



**JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA**

Florida Department of Financial Services

**OKALOOSA COUNTY  
CLERK OF THE CIRCUIT COURT  
COMPLIANCE REVIEW**

**Report No. 2014-03  
October 28, 2013**

**SUMMARY**

The Department of Financial Services has completed a review of the Okaloosa County Clerk of Circuit Court's Office pursuant to Section 28.35 2.(e), 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 Okaloosa County Clerk of Circuit Court serves a population of 181,679.
- The review verified the Clerk's court-related expenditures were limited to those that are allowable and compliant with Sections 28.35(3) and 29.008, F.S.

**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 appropriated the total amount for the Clerks' budgets in the General Appropriations Act (GAA).

The organization that governs the Clerks, the CCOC, is responsible for developing the budgets and certifying a uniform system of performance measures for Clerks. Under the model enacted July 1, 2009, all fines, fees, service charges, and court costs, except as otherwise provided in Sections 28.241 and 34.041, F.S., were 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., required Clerks' collections of court-related fines, fees, service charges, and costs to be considered liabilities due to the State

and were required to be remitted to the Clerks of Court Trust Fund by the 20<sup>th</sup> of the month immediately following the month in which the monies were collected. Beginning July 2010, Section 28.245, F.S., required Clerks to remit liabilities to the Clerks of Court Trust Fund by the 10<sup>th</sup> of the month immediately following the month in which the monies were collected. The Clerks were funded by the State appropriations process from July 1, 2009 through June 30, 2013.

In 2013, the Florida Legislature passed Florida Laws Chapter 2013-44, which returned the Clerks to the pre-2009 funding model and removed the Clerks from the State appropriations process. The Department of Financial Services' role has changed to audits of the Clerks' court-related expenditures only.

## SCOPE

The Article V compliance review of the Okaloosa County Clerk of the Circuit Court's Office covered SFY 09-10, SFY 10-11, SFY 11-12 and SFY 12-13 court-related expenditures. The review was conducted as a desk review by the Article V section within the Bureau of Auditing.

## OBJECTIVES & METHODOLOGY

### ***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 review confirmed court-related expenditures were in compliance with Section 28.35, F.S.

The Clerk's CCOC Technology Expense Monthly Tracking Report was in compliance with guidelines set by the CCOC. 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.

	Budgeted	Actual
<b>SFY 09-10</b>	\$ 3,461,643	\$ 3,461,643
<b>SFY 10-11</b>	\$ 3,423,731	\$ 3,423,731
<b>SFY 11-12</b>	\$ 3,737,506	\$ 3,737,506
<b>SFY 12-13</b>	\$ 3,726,548	\$ 3,726,548

The budgeted expenditures increased from SFY 09-10 to SFY 12-13 by 7.65%. The Clerk's actual expenditures were equal to budgeted expenditures from SFY 09-10 to SFY 12-13.

The review confirmed certain court-related payroll expenditures were in compliance with budget guidelines established by the CCOC. The Clerk's salary was within the salary requirements developed by the Office of Economic and Demographic Research.

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
<b>SFY 09-10</b>	65.00	8.13	73.13	108.00	67.71%
<b>SFY 10-11</b>	66.00	7.41	73.41	109.00	67.35%
<b>SFY 11-12</b>	67.00	8.20	75.20	110.00	68.37%
<b>SFY 12-13</b>	67.00	8.19	75.19	110.00	68.37%

The cost allocation percentages are sometimes 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 increased from SFY 09-10 to SFY 12-13 by 2.82%. The budgeted cost allocation increased from SFY 09-10 to SFY 12-13 by 0.98%.

## OBSERVATIONS & RECOMMENDATIONS

Based upon our review, we found the Clerk's budgeting practices and expenditures methodologies for State funds to be efficient and accurate.

**DON W. HOWARD**

CLERK OF THE CIRCUIT COURT, OKALOOSA COUNTY, FLORIDA



October 29, 2013

Mr. Mark A. Merry, Chief  
Bureau of Auditing  
Florida Department of Financial Services  
200 East Gaines St.  
Tallahassee, FL 32399-0355

Re: Report No. 2014-03

Dear Mr. Merry:

In response to the draft findings of the Okaloosa County Clerk of Circuit Court Compliance Review for state fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, dated October 28, 2013; it is the full intention of this office to continue the sound financial practices and budget processes as confirmed by your review.

I am extremely pleased that your review verified that all sampled expenditure accounts and transactions confirmed our compliance with the provisions of Section 28.35, F.S. and that our budgeting practices and expenditure methodologies for State funds were efficient and accurate. This is truly a testament to the hard work and dedication of the employees assigned to the Clerk Finance Division of this office.

I personally appreciate the manner in which this review was conducted and the professionalism exhibited by all your staff.

Sincerely,



Don W. Howard  
Clerk of Circuit Court  
Okaloosa County, Florida