

MINUTES  
FLORIDA CLERKS OF COURT OPERATIONS CORPORATION  
ORGANIZATIONAL MEETING  
JULY 1, 2004  
TALLAHASSEE, FLORIDA

The Organizational Meeting of the Florida Clerks of Court Operations Corporation was called to order at 10:30 a.m., by Florida Association of Court Clerks President, Tim Sanders, acting as Temporary Chair. Members present were: Al Fraser, Harold Bazzel, Ray Norman, Howard Forman, Barbara T. Scott, Betty Strifler, James Jett, Dwight Brock, DeWitt Cason, Harvey Ruvin, Joe Hubert Allen, Jim Fuller, Ernie Lee Magaha, Gail Wadsworth, Kendall Wade, Joe Gilliam, Greg Godwin, Karen Nicolai, Cody Taylor, Jeff Barton, Dale Guthrie, Dale Boatwright, Ricky Lyons, Charlie Green, Bob Inzer, Robert Hill, Tim Sanders, Chips Shore, Chip Oxley, Don Howard, Martha Haynie, Jed Pittman, Richard Weiss, Tim Smith, Mary Johnson, Maryanne Morse, Ken Dasher, Annie Mae Murphy, Diane Matousek, and Martha Ingle. Those participating on-line were: Mitzie McGavic, Joe Hubert Allen, Barbara Butler, Richard Ake, David Ellspermann, Marsha Ewing, Lydia Gardner, Karleen De Blaker, Cheryl Strickland, Joanne Holman, Karen Rushing, and Gloria Hayward.

Ms. Morse moved the Corporation Plan of Operation adoption from the organizational agenda to the agenda of the Corporation immediately following the election of officers. Motion seconded by Ms. Scott and motion carried.

Mr. Sanders introduced Joe Boyd, Glenn Robertson, Mike Richardson, and John Dew, members of the House and Senate staff, staff from the office of the Chief Financial Officer and staff from the Auditor General's Office. Mr. Sanders also thanked the members of the previously constituted CCOC, Harvey Ruvin, Howard Forman, Jim Watkins, Marsha Ewing, Richard Ake, Lydia Gardner, Regina Parrish, DeWitt Cason, and Judge Belvin Perry.

Election of Executive Council – Mr. Shore moved that Attachment A, Nominations for Election of Executive Council resulting from Straw Vote of June 8, 2004 be approved. Motion seconded by Mr. Taylor. Mr. Sanders stated the results of the Straw Vote were:

Group 1 – Tim Smith  
Annie Mae Murphy

Group 2 – Jeff Barton  
Maryanne Morse

Group 3 – Jim Fuller  
Richard Weiss

Group 4 – Howard Forman  
Harvey Ruvin

Mr. Sanders opened the floor for nominations. Mr. Pittman moved that Jim Watkins be nominated in Group 2. Motion seconded by Mr. Ellspermann. There were no other nominations in Group 2. After discussion, Mr. Taylor moved the vote be by secret ballot. Motion seconded by Mr. Wade. Counsel Fred Baggett stated that since the corporation was subject to the public records law, he did not see how a secret ballot could be taken. After further discussion Mr. Taylor withdrew his motion and Mr. Wade withdrew his second.

Mr. Ake addressed the original motion in that he had the utmost respect for Jim Watkins, but an election was conducted in which all Clerks voted in. We had the results of that and really did not know why we wouldn't confirm that election without challenge and believed that if Jim was here today, he would feel the same way.

Mr. Green suggested a substitute motion that the members go ahead and accept the election of the officers and confirm what was originally voted on. Mr. Bazzel moved that the members adopt the election of Groups 1, 3, and 4 which were not contested. Motion seconded by Ms. Scott and motion carried by unanimous vote.

Mr. Brock moved that the members adopt the recommended members out of Group 2. Motion seconded by Mr. Shore. Mr. Sanders stated there were three recommendations for Group 2. Following discussion, there was a consensus there be a show of hands of those on voting for Mr. Barton, Ms. Morse, and Mr. Watkins and a roll call of those Clerks participating on-line. Mr. Lyons, Parliamentarian, stated that the motion on nominations takes precedence. Following the vote, Mr. Barton and Ms. Morse were elected in Group 2.

Following the election, Mr. Sanders swore in the duly elected members of the CCOC Executive council.

The first item of business was to elect a Chairperson for the Executive council. Mr. Ruvn nominated Mr. Forman. Mr. Fuller nominated Ms. Morse. Nominations were closed and Ms. Morse was elected by a 5 – 3 vote. Nominations were opened for Vice Chairman. Mr. Weiss nominated Mr. Forman as Vice Chair. Motion seconded by Mr. Ruvn and motion carried unanimously. Nominations were opened for Secretary-Treasurer. Mr. Smith nominated Mr. Barton. Motion seconded by Mr. Fuller and motion carried unanimously.

#### Corporation Plan of Operation

Ms. Morse announced the next item of business was the adoption of the Plan of Operation and recommended that the members go through the document as quickly as possible. The following amendments were made to the Plan of Operation.

Page 2, Section 1-5: Corporation Meetings. Paragraph A. Ms. Morse moved that the following amendment.

When possible, such meetings shall be held in conjunction with the quarterly meetings of the Florida Association of court clerks, Inc., unless the call or petition for

such a meeting delineates a critical situation that warrants a deviation from that schedule. Motion seconded by Mr. Ruvin and motion carried.

Page 5. Ms. Morse moved that 2-4 be renumbered as Section 2-5. Motion seconded by Mr. Barton and motion carried.

Mr. Barton moved that Section 2-5 be renumbered as Section 2-6. Motion seconded by Mr. Fuller and motion carried.

Page 7, C. Mr. Shore moved the following amendment:

C. Funds Depository: Each year at the time of adopting the annual budget, the corporation shall designate the public funds in a qualified public depository for the receipt and holding of funds coming to the Corporation for the fiscal year beginning July 1. Said qualified public depository shall be national bank with offices in the State of Florida.

Motion seconded by Mr. Brock and motion carried.

Pages 7 and 8. Section 4-2: Personnel Administration. Mr. Inzer moved to strike all of Section 4-2. Motion seconded by Mr. Forman. Following discussion, question was called on the motion and the motion failed.

Mr. Barton moved under Section 4-2, that the introductory paragraph and paragraph A be deleted, that paragraph B become paragraph A and that paragraph C become paragraph B. Motion seconded by Mr. Forman and motion carried.

Under Section 4-3 Program/Policy Coordination, paragraph A. Ms. Morse moved the following:

A. Effective October 1, 2004, proposed budgetary policies, procedures, etc.

Motion seconded by Mr. Shore and motion carried.

Page 9, Section 5-3: Research and Analytical Services. Mr. Weiss moved that section 5-3 be deleted. Motion seconded by Mr. Ruvin. Following discussion, Mr. Cason moved to amend the motion that in lieu of deleting the entire section that the word "shall" be deleted in this section and the word "may" be inserted. Amendment to motion seconded by Mr. Bazzel. Question was called on the amendment and the amendment carried. Question was called on the paragraph as amended. Motion carried.

Mr. Baggett pointed out that if it was the intent of the members to contract only with FACC that they put it on the record and if not, that intent be on the record. Ms. Morse stated that for clarification purposes, it is the intent of this organization to exclusively contract with FACC for the purposes of Section 5-3. Mr. Weiss moved to clarify the intent that there was no exclusivity. Motion seconded by Mr. Pittman and motion carried.

Pages 9 and 10, Section 5-4: Clerk of Court Education Programs. Mr. Green moved to change the word “shall” to “may” throughout Section 5-4 and there be no exclusivity. Motion seconded by Mr. Cason and motion carried.

Mr. Taylor moved to reconsider Section 4-2 to reinsert paragraph A. Motion seconded by Ms. Guthrie. Following discussion, question was called on the motion and the motion to reconsider Section 4-2 by reinserting paragraph A. After a show of hands, the motion to reconsider failed by a vote of 16 in favor to 20 opposed.

Mr. Shore moved adoption of the Plan of Operation as amended. Motion seconded by Mr. Barton and motion carried.

Motion to adjourn the organizational meeting was made by Mr. Taylor and seconded by Ms. Wadsworth. Motion carried and the organizational meeting was adjourned at 11:50 a.m. Ms. Morse stated that the Council will reconvene in 2 minutes.

Respectfully submitted,

Barbara R. Nettles  
Acting Secretary

Florida  
Clerks of  
Court  
Operations  
Corporation

Honorable Maryanne Morse  
Seminole County  
*Chairperson*

Honorable Howard Forman  
Broward County  
*Vice Chairman*

Honorable Jeffrey Barton  
Indian River County  
*Secretary / Treasurer*

Honorable Jim Fuller  
Duval County

Honorable Annie Mae Murphy  
Taylor County

Honorable Harvey Ruvin  
Dade County

Honorable Tim Smith  
Putnam County

Honorable Richard Weiss  
Polk County

**John Dew**  
*Executive Director*

**Joe Boyd**  
*General Counsel*

2804 Remington Green Circle  
Suite 3  
Tallahassee, Florida 32308

Phone: (850) 386-2223  
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# MEMO

*Florida Clerks of Court Operations Corporation*

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**To: Corporation Members**

**From: Jeffrey Barton**

**Date: June 6, 2005**

**Re: FY 2004/2005 Financial Report- Treasurer's Report  
(Agenda Item #2)**

Attached is the financial statement on funds spent as of June 3, 2005 through FY 04/05 which began July 1, 2004 and ends at midnight on June 30, 2005.

As you can see, we are fiscally sound and will be well within our approved budget.

If you have any questions concerning the financial statement, please contact me at (772) 770-5185, ext. 157 or John Dew at (850) 386-2223.

Balance Year-to-Date  
Fiscal Year July 1, 2004 - June 30, 2005

June 3, 2005

	Budgeted Amount	Expended YTD	% Expended
<b>STAFF:</b>	\$212,223.00	\$150,377.25	70.9%
Executive Director	\$117,469.00	\$107,708.26	91.7%
Communications / Budget Analysis	\$64,900.00	\$13,713.78	21.1%
Administrative Assistant	\$29,854.00	\$20,516.49	68.7%
Internal Revenue (Corporation responsibility)		\$8,438.72	
<b>GENERAL EXPENSES:</b>	\$53,700.00	\$42,540.16	79.2%
Rent (includes Receptionist)	\$26,100.00	\$26,038.00	99.8%
Internet / Webhosting	\$624.00	\$624.00	100.0%
Telephone / Cellular	\$3,672.00	\$3,892.98	106.0%
Equipment / Supplies / Other (incl Meeting Exp)	\$23,304.00	\$11,985.18	51.4%
<b>TRAVEL:</b>	\$19,332.00	\$13,218.64	68.4%
John Dew (includes car allowance)		\$7,482.20	
Judy Zorn		\$993.57	
Laura El Kadiri		\$183.40	
Joseph Boyd		\$464.70	
Glenn Robertson		\$1,839.87	
Maryanne Morse		\$286.18	
Howard Forman		\$692.89	
Jeff Barton		\$211.29	
Jim Fuller		\$172.84	
Annie Mae Murphy			
Harvey Ruvin		\$891.70	
Tim Smith			
Richard Weiss			
<b>STAFF TRAINING:</b>	\$3,000.00	\$0.00	0.0%
<b>CONTRACTUAL EXPENSES:</b>	\$534,500.00	\$270,086.36	50.5%
General Counsel	\$96,000.00	\$71,836.76	74.8%
FACC	\$340,000.00	\$72,221.33	21.2%
Glenn Robertson	\$88,500.00	\$121,028.27	136.8%
Audit Services	\$10,000.00	\$5,000.00	50.0%
<b>Overall Budget</b>	<b>\$822,755.00</b>	<b>\$476,222.41</b>	<b>57.9%</b>
<b>FACC EDUCATION</b>	<b>\$400,000.00</b>	<b>\$310,000.00</b>	<b>77.5%</b>

Florida  
Clerks of  
Court  
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Honorable Maryanne Morse  
Seminole County  
*Chairperson*

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# MEMO

*Florida Clerks of Court Operations Corporation*

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**To: Corporation Members**

**From: John D. Dew**

**Date: June 5, 2005**

**Re: FY 2004/2005 Audits of CCOC  
(Agenda Item #3)**

Please find attached two separate audits of the Florida Clerks of Court Operations Conference for the fiscal year of July 1, 2003 through June 30, 2004.

The audit by the firm of Law, Redd, Crona, and Munroe, P.A. opined that the Conference financial statements “present fairly, in all material respects, the respective financial position for the Florida Clerk of the Court Operations Conference as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.” The audit ‘disclosed no instances of noncompliance that are required to be reported under Governmental Auditing Standards’ and noted ‘no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.’

The Florida Auditor General, as required by law, conducted an Operation Audit of the CCOC. They noted 5 findings. We concurred with each finding and provided resolutions.

If you have any questions concerning these audits prior to the June 12, 2005 Corporation meeting, please call me at (850) 386-2223.

**Law, Redd, Crona & Munroe, PA.**

*Certified Public Accountants*

2727 Apalachee Parkway  
Tallahassee, Florida 32301  
Telephone (850) 878-6189  
Fax (850) 942-5301

October 15, 2004

Mr. John Dew, Executive Director  
Florida Clerk of Court Operations Conference  
2804 Remington Green Circle, Suite 3  
Tallahassee, FL 32308

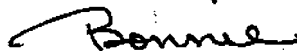
Dear John:

Enclosed please find the following relating to the audited financial statements for the year ended June 30, 2004:

- Fifteen copies bound financial statements
- One unbound copy of financial statements for duplication purposes

If you should have any questions, please do not hesitate to contact me.

Sincerely,



Bonnie T. Gandy, CPA

BTG:dle  
Enclosures



**FLORIDA CLERK OF COURT  
OPERATIONS CONFERENCE**

**FINANCIAL STATEMENTS  
JUNE 30, 2004**

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**Law, Redd, Crona & Munroe, P.A.**

*Certified Public Accountants*

2727 Apalachee Parkway  
Tallahassee, Florida 32301  
Telephone (850) 878-6189  
Fax (850) 942-5301

**INDEPENDENT AUDITOR'S REPORT**

September 29, 2004

Board of Directors  
Florida Clerk of Court Operations Conference  
2804 Remington Green Circle, Suite 3  
Tallahassee, Florida 32308

We have audited the accompanying financial statements of the governmental activities of the Florida Clerk of Court Operations Conference, as of and for the year ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Florida Clerk of Court Operations Conference's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Florida Clerk of Court Operations Conference are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities of the State of Florida that is attributable to the transactions of the Florida Clerk of Court Operations Conference. They do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Florida Clerk of Court Operations Conference as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Page Two

The management's discussion and analysis and budgetary comparison information on pages 3 and 14 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2004 on our consideration of the Florida Clerk of Court Operations Conference's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Law, Redd, Crona & Munroe P.A.*  
Law, Redd, Crona & Munroe, P.A.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Florida Clerk of Court Operations Conference's (the FCCOC) financial performance provides an overview of the FCCOC's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the FCCOC's basic financial statements, which begin on page 5. The FCCOC was established in 2003 by Section 28.35, *Florida Statutes*, to establish a process for the review and approval of court-related proposed budgets submitted by the respective Clerks of the Court. The FCCOC issues basic financial statements comprising three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The FCCOC is considered a special-purpose activity of the State of Florida.

The Florida Legislature funded the FCCOC through an appropriation in the amount of \$800,000 from the Florida Department of Revenue (DOR). The draw downs from the DOR and interest earnings thereon constitute total revenues for the FCCOC. Total draw downs from the DOR plus interest earnings totaled \$800,171.

The 2004 session of the Florida Legislature amended Section 28.35, *Florida Statutes*, making the FCCOC a not-for-profit corporation and changing its name to Florida Clerks of Court Operations Corporation (the Corporation). The balance in the fund of \$216,522 at June 30, 2004 plus interest earnings of \$7 was transferred to the Corporation effective July 1, 2004.

The following table presents the FCCOC's condensed Statement of Net Assets as of June 30, 2004 as derived from the government-wide Statement of Net Assets.

**Table 1 – Net Assets**

Total Assets	<u>\$228,554</u>
Net Assets	<u>\$219,642</u>

The following table presents the FCCOC's condensed Statement of Activities for the fiscal year ended June 30, 2004 as derived from the government-wide Statement of Activities.

**Table 2 – Changes in Net Assets**

Total Revenues – Legislative and Appropriations	\$800,164
Total Expenditures	<u>580,522</u>
Change in Net Assets	<u>\$219,642</u>

Comparative analysis will be provided in future years when prior year information is available.

### Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to John Dew, Executive Director, Florida Clerks of Court Operations Corporation, 2804 Remington Green Circle, Suite 3, Tallahassee, Florida 32308.

## **BASIC FINANCIAL STATEMENTS**

**FLORIDA CLERK OF COURT OPERATIONS CONFERENCE  
STATEMENT OF NET ASSETS  
JUNE 30, 2004**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 225,434
Capital Assets, Net of Depreciation (Note 3)	3,120
Total Assets	228,554
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	8,912
Total Liabilities	8,912
<b>NET ASSETS</b>	
Unrestricted	219,642
Total Net Assets	\$ 219,642

The notes to the financial statements are an integral part of this statement.

**FLORIDA CLERK OF COURT OPERATIONS CONFERENCE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

	<b>Expenses</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>
<b>Functions/Programs</b>		<b>Governmental Activities</b>
<b>Primary Government:</b>		
Governmental Activities:		
State Courts	\$ 580,522	\$ (580,522)
Total Governmental Activities	580,522	(580,522)
Total Government	\$ 580,522	(580,522)
Legislative Appropriations, Net of Reversions		800,000
Interest		164
Change in Net Assets		219,642
Net Assets - Beginning of Year		-
Net Assets - End of Year		\$ 219,642

The notes to the financial statements are an integral part of this statement.



**FLORIDA CLERK OF COURT OPERATIONS CONFERENCE  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2004  
(Amounts In Dollars)**

	<u>Special Revenue Fund</u>
<b>ASSETS</b>	
Cash	\$ 225,434
<b>Total Assets</b>	<u>\$ 225,434</u>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>Liabilities:</b>	
Accounts Payable	\$ 8,912
<b>Total Liabilities</b>	<u>8,912</u>
<b>Fund Equity:</b>	
Fund Balances:	
Unreserved Fund Balance	216,522
<b>Total Fund Equity</b>	<u>216,522</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 225,434</u>

Amounts reported for "Governmental Activities" in the Statement of Net Assets are different because Capital Assets, Net of Depreciation (\$3,120), used in Governmental Activities, are not financial resources and therefore are not reported in the fund financial statements.

The notes to the financial statements are an integral part of this statement.

**FLORIDA CLERK OF COURT OPERATIONS CONFERENCE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Amounts In Dollars)**

	<b>Special Revenue Fund</b>
<b>Revenues:</b>	
Legislative Appropriations	\$ 800,000
Miscellaneous Receipts - Interest	164
<b>Total Revenues</b>	<b>800,164</b>
<b>Expenditures:</b>	
Current:	
State Courts:	
Other Personal Services	530,825
Expenses	49,350
Operating Capital Outlay	3,467
<b>Total Expenditures</b>	<b>583,642</b>
Excess of Revenues Over Expenditures	216,522
<b>Fund Balance, July 1, 2003</b>	-
<b>Fund Balance, June 30, 2004</b>	<b>\$ 216,522</b>

The notes to the financial statements are an integral part of this statement.

**FLORIDA CLERK OF COURT OPERATIONS CONFERENCE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Amounts In Dollars)**

Net change in Fund Balances - Total Governmental Funds \$ 216,522

Amounts reported for Governmental Activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of those assets is  
allocated over their estimated useful lives and reported as depreciation  
expense. This is the amount by which capital outlay (\$3,467)  
exceeded depreciation (\$347) in the current period.

3,120

Change in Net Assets of Governmental Activities

\$ 219,642

**FLORIDA CLERK OF COURT  
OPERATIONS CONFERENCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following summary of significant accounting policies is presented to assist the reader in interpreting the financial statements.

**A. Reporting Entity**

These financial statements are intended to present the financial position and results of operations of Florida Clerk of Court Operations Conference (FCCOC). The FCCOC is considered to be part of the primary government of the State of Florida and is included in the State of Florida annual financial report. The financial statements contained herein represent the financial transactions of the FCCOC only.

The Florida Clerk of Court Operations Conference was established by House Bill 113A, as passed by the 2003 Florida Legislature with the creation of Section 28.35, *Florida Statutes* for the purpose of establishing a process for review and approval of court-related proposed budgets submitted by individual Clerks of the Court. The Legislature directed the Florida Clerk of Court Operations Conference to maintain a public depository to receive funds for its operation. The activities of the Florida Clerk of Operations Conference are accounted for in a special revenue fund.

The 2004 session of the Florida Legislature amended Section 28.35, *Florida Statutes*, making the FCCOC a not-for-profit corporation and changing its name to Florida Clerks of Court Operations Corporation, effective July 1, 2004. The FCCOC has no component units.

**B. Government-Wide and Fund Accounting**

The FCCOC's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by Governmental Accounting Standards Board (GASB). GASB Statement No. 34 establishes financial reporting requirements for state and local governments throughout the United States. The financial data of the FCCOC is presented in the required GASB format as discussed below.

**Government-Wide Accounting**

The government-wide financial statements, including the Statement of Net Assets and the Statement of Activities, report information regarding the activities of the FCCOC. Government-wide statements distinguish between government-type and business-type activities. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**FLORIDA CLERK OF COURT  
OPERATIONS CONFERENCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As a branch of government that does not levy taxes, the Florida Clerk of Court Operations Conference is funded by an appropriation of the Florida Legislature through a portion of the fees collected by the Clerks for filing a civil action in Circuit Court as specified in Section 28.241, *Florida Statutes*. The government-wide financial statements present the special revenue fund as it relates to governmental activities.

**Fund Accounting**

In fund accounting, the diverse nature of governmental operations and the necessity of determining compliance with legal provisions require modification of accounting systems commonly used by commercial enterprises. The FCCOC Special Revenue Fund is considered a separate entity with self-balancing accounts that include, where applicable, its assets, liabilities, fund equity, revenues, expenditures, and other financial sources and uses.

**Governmental Fund Type: Special Revenue Fund** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or expendable trusts) that are legally restricted to expenditures for specified purposes.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accounting and financial reporting treatment applied is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental type and business type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated.

In the Special Revenue Fund, revenues are based on transfers required by law and actual billings to other governmental agencies and are recognized when they become measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

**OPERATIONS CONFERENCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash**

Cash recorded in the Special Revenue Fund is held by a qualified public depository. At times, the balances may exceed the Federal Depository Insurance Corporation (FDIC) insurance limit of \$100,000 per bank. The FCCOC believes credit risk related to these balances is minimal.

**E. Capital Assets**

In the governmental fund statements, general fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental fund types.

In the government-wide statements, tangible assets used in operations with an initial useful life that extends beyond one year and valued at more than \$500, are capitalized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method of depreciation over their estimated useful lives (5 years). These assets are reported net of accumulated depreciation on the Statement of Net Assets.

Depreciation expense of \$347 is recorded in the Statement of Activities for the government-wide statements.

**NOTE 2 - BUDGETARY PROCESS AND GAAP RECONCILIATION**

**A. Budgetary Basis of Accounting**

The budgetary basis of accounting prescribed by Chapter 216, *Florida Statutes* differs from the basis to prepare financial statements in accordance with GAAP. Appropriations are made from funds which are prescribed by law. These legal basis fund types are general revenue funds and trust funds. Budgetary basis revenues are essentially reported on the cash basis and include amounts classified by GAAP as other financing sources. They also include amounts classified by GAAP as other financing uses.

**FLORIDA CLERK OF COURT  
OPERATIONS CONFERENCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 2 - BUDGETARY PROCESS AND GAAP RECONCILIATION (Continued)**

**B. Budgetary - GAAP Reporting Reconciliation**

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for the purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of the resultant basis and timing differences between the budgetary and GAAP excess of revenues over expenditures for the year ended June 30, 2004, is presented below:

	<b>Special Revenue Fund</b>
Excess of Revenues Over Expenditures, Actual on a Budgetary Basis	\$216,522
Property-Related Expenditures	3,467
Excess of Revenues Over Expenditures, GAAP Basis	\$219,989

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Fixed Assets				
Furniture and Equipment	\$	\$3,467	\$	\$3,467
Accumulated Depreciation				
Furniture and Equipment	-	(347)	-	(347)
Governmental Activities Capital Assets, Net	\$ -	\$3,120	\$ -	\$3,120

**NOTE 4 - OPERATING LEASES**

The FCCOC has a short-term lease agreement for office space and furniture. These assets are not recorded on the combined balance sheet. Lease payments are recorded as expenditures of the fund when paid or incurred. The lease is accounted for as an operating lease. Rental expenditures for the year ended June 30, 2004 were \$10,362.

**FLORIDA CLERK OF COURT OPERATIONS CONFERENCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) - GOVERNMENTAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**  
**(Amounts in Dollars)**

	<b>Governmental Fund</b>			<b>Variance- Favorable (Unfavorable)</b>
	<b>Special Revenue</b>			
	<b>Budget Amounts</b>		<b>Actual</b>	
<b>Original</b>	<b>Final</b>			
<b>Budgetary Fund Balances, July 1, 2003</b>	\$ -	\$ -	\$ -	\$ -
<b>Revenues:</b>				
Legislative Appropriations	(800,000)	(800,000)	(800,000)	-
Miscellaneous Receipts - Interest	-	-	(164)	164
<b>Total Revenues</b>	<b>(800,000)</b>	<b>(800,000)</b>	<b>(800,164)</b>	<b>164</b>
<b>Expenditures:</b>				
Current				
State Courts:				
Other Personal Services	757,500	757,500	530,825	226,675
Expenses	42,500	42,500	49,350	(6,850)
Operating Capital Outlay	-	-	3,467	(3,467)
<b>Total Expenditures</b>	<b>800,000</b>	<b>800,000</b>	<b>583,642</b>	<b>216,358</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (216,522)</b>	<b>\$ 216,522</b>

The notes to the financial statements are an integral part of this statement.



**Law, Redd, Crona & Munroe, P.A.**

*Certified Public Accountants*

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Tallahassee, Florida 32301  
Telephone (850) 878-6189  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

September 29, 2004

Board of Directors  
Florida Clerk of Court Operations Conference  
2804 Remington Green Circle, Suite 3  
Tallahassee, Florida 32308

We have audited the financial statements of the Florida Clerk of Court Operations Conference as of and for the year ended June 30, 2004, and have issued our report thereon dated September 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Florida Clerk of Court Operations Conference's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Florida Clerk of Court Operations Conference's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Page Two

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Florida Clerk of Court Operations Conference and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Law, Redd, Crona & Munroe P.A.*  
Law, Redd, Crona & Munroe, P.A.

BRAND NEW BRAND NEW



# AUDITOR GENERAL

## WILLIAM O. MONROE, CPA



### CLERK OF COURT OPERATIONS CONFERENCE

#### Operational Audit

#### SUMMARY

Section 28.35(4), Florida Statutes<sup>1</sup>, requires the Auditor General to conduct an annual audit of the operations of the Clerk of Court Operations Conference (CCOC), established effective July 1, 2003. The summary of our findings for the period July 1, 2003, through June 30, 2004, and selected actions through September 30, 2004, is as follows:

- **Finding No. 1:** CCOC adopted performance measures for the period July 1, 2004, through September 30, 2004 (4<sup>th</sup> Quarter). However, these measures did not provide a basis for the assessment of performance accountability on the part of the clerks, as specified in Section 28.35(2)(d), Florida Statutes. Consequently, the determination by CCOC as to whether the clerks who reported deficits to CCOC were meeting their performance standards was not done.
- **Finding No. 2:** Certain statutorily prescribed notifications and certifications by CCOC to various government officials concerning activities of CCOC were not made by CCOC.
- **Finding No. 3:** The expenditure categories shown on the financial reports provided to CCOC were not the same as those presented in the approved budget and budget amounts were not provided. As a result, it was not

practical to determine compliance with the adopted budget at the expenditure category level established by CCOC. Budgetary reports comparing budget with actual amounts were not provided to CCOC.

- **Finding No. 4:** Contracts with two consultants were entered into without the use of a competitive selection process and CCOC minutes did not indicate the basis relied upon for not subjecting acquisitions of services to a competitive selection process. Payments made by CCOC pursuant to these contracts totaled \$403,778.09 during the audit period.
- **Finding No. 5:** Certain contracts were signed or amended by the Executive Director of CCOC without the benefit of any delegation of authority by CCOC to the Executive Director to execute or amend contracts on behalf of CCOC.

#### INTRODUCTION

Chapter 2003-402, Laws of Florida, created Section 28.35, Florida Statutes, establishing, effective July 1, 2003, the Clerk of Court Operations Conference (CCOC) and specifying the duties and responsibilities of CCOC. CCOC is composed of eight clerks of the courts, elected by the clerks, and the Chief Justice of the Supreme Court or his or her designee.

The primary duties and responsibilities of CCOC included reviewing and approving court-related proposed budgets by the clerks; determining and

<sup>1</sup> All references to Florida Statutes are to the 2003 statutes unless otherwise noted.

certifying any deficits in the funding of the operations of the individual clerks as a basis for the redistribution of fines, fees, service charges and costs to clerks with deficits in accordance with Revision 7 to Article V of the Florida Constitution; developing performance accountability measurements and performance standards for clerks' operations; and publishing a schedule of maximum fines, fees, service charges, and costs that may be charged by a clerk for court-related functions.

Pursuant to Chapter 2004-265, Laws of Florida, the duties and responsibilities of CCOC were transferred to a newly created Florida Clerks of Court Operations Corporation effective July 1, 2004, and CCOC ceased to exist effective that date.

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## FINDINGS AND RECOMMENDATIONS

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### **Finding No. 1: Performance Measures**

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Section 28.35(2)(d), Florida Statutes, states that the duties of CCOC include "Developing and approving a system of performance accountability measurements and performance standards for each clerk of the court. These measures must assess the fiscal management, efficient operations, and effective collection of fines, fees, service charges, and costs using data reported in s. 28.246 as well as other data."

Additionally, Section 28.36(3), Florida Statutes, states that "If a clerk of the court estimates that available revenues are insufficient to meet the anticipated expenditures for the court-related functions performed by his or her office, the clerk must report the budget deficit to the Clerk of Court Operations Conference in the manner and form prescribed by the conference. The conference shall determine whether the clerk is meeting his or her performance standards for the current year relating to fiscal management, efficient operations, and the effective collection of fines, fees, service charges, and costs."

CCOC-adopted performance measures for the July 1, 2004, through September 30, 2004, period included only the projected number of defendants for criminal

court and the projected number of cases for civil court. These performance measures were included in the budget instructions provided to the clerks. However, since these measures did not provide a basis for the assessment of performance accountability on the part of the clerks, as specified in Section 28.35(2)(d), Florida Statutes, the determination by CCOC as to whether the clerks who reported deficits to CCOC were meeting their performance standards for the period July 1, 2004, through September 30, 2004, was not done.

The Executive Director of CCOC, in a memorandum dated December 7, 2004, stated that "It was determined that it was not possible to adequately develop performance standards and appropriately review a Clerk's performance within the short time frame designated by the Legislature for this period. The question was asked by Council members how it could be expected that the CCOC could evaluate performance, under a completely new financial system, until there had been an appropriate period of performance to evaluate. The standards were being developed to be in place by the full year budget cycle of October 1, 2004, through September 30, 2005."

The Executive Director further noted that, "Meetings and discussions were held with appropriate legislative staff to discuss the difficulties and drawbacks of attempting to develop and then analyze the Clerks' performance prior to approval of their short budget period. It was understood that approval of the Clerks' budgets for the short budget of 2004 would not be dependent upon a review of their performance. However, it was expected that performance standards and measures would be set in place by the beginning of the first full county fiscal year of the Clerk's budgets."

We recognize the difficulty in establishing performance measures for use in the manner described in Section 28.36(3), Florida Statutes, in the first year of existence especially considering the limited time the newly established CCOC had to complete their review and approval of clerk budgets for the

initial July 1, 2004, through September 30, 2004, period.

At its July 1, 2004, Executive Council meeting, the Florida Clerks of Court Operations Corporation (Corporation) approved the budget forms and instructions for the 2004-2005 fiscal year, which specifies performance measures for that period. Such performance measures include the projected number of defendants for criminal court, the projected number of cases for civil court, timeliness standards related to the percent of new cases opened within a specified number of days (both criminal and civil), percent of new cases where documents are docketed within a specified number of days (both criminal and civil), and collection rates for the criminal and civil courts. In addition, standards for budget management processes, tools, and systems, as well as the production of required reports have been included.

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**Recommendation:** We recommend that the Corporation, as successor organization to CCOC, continue its efforts, as expeditiously as possible, to comply with the performance measure requirements included in Section 28.36, Florida Statutes.

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#### **CCOC Response**

*Prior to responding to the individual findings of the audit, it is important that you first understand that the Operations Conference was just recently created by the Legislature effective July 1, 2003. Therefore, during the time period we were evaluated, there were a number of weeks we were putting in place administration while also conducting business. For example, an Executive Director was not found and hired until mid November 2003. We believe we accomplished a great deal in a short time frame for the fiscal year your staff evaluated the Conference, however we hope you understand that this was the first year of operation.*

*We concur with the report recommendation that the Corporation, as the successor to the Conference, should continue efforts to comply with performance measures standards as established in Section 28.26, Florida Statutes. In fact, the Corporation has established performance measures to facilitate an objective determination of the performance of each Clerk for fiscal management, operational efficiency, and the effective collection of fines, fees, service charges, and court costs. The Corporation is further establishing the mechanism for Clerks to report these measures.*

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#### **Finding No. 2: Notifications and Certifications to Government Officials**

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Sections 28.36(3)(a) and (b), and 28.36(4), Florida Statutes, required that CCOC provide certain notifications and certifications to various government officials concerning the court-related budgets submitted by the clerks to CCOC. These notifications and certifications related primarily to performance measures and budget deficits associated with the court-related activities of the clerks.

Our review disclosed that the CCOC reviewed and approved the court-related budgets for all of the clerks. However, in response to our request for documentation of the required certifications and notifications, CCOC provided an e-mail dated June 23, 2004, that was sent to various legislative, Department of Financial Services (DFS), and Department of Revenue (DOR) staff. However, the cited e-mail did not include the following certifications and notifications:

- The certification requirement in Section 28.36(4), Florida Statutes, that CCOC certify to the Legislature the performance measures and standards approved by CCOC for each clerk (see Finding No. 1).
- The notification requirement contained in Section 28.36(3)(b), Florida Statutes, that CCOC notify the Governor, the President of the Senate, and the Speaker of the House of Representatives prior to taking the actions contained in Section 28.36(3)(a), Florida Statutes, and the additional requirement in Section 28.36(3)(b), Florida Statutes, that CCOC notification include a certification that all the conditions of Section 28.36(3)(a), Florida Statutes, had been met. This section states that if CCOC determines that a clerk is meeting his or her performance standards and, where applicable, increased all fines, fees, service charges, and costs to the maximum amounts established by law or the amount necessary to resolve the deficit, retained revenues in an amount necessary to fully

fund a projected deficit, or projected a deficit after retaining all of the collections from court-related fines, fees, service charges, and costs, then CCOC shall certify the deficit amounts to the State's Chief Financial Officer (CFO).

These statutory requirements were revised effective July 1, 2004 (and moved to Section 28.35(3)(a), Florida Statutes, 2004), to require that the Corporation shall certify to the President of the Senate, the Speaker of the House of Representatives, the CFO, and DOR by October 15 of each year, the amount of the proposed budget certified for each clerk; the revenue projection supporting each clerk's budget; each clerk eligible to retain some or all of the State's share of fines, fees, service charges, and costs; the amount to be paid to each clerk from the Clerks of the Court Trust Fund within DOR; the performance measures and standards approved by the conference for each clerk; and the performance of each clerk in meeting the performance standards.

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**Recommendation:** We recommend that Corporation, as successor organization to CCOC, provide all statutorily required certifications and notifications to the specified parties.

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#### **CCOC Response**

*We concur with the Corporation, as successor to the CCOC, should provide all statutorily required certifications and notifications to the specified parties. In fact, the Corporation did provide all certifications and notifications to the required parties for the FY 04/05 Clerk budgets.*

#### **Finding No. 3: Budgetary Reports**

CCOC adopted a budget at its August 15, 2003, meeting which provided for certain categories (Expenses, Contract Services, Conference Operations, and a Reserve for Contingencies) of expenditures. CCOC minutes indicated that the budget adopted by CCOC totaled \$800,000 and provided a breakdown by category totaling \$790,000. Although the budget was not overspent in total, there were no procedures in place to provide to CCOC written budgetary reports comparing budget amounts to actual amounts on a periodic basis (i.e., monthly).

Financial reports were provided at CCOC meetings beginning in March 2004, consisting of an available bank balance, total checks written, and an ending balance; however, the expenditure categories shown on financial reports were not the same as those presented in the approved budget and budget amounts were not provided. As a result, it was not practical to determine compliance with the adopted budget at the expenditure category level established by CCOC.

Budgetary reports comparing budget with actual amounts would provide CCOC an additional means of monitoring its activities and ensuring that available resources are expended in accordance with CCOC's intent.

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**Recommendation:** We recommend that the Corporation, as successor organization to CCOC, revise their procedures to include the presentation of a budgetary report to the Corporation on a periodic basis.

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#### **CCOC Response**

*We concur that the Corporation, as successor organization to the CCOC, should revise our procedures to include the presentation of a budgetary report periodically that relates back to the approved budget categories. The Corporation staff has already developed such a reporting format and will provide these at Executive Council Meetings.*

#### **Finding No. 4: Consultant Contracts**

CCOC is responsible for establishing internal controls that provide assurance that the process of acquiring services is effectively administered. As a matter of good business practice, procurement of services should be done using a competitive selection process to provide an effective means of equitably procuring the best quality services at the lowest possible costs.

During the audit period, CCOC entered into two contracts with one consultant for the development of a budget process to be followed by the clerks and a budget approval and certification process for the corporation upon receipt of the budgets from the clerks. The initial contract was effective October 20, 2003, and the second contract was effective May 3, 2004. Payments made through June 30, 2004, by

CCOC pursuant to these contracts totaled \$241,101.59.

Additionally, CCOC also entered into two contracts with the Florida Association of Court Clerks, Inc. (FACC). The initial contract was effective October 1, 2003, and the second contract was effective January 1, 2004. Payments made through June 30, 2004, by CCOC pursuant to these contracts totaled \$162,676.50.

In both instances, neither the initial contracts nor the subsequent contracts were entered into through the use of a competitive selection process and CCOC minutes did not indicate the basis relied upon for not subjecting the acquisition of services to a competitive selection process. The Executive Director of CCOC informed us that CCOC made the decision to not seek bids for the consultant developing the budget process and the budget approval and certification process because of several factors including the exceptionally tight timeframe required for CCOC to design and implement a CCOC budget system and the selected consultant's extensive experience in the State and local budget process and with working with the Clerks, as well as FACC, the Legislature, and the Governor's office.

With regard to the selection of FACC to provide specified administrative services, the CCOC Executive Director stated that CCOC determined that FACC had the administrative capability, the operational knowledge of clerk operations, and the program support expertise to meet CCOC's needs and requirements in a timely, professional, and economic manner. The Executive Director further stated that because of the short timeframe, it seemed in the best interest to contract with FACC for the needed services without the use of a competitive selection process.

We recognize the merits of the justification provided by CCOC in the acquisition of these contractual services without the use of a competitive selection process. We are also cognizant of the need for CCOC, as a matter of good business practice, to procure such services in a manner that will provide an

effective means of equitably procuring the best quality services at the lowest possible costs. The use of a competitive selection process, in circumstances where time considerations will permit this acquisition method, is one such means of ensuring the unbiased acquisition of the best quality services at the lowest possible costs.

Considering that payments made pursuant to these contracts totaled \$403,778.09, or 69 percent of total CCOC expenditures, in the future, consideration should be given to procuring such services through the use of a competitive selection process.

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**Recommendation:** We recommend that the Corporation, as successor organization to CCOC, as a matter of good business practice, consider the use of a competitive selection process in the acquisition of future consultant services. Further, should the Corporation determine that use of a competitive selection process is not advisable in a given situation, the basis for that determination should be included in the minutes of the Corporation.

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#### CCOC Response

*While we concur with the use of a competitive bid process can help assure good business practices, we also believe that in certain instances the use of a competitive bid process is not advisable. In these instances, we will include the justification in the Executive Council minutes. When deemed appropriate, the Corporation will use the competitive bid process.*

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#### **Finding No. 5: Delegation of Authority**

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CCOC entered into various contracts for the provision of services. In some instances, the contracts were signed by the Chair of the Conference, including contracts for legal services, consulting services, and both an initial contract dated October 1, 2003, with the Florida Association of Court Clerks, Inc. (FACC), for various administrative services and a revised contract dated January 1, 2004, with FACC which included only education and training services. Attachment C to the January 2004 contract, titled "Production Labor Rates as of July 1, 2003," revised the hourly rates to be charged by various employees of FACC for CCOC-related services. Differing copies of



Attachment C provided for our examination included hand written notations dated October 17, 2003, and January 13, 2004, and initialed only by the CCOC Executive Director which indicated changes to the hourly reimbursement rates for specified FACC employees.

We also noted that whereas the Executive Director signed certain contracts on behalf of CCOC, including contracts for administrative assistant services and the lease agreement for CCOC's administrative offices, other contracts including the agreement with FACC and the agreement with the Department of Financial Services for the cooperative review of Article V budgets submitted by the clerks were signed by the CCOC Chair.

Although requested, we were not provided with evidence of any delegation of authority by CCOC to the Executive Director to execute or amend contracts on behalf of CCOC. The agreement entered into by CCOC with the Executive Director establishing the services to be provided by the Executive Director states in Section 5.2 that the agreement shall not be construed to empower the Executive Director "to bind Conference for the performance of any contract or otherwise obligate Conference, except as specifically set forth in this Agreement." No such specific authority is provided for in the contract.

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**Recommendation:** We recommend that the Florida Clerks of Court Operations Corporation (Corporation), as the successor organization to CCOC, clarify the authority of the Executive Director to enter into contracts on behalf of the Corporation. If the Corporation determines that such a delegation of authority is appropriate, such delegation should be made of record in Corporation minutes or adopted policies.

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#### **CCOC Response**

*We concur with the finding that the Corporation should clarify the authority of the Executive Director to enter into contracts on behalf of the Corporation. We would like to point out that the Executive Director at all times kept the Chair of the Council and Treasurer informed prior to signing or amending any contract. In both issues referred to in your report the Conference gave prior approval.*

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### SCOPE AND OBJECTIVES

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The scope of this operational audit focused on the implementation of Chapter 2003-402, Laws of Florida. Our objectives were:

- To document our understanding of management controls relevant to the implementation of Chapter 2003-402, Laws of Florida.
- To evaluate management's performance in administering its assigned responsibilities in accordance with applicable laws, administrative rules and other guidelines.
- To determine the extent to which management controls promoted and encouraged the achievement of management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic and efficient administration of the functions assigned to CCOC; the reliability of financial records and reports; and the safeguarding of assets.
- To identify recommended statutory and fiscal changes in the categories of substantive law and policy and budget issues that may be included in the audit report and reported to the Legislature.

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### METHODOLOGY

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The methodology used to develop the findings in this report included the examination of pertinent records of CCOC in connection with the application of procedures required by applicable standards contained in Government Auditing Standards issued by the Comptroller General of the United States.

Our audit included examinations of various transactions (as well as events and conditions) occurring during the period July 1, 2003, through June 30, 2004, and selected actions through September 30, 2004.

**AUTHORITY**

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA  
Auditor General

**AUDITEE RESPONSE**

In a letter dated February 11, 2005, the Executive Director of the Florida Clerks of Court Operations Corporation (CCOC) provided a written response to our preliminary and tentative findings and recommendations. Excerpts from this response are included under applicable findings and recommendations. The response can be viewed in its entirety on the Auditor General's Web site.

This operational audit was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This audit was conducted by M. Hardee Ratliff, CPA. Please address inquiries regarding this report to James M. Dwyer, CPA, Audit Manager, via e-mail at [jimdwyer@aud.state.fl.us](mailto:jimdwyer@aud.state.fl.us) or by telephone at (850) 487-9031.

This report, and other audit reports prepared by the Auditor General, can be obtained on our Web site at <http://www.state.fl.us/audgen>; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

Florida  
Clerks of  
Court  
Operations  
Corporation

**Honorable Maryanne Morse**  
Seminole County  
*Chairperson*

**Honorable Howard Forman**  
Broward County  
*Vice Chairman*

**Honorable Jeffrey Barton**  
Indian River County  
*Secretary / Treasurer*

**Honorable Jim Fuller**  
Duval County

**Honorable Annie Mae Murphy**  
Taylor County

**Honorable Harvey Ruvin**  
Dade County

**Honorable Tim Smith**  
Putnam County

**Honorable Richard Weiss**  
Polk County

**John Dew**  
*Executive Director*

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# MEMO

*Florida Clerks of Court Operations Corporation*

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**To: Corporation Members**

**From: Maryanne Morse**

**Date: June 6, 2005**

**Re: CCOC Year in Review  
(Agenda Item #4)**

Attached is a list of only a few of the many accomplishments of the CCOC from July 1, 2004 through May 2005. In chronological order, it highlights important events and/or undertakings of the CCOC. Your Executive Council has worked hard, having conducted 10 official meetings since being established July 1, 2004.

There is, however still much to be done over the next year and in the future.

We will need to continue to prove the worth of the Corporation to the Legislature, the Clerks, and the citizens of this great State of Florida. This experiment created by the Legislature in 2003 is a success. The success of the Corporation thus far is due to the hard work of the many Clerks and their staff, the patience of the Legislature, and the recognition that we are all trying our very best in a new environment.

Thank you for your support over the last several months and the years to come.

## CCOC ACCOMPLISHMENTS BY MEETING

July 1, 2004 through May 19, 2005

Page 1 of 2

### 1. JULY 1, 2004 –

- Corporation meets and elects 8 Clerks to represent them on the CCOC Executive Council.
- Corporation bank account established and remaining funds from Conference transferred to Corporation.
- Council approved tentative 04/05 budget forms and instructions.

### 2. JULY 20 & 28, 2004 –

- Approval of contract between CCOC and CFO concerning development and overview of the Clerks' budget process.
- Approval of Corporation budget and development of permanent staff for the CCOC.
- Approval of monthly reporting form to collect information on Clerks' revenue and expenditures.
- Approval of 04/05 budget forms and instructions for use by Clerks in submitting their budgets.
- Approval of Education Contract with FACC to provide Clerk certification and training.

### 3. AUGUST 19, 2004 –

- Approval of a formal Budget Amendment Request process to be used by Clerks needing funds due to revenue shortfalls.
- Reception and review of all Clerks' budgets submitted to CCOC.
- Increase expenditure caps for specific Clerks after research noted their information earlier submitted to the FACC needed adjustment.
- Tracking and making comments at Florida Bar Conference on potential problems with proposed Judicial Rule allowing judges to have certain authority over Clerks.

### 4. SEPTEMBER 2, 2004 –

- Approved budget amendment request for Hardee County due to a loss of revenues from impact of Hurricane Charley.

### 5. SEPTEMBER 22, 2004 –

- CCOC established additional performance standards for Clerks in the area of timeliness, collections, and fiscal management.
- CCOC certifies approval of all 67 Clerks budgets and establishes maximum expenditure cap for each for a total statewide expenditure cap of \$405,649,369.
- CCOC provides required information to Legislature on Clerk's certified budgets prior to the statutory due date.
- CCOC request an Attorney General Opinion to seek information on Dade County's opinion that fines collected in the unincorporated areas of Dade should be treated as if it were in the city of Miami-Dade.

## CCOC ACCOMPLISHMENTS BY MEETING

July 1, 2004 through May 19, 2005

Page 2 of 2

### 6. NOVEMBER 16, 2004 –

- Approved performance measure readiness survey to help determine difficulties Clerks may have in gathering data.
- Approved BARs from several Clerks due to less revenue received than projected.

### 7. JANUARY 19, 2005 –

- Approved report to be sent to CFO on the progress of Clerks in developing systems to collect data on performance measures.
- Approved recommendation to the Legislature that the law is amended and Clerks be given an additional two weeks to submit their budgets to the CCOC.
- Approved decrease of Nassau's expenditure cap because of a mistake in the process used to develop their initial cap.
- Approved BARs from several Clerks due to less revenue received than projected.
- Approved CCOC staff to collect data on Clerk's expenditures for FY 03/04, validate the numbers, and in concept use such numbers to help those Clerks who may be "under-capped".

### 8. MARCH 16, 2005 –

- Based on staff's validation of Clerk's reported expenditures for FY 2003/2004, approve that we seek a contract amendment with the CFO to allow Clerks whose actual expenditures were higher than their estimated expenditures to have their expenditure caps increased for FY 2004/2005.
- Approved BARs from several Clerks due to less revenue received than projected.
- Approved initial policy concerning funding of Drug Courts.

### 9. APRIL 19, 2005 –

- Approved performance measures business rules for timeliness and collections.
- Approved forms to be used by Clerks for tracking and reporting performance standards.
- Approved including re-openings as a measurement for Clerks beginning in FY 05/06.
- Adjusted recommendation on Drug Court Funding policy.

### 10. MAY 19, 2005 –

- Approved increase of several Clerk's expenditure caps after research found they under-reported in-kind service dollars in FY 03/04.
- Approved budget forms and instructions for the FY 05/06 budget process.
- Approved the policy for 06-07 to assure revenue shortfall relief for Clerks and protect Clerks' Trust Fund.
- Developed and approved indigent status application forms.

Florida  
Clerks of  
Court  
Operations  
Corporation

**Honorable Maryanne Morse**  
Seminole County  
*Chairperson*

**Honorable Howard Forman**  
Broward County  
*Vice Chairman*

**Honorable Jeffrey Barton**  
Indian River County  
*Secretary / Treasurer*

**Honorable Jim Fuller**  
Duval County

**Honorable Annie Mae Murphy**  
Taylor County

**Honorable Harvey Ruvin**  
Dade County

**Honorable Tim Smith**  
Putnam County

**Honorable Richard Weiss**  
Polk County

**John Dew**  
*Executive Director*

**Joe Boyd**  
*General Counsel*

2804 Remington Green Circle  
Suite 3  
Tallahassee, Florida 32308

Phone: (850) 386-2223  
Fax: (850) 386-2224  
[www.flccoc.org](http://www.flccoc.org)

# MEMO

*Florida Clerks of Court Operations Corporation*

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**To: Corporation Members**

**From: Jeffrey Barton**

**Date: June 6, 2005**

**Re: FY 2005/2006 Budget  
(Agenda Item #5)**

Please find attached a proposed Corporation Budget for FY 2005/2006. This proposed budget represents a slight decrease in the budget dollars approved for the current 2004/2005 budget.

The recommended decrease is possible due to efficiencies by the CCOC Executive Council. One example of an efficiency we expect to implement this year is the hiring of one additional CCOC staff person that will allow us to decrease some contractual services to do budget analysis. A staff person will cost approximately \$45,000 annually and we expect to cut back on contractual services by \$90,000 annually.

We recommend slight increases in office supplies, travel, staff compensation, rent, and other services expenses. However, the budget will still be less than the 04/05 approved budget.

If you have any questions concerning the proposed budget please contact John Dew at (850) 386-2223.

*FY 05/06 DRAFT Operations Budget  
for the  
Florida Clerks of Court Operations Corporation*

***Staff Expenses***

<i>Corporation Staff:</i>	<b>Base Salary</b>	<b>29.8% Supplemental Packet</b>	<b>Total</b>
Director, 2 Analyst, and Admin. Assistant	\$224,800.00	\$66,990.00	\$291,790.00
<i>Total Staff Salaries:</i>			<b>\$291,790.00</b>
 <i>General Expenses:</i>			
Rent	\$27,405.00		
Internet / Webhosting	\$655.00		
Telephone / Cellular	\$3,855.00		
Equipment / Supplies / Other	\$24,469.00		
			\$56,384.00
 <i>Travel:</i>			
Includes travel expenses for Staff, Executive Council, and others as deemed necessary for meetings and work done on behalf of the Florida Clerks of the Court Operations Corporation			\$24,165.00
 <i>Staff Training:</i>			
Based on \$1,000 per employee to attend training sessions / seminars for professional development			\$4,000.00
<i>Total General Expenses, Travel, and Training:</i>			<b>\$84,549.00</b>
<i>Total Staff, Rent, Supplies, Travel, and Training:</i>			<b>\$376,339.00</b>

*FY 05/06 DRAFT Operations Budget  
for the  
Florida Clerks of Court Operations Corporation*

***Contractual Expenses***

*General Counsel:*

Based on \$200 per hour, 10 hours per week \$96,000.00

*Contract for:*

performing analysis and research,  
reporting, budget related education and training, and development of an  
online financial reporting system. \$250,000.00

*Contract for:*

deliverables for development of budget process and budget  
amendments, and support of technical review and analysis of 05/06  
submitted budgets, development of budget manuals, development of training  
and analytical work as needed. \$88,500.00

*Audit Services:*

Based on the annual audit of the CCOC being approximately \$6,000 and  
other expenses as necessary (\$10,000 annually). \$10,000.00

*Total Contracts:*

**\$444,500.00**

***Total Staff and Contractual Operations:***

**\$820,839.00**

\*In addition, the corporation budget will also include a potential expenditure of approximately \$400,000 from a separate funding source for Clerk certification and education.



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# MEMO

*Florida Clerks of Court Operations Corporation*

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**To: Corporation Members**

**From: John Dew**

**Date: June 5, 2005**

**Re: Request for Special Corporation Meeting  
(Agenda Item #6)**

On behalf of Chairperson Maryanne Morse, please find attached a letter sent to her on April 28, 2005, requesting a meeting of the CCOC. This letter was sent by the Honorable Tim Sanders, as President of the Florida Association of Court Clerks and a member of the CCOC.

Ms. Morse spoke with Mr. Sanders soon after receiving the attached letter and both concluded that the issue for discussion could wait until the June 12, 2005 scheduled meeting.



**Tim Sanders**  
*Clerk of the Circuit Court  
Madison County, Florida*

Received at CCOC Office at  
9:15 a.m. via mail on 5/2/05. J. Dew

101 South Range Street  
P.O. Box 237  
Madison, Florida 32341-0237  
Telephone 850-973-1500  
Fax 850-973-2059

April 28, 2005

Honorable Maryanne Morse  
Clerk of the Circuit Court  
P. O. Box 8099  
Sanford, FL 32772-8099

Dear Maryanne:

As President of the Florida Association of Court Clerks and a member of the Florida Clerks of Court Operations Corporation (CCOC), and in accordance with section 1-5 of the Corporation bylaws, the Clerks of Court, as signed on the attached documents, hereby request a meeting of the CCOC be held as soon as possible to address a critical situation.

With all due respect, please contact me as soon as you receive this letter with the meeting date and time.

Sincerely,

Tim Sanders

cc: Florida Clerks of the Circuit Court  
CCOC Executive Council  
Fred Baggett, General Counsel  
Joe Boyd, General Counsel  
Roger Alderman, Executive Director, FACC  
John Dew, Executive Director, CCOC