue for deposit into the Clerks of Court Trust Fund in a timely manner. Pursuant to Section 28.245, F.S., funds are required to be remitted to the Clerks of Court Trust Fund by the 20th of the month immediately following the month in which the monies were collected. Beginning July 2010, Section 28.245, F.S., requires Clerks to remit liabilities to the Clerks of Court Trust Fund by the 10th of the month immediately following the month in which the monies are collected. The review confirmed the accuracy of the revenues/liabilities listed on the Clerk’s General Ledger by reconciling with the revenues/liabilities reported on the CCOC Clerks’ Trust Fund Collections Tracking Report for each fiscal year. The Clerk’s office is in compliance with Florida Laws Chapter 2008-111, and is timely and accurate in remitting and recording the collections provided to the State General Revenue Fund.

The table below reflects the budgeted and actual revenues/liabilities for each fiscal year reviewed.

| Fiscal Year | Budgeted | Actual |
|------------------------------|-----------------|-------------------------|
| CFY 07-08 | \$ 621,550 | \$ 610,378 |
| CFY 08-09¹ | \$ 458,733 | \$ 439,755 |
| SFY 09-10 | \$ 472,555 | \$ 515,349 |
| SFY 10-11 | \$ 505,500 | \$ 417,332 ² |

Note 1: CFY 08-09 budgeted and actual revenues/liabilities are for the nine month period of October 2008 through June 2009.

Note 2: SFY 10-11 actual revenues/liabilities are for the nine month period of July 2010 through March 2011.

The budgeted revenues/liabilities decreased from CFY 07-08 to SFY 10-11 by 18.67%. The Clerk’s actual revenues/liabilities were below budgeted revenues/liabilities for CFY 07-08 and for the nine month period of October 2008 through June 2009 of CFY 08-09. The Clerk’s actual revenues/liabilities were above budgeted revenues/liabilities SFY 09-10.

The table below reflects the budgeted and actual remittances made to the Clerks of Court Trust Fund for each fiscal year reviewed.

| Fiscal Year | Budgeted Surplus/(Deficit) Remittances | Actual Payments from the Trust Fund | Actual Remittances to the Trust Fund | Settle Up Remittance to Trust Fund | Total Remittances to Trust Fund |
|------------------------|--|-------------------------------------|--------------------------------------|------------------------------------|---------------------------------|
| CFY 07-08 | \$ 947 | \$ - | \$ 2,013 | \$ 19,167 | \$ 21,180 |
| CFY 08-09 ¹ | \$ (1,642) | \$ - | \$ 197 | \$ 15,715 | \$ 15,912 |
| SFY 09-10 | \$ (125,994) | \$ (83,200) ² | \$ - | \$ 44,244 | \$ (38,956) |
| SFY 10-11 ³ | \$ (93,048) | N/A | N/A | N/A | N/A |

Note 1: CFY 08-09 budgeted deficit remittances were based on the nine month period of October 2008 through June 2009.

Note 2: Section 28.37(2), F.S., considers all court related fines, fees, service charges, and costs collected by the Clerks to be state funds and requires the funds to be remitted to the Clerks of Court Trust Fund. For SFY 09-10, the deficit of \$83,200 is the difference of the liabilities remitted of \$515,349 less the appropriations received of \$598,549.

Note 3: SFY 10-11 budgeted deficit remittances were based on the twelve month period of July 2010 through June 2011. The actual remittances, settle up remittances, and total remittances information was not available during the time of our review.

PERFORMANCE MEASURES

The CCOC has the responsibility of developing and certifying a uniform system of performance measures and applicable performance standards for the court-related functions, pursuant to Section 28.35(3)(a), F.S. The review confirmed the Clerk's office to be in compliance with the performance measure guidelines and standards defined by the CCOC except for the timely issuance of juror payments for SFY 09-10. Pursuant to Section 40.32(3), F.S., Clerks are required to issue juror payments within 20 days after completion of juror services. The Clerk's independent audit report confirmed the Clerk's office to be in compliance with Section 28.35, F.S. for CFY 08-09 and CFY 09-10. The review verified the Clerk maintains a partial fee payment system, pursuant to Section 28.246, F.S.

The table below reflects the standards of timeliness, collections, fiscal management, and juror payments achieved by the Clerk’s office for each fiscal year reviewed.

| TIMELINESS | CFY 07-08 | CFY 08-09 | SFY 09-10 | SFY 10-11 |
|--------------------------|------------------|------------------|------------------|-----------------------|
| Standard | 12 of 20 | 12 of 20 | 12 of 20 | 12 of 20 |
| Clerk Reported | 19 of 20 | 20 of 20 | 17 of 20 | 19 of 20 ¹ |
| COLLECTIONS | CFY 07-08 | CFY 08-09 | CFY 09-10 | CFY 10-11 |
| Standard | 5 of 9 | 5 of 9 | 5 of 9 | 5 of 9 |
| Clerk Reported | 7 of 9 | 7 of 9 | 6 of 9 | 7 of 9 ² |
| FISCAL MANAGEMENT | CFY 07-08 | CFY 08-09 | SFY 09-10 | SFY 10-11 |
| Standard | 6 of 9 | 6 of 9 | 6 of 8 | N/A |
| Clerk Reported | 9 of 9 | 9 of 9 | 8 of 8 | N/A |
| JUROR PAYMENTS | CFY 07-08 | CFY 08-09 | SFY 09-10 | SFY 10-11 |
| Standard | 100% | 100% | 100% | 100% |
| Clerk Reported | 100% | 100% | 99% | 100% ¹ |

Note 1: SFY 10-11 timeliness and juror payments data was reported through March 2011.

Note 2: CFY 10-11 collections data was reported through March 2011.

The table below reflects the Clerk’s cases, defendants and financial receipts for each fiscal year reviewed.

| TOTAL REPORTED | CFY 07-08 | CFY 08-09 | SFY 09-10 | SFY 10-11 |
|-----------------------|------------------|------------------|------------------|--------------------|
| Cases | 8,561 | 7,860 | 8,578 | 6,770 ¹ |
| Defendants | 2,498 | 2,471 | 2,472 | 1,838 ¹ |
| Financial Receipts | 5,456 | 31,720 | 10,864 | N/A ² |

Note 1: SFY 10-11 cases and defendants are for the nine month period of July 2010 through March 2011.

Note 2: SFY 10-11 financial receipts data not available at the time of the review.

OBSERVATIONS & RECOMMENDATIONS**Observation Number One:**

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, the Baker County Clerk's office did not meet or exceed the performance standards for juror payments in SFY 09-10.

Recommendation Number One:

The Baker County Clerk's office should closely adhere to all performance measure reporting requirements prescribed by the CCOC, pursuant to Section 28.35(2), F.S.



AL FRASER
CLERK OF COURTS
BAKER COUNTY, FLORIDA



July 6, 2011

Jeff H. Atwater, Chief Financial Officer
The Fletcher Building
200 East Gaines Street
Tallahassee, Florida 32399-0301

Re: 2007-2008FY, 2008-2009 FY, 2009-2010 FY, 2010-2011 FY

Dear Mr. Atwater:

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 June 24, 2011.

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

Observation Number One: The Clerk will adhere to all performance measure reporting requirements prescribed by the CCOC on paying the Jurors, pursuant to Section 28.35 (2), F.S.

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

Sincerely,

A handwritten signature in blue ink that reads "Al Fraser".

Al Fraser
Clerk of Courts