

Lee County Board Of County Commissioners
Agenda Item Summary

Blue Sheet No. 20030319

1. REQUESTED MOTION:

ACTION REQUESTED:

Presentation to the Board of County Commissioners the Lee County's Office of the State Courts Administrator- 20th Judicial Circuit (Court Administration) financial statements for fiscal year 2002.

WHY ACTION IS NECESSARY:

WHAT ACTION ACCOMPLISHES:

Provides public notice of the availability of the audited financial statements to the citizens of Lee County.

2. DEPARTMENTAL CATEGORY:

C15G

3. MEETING DATE:

03-25-2003

4. AGENDA:

CONSENT

ADMINISTRATIVE

APPEALS

PUBLIC

WALK ON

TIME REQUIRED:

5. REQUIREMENT/PURPOSE:

(Specify)

STATUTE

ORDINANCE

ADMIN.

CODE

OTHER

OTHER

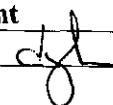
6. REQUESTOR OF INFORMATION:

A. COMMISSIONER

B. CONSTITUTIONAL OFFICE Clerk of Circuit Court

C. DEPARTMENT Finance & Records Department

BY: Donna G. Harn

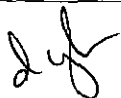


7. BACKGROUND:

The Court Administration's financial statements for the fiscal year ended September 30, 2002, was prepared by the Clerk's Finance & Records Department, and audited by KPMG LLP. Copies of the report are available in the Finance and Records Department on the 3rd floor of the Administration Building.

8. MANAGEMENT RECOMMENDATIONS:

9. RECOMMENDED APPROVAL:

A Department Director	B Purchasing or Contracts	C Human Resources	D Other	E County Attorney	F Budget Services				G County Manager
					OA	OM	Risk	GC	
									

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

Office of the State Courts
Administrator- 20th Judicial Circuit
Lee County, Florida

Financial Statements
September 30, 2002



Prepared By:
General Accounting Office, Finance & Records Department



Office of the State Courts Administrator- 20th Judicial
Circuit
Lee County, Florida

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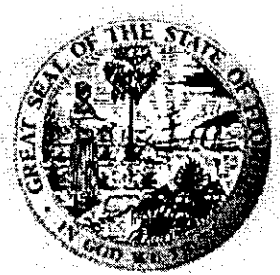
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111 North Orange Avenue, Suite 1600
P.O. Box 3031
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Independent Auditors' Report

Board of County Commissioners
Lee County, Florida:

We have audited the accompanying financial statements of Office of the State Courts Administrator – 20th Judicial Circuit of Lee County, Florida (a special revenue fund) as of and for the year ended September 30, 2002, as listed in the table of contents. These financial statements are the responsibility of Lee County, Florida'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. 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 I, the financial statements present only the Office of the State Courts Administrator -- 20th Judicial Circuit of Lee County, Florida (a special revenue fund) and do not purport to, and do not, present fairly the financial position of Lee County, Florida, as of September 30, 2002, 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 financial position of State Courts Administrator -- 20th Judicial Circuit of Lee County, Florida as of September 30, 2002, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining schedules as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Lee County, Florida. The combining schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners of Lee County, Florida, management and the Court Administrator of the 20th Judicial Circuit of Lee County, Florida.

KPMG LLP

January 10, 2003



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.



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Lee County, Florida
BALANCE SHEET
OFFICE OF THE STATE COURTS ADMINISTRATOR - 20TH JUDICIAL CIRCUIT
As of September 30, 2002

ASSETS	
Cash and cash equivalents	<u>\$4,864,915</u>
Total assets	<u>\$4,864,915</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	917,627
Accrued liabilities	225,942
Due to Board of County Commissioners	1,167,982
Deposits	<u>69</u>
Total liabilities	<u>2,311,620</u>
Fund Balances:	
Unreserved, undesignated	<u>2,553,295</u>
Total fund balance	<u>2,553,295</u>
Total liabilities and fund balance	<u>\$4,864,915</u>

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

Lee County, Florida
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 OFFICE OF THE STATE COURTS ADMINISTRATOR - 20TH JUDICIAL CIRCUIT
 For the Year Ended September 30, 2002

REVENUES	
Intergovernmental	\$199,599
Charges for services	495,394
Interest	24,298
Miscellaneous	<u>95,235</u>
Total revenues	<u>814,526</u>
EXPENDITURES	
Current	
General government	
Personal services	4,900,572
Operating	5,062,254
Capital outlay	<u>760,177</u>
Total expenditures	<u>10,723,003</u>
Deficiency of revenues under expenditures	<u>(9,908,477)</u>
OTHER FINANCING SOURCES AND (USES)	
Transfers in	10,297,202
Transfers out	<u>(1,167,982)</u>
Total other financing sources and (uses)	<u>9,129,220</u>
Net change in fund balance	(779,257)
Fund balance - beginning	<u>3,332,552</u>
Fund balance - ending	<u>\$2,553,295</u>

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

Lee County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OFFICE OF THE STATE COURTS ADMINISTRATOR - 20TH JUDICIAL CIRCUIT
For the Year Ended September 30, 2002

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$500,413	\$450,413	\$199,599	\$(250,814)
Charges for services	508,984	558,984	495,394	(63,590)
Interest	7,675	7,675	24,298	16,623
Miscellaneous	67,194	67,194	95,235	28,041
Total revenues	<u>1,084,266</u>	<u>1,084,266</u>	<u>814,526</u>	<u>(269,740)</u>
EXPENDITURES				
Current				
General government				
Personal services	5,642,480	5,601,672	4,900,572	701,100
Operating	5,274,755	5,347,645	5,062,254	285,391
Capital outlay	<u>1,357,251</u>	<u>1,373,169</u>	<u>760,177</u>	<u>612,992</u>
Total expenditures	<u>12,274,486</u>	<u>12,322,486</u>	<u>10,723,003</u>	<u>1,599,483</u>
Deficiency of revenues under expenditures	<u>(11,190,220)</u>	<u>(11,238,220)</u>	<u>(9,908,477)</u>	<u>1,329,743</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in	10,315,162	10,363,162	10,297,202	(65,960)
Transfers out			(1,167,982)	(1,167,982)
Total other financing sources and (uses)	<u>10,315,162</u>	<u>10,363,162</u>	<u>9,129,220</u>	<u>(1,233,942)</u>
Net change in fund balance	(875,058)	(875,058)	(779,257)	95,801
Fund balance - beginning	<u>875,058</u>	<u>875,058</u>	<u>3,332,552</u>	<u>2,457,494</u>
Fund balance - ending	<u>\$0</u>	<u>\$0</u>	<u>\$2,553,295</u>	<u>\$2,553,295</u>

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



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OFFICE OF THE STATE COURTS ADMINISTRATOR- 20TH JUDICIAL CIRCUIT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2002

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lee County (the County) was founded in 1887 as a political subdivision of the State of Florida established by Article VIII, Section 1(f), Florida Constitution. In 1996, by vote pursuant to Lee County Ordinance No. 96-01 the County became a charter county as allowed by Article VIII, Section 1(c), Florida Constitution, and Chapter 125.82, Florida Statutes. Pursuant to Article VIII, Section 1(g), Florida Constitution, as a charter county the County has all powers of self-government not inconsistent with general law, or with special law approved by vote. It also gives the County authority to enact ordinances that are not inconsistent with general law.

The County is governed by an elected Board of County Commissioners (the Board), pursuant to Title XI, Chapters 124-164, Florida Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Constitutional Officers maintain separate accounting records and budgets and are each an agency of the County, as a whole.

The Twentieth Judicial Circuit consisting of Charlotte, Collier, Glades, Hendry and Lee Counties was created in 1970. The Chief Judge aided by the court administrator is responsible for the administration and supervision of the courts within the circuit. The court administrator is the manager of the administrative, non-judicial affairs of the court. The Office of the State Courts Administrator - Twentieth Judicial Circuit (the Court Administrator) is located in Lee County. The Lee County Clerk of Circuit Court (the Clerk) is responsible for processing and recording payments and other financial transactions of the Court Administrator.

Included in the financial statements are all departments for which the Court Administrator has oversight responsibilities which include, but are not limited to, financial interdependency, ability to significantly influence operations, and accountability for fiscal matters.

Basis of Presentation and Description of Funds

The Court Administrator fund is reported as a special revenue fund in the County's financial statements. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The operations of the Court Administrator's fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The general operations of the Court Administrator are funded by appropriations from the Board, which are presented in the Court Administrator's financial statements as transfers in. Funds remaining at fiscal year end in excess of amounts expended are returned to the Board and reflected as transfers out in the Court Administrator's statements.

Other programs of the Court Administrator include court mediation, citizen dispute, guardian ad litem, pro se litigation, witness management, domestic violence assistance, juvenile arbitration, drug court, teen court, family court services, public guardianship, probation, and the law library. These programs are funded through charges for services, grants, and other revenue sources which are designated for these specific purposes.

OFFICE OF THE STATE COURTS ADMINISTRATOR- 20TH JUDICIAL CIRCUIT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2002

During the year ended September 30, 2001, Lee County, Florida implemented the provision of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*. The Office of the State Court Administrator-20th Judicial Circuit has presented fund financial statements. Accordingly, due to the omission of certain financial statement disclosures including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Office of the State Court Administrator-20th Judicial Circuit and the changes in its financial position and its cash flows, where applicable, for the year ended in conformity with GASB Statement No. 34, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the financial statements. Basis of accounting refers to when transactions are recognized and recorded regardless of the measurement focus applied.

The Court Administrator fund is presented on the modified accrual basis of accounting using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. The Court Administrator considers revenues available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred.

Budgets and Budgetary Accounting

The Court Administrator's budget is required to be filed with the State of Florida Office of the State Courts Administrator and is also required to be submitted and approved by the Lee County Board of County Commissioners. The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted and the Board must approve all amendments to the general operating budget.

Cash Equivalents

The Clerk maintains a cash and investment pool in which the Court Administrator participates. Highly liquid investments with a maturity of three months or less, when purchased, are considered to be cash equivalents.

Capital Assets

In the financial statements of the Court Administrator, capital assets purchased and used in governmental fund operations are accounted for as capital outlay expenditures. Capital assets can include property, plant, equipment, and infrastructure assets. The Board maintains accountability for all assets used in operations which are reported on the County's entity-wide financial statements.

Compensated Absences

The Court Administrator's employees accumulate sick and vacation leave, based on the number of years of continuous service. Upon resignation or retirement, employees can be paid 50% of accrued

OFFICE OF THE STATE COURTS ADMINISTRATOR- 20TH JUDICIAL CIRCUIT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2002

sick leave at their current rate of pay, if vested with six years of service in the Florida Retirement System, and are entitled to 25% of accrued sick leave if not vested in the Florida Retirement System. Employees who are terminated, resign, or retire, are entitled to be paid for any accrued vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements of the County.

NOTE II - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at September 30, 2002:

Carrying value of deposits	\$4,864,638
Petty cash and change funds	<u>277</u>
Total cash and cash equivalents	<u>\$4,864,915</u>

All Court Administrator depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. Deposits are defined as time deposit accounts, demand deposit accounts, and certificates of deposit.

Bank balances whose values exceed the amount of federal depository insurance are collateralized pursuant to the Florida Security for Public Deposits Act. The bank balance of deposits at September 30, 2002, was entirely insured and collateralized pursuant to Florida Statute 280.

NOTE III - RETIREMENT PLAN

Plan Description and Provisions

The Court Administrator participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer, public employee retirement system, which covers substantially all of its full time and part time employees. The FRS is noncontributory and is administered by the State of Florida. Benefits under the plan vest after six years of service. Employees who retire at or after age 62, with six years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by Florida Statute, Chapters 112 and 121. The FRS offers several other plan and/or investment options that may be elected by the employee. Each offers specific contribution and benefit options. The FRS plan documents should be referenced for complete details of these options and benefits.

Pension costs for the Court Administrator, as required and defined by State Statute, equaled 7 percent of gross salaries for the year ended September 30, 2002. For the years ended September 30, 2002, 2001, and 2000, the Court Administrator contributed 100 percent of the required contributions. These contributions totaled \$254,000, \$337,000, and \$314,000, respectively, which represents 7 percent, 9 percent, and 10 percent of covered payroll.

OFFICE OF THE STATE COURTS ADMINISTRATOR- 20TH JUDICIAL CIRCUIT
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2002

A copy of the FRS's June 30, 2002, annual report can be obtained by writing to the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5540.

Other Post Employment Benefits

The Court Administrator participates in the Lee County Board of County Commissioners' self-insurance program. The Court Administrator provides post retirement health care benefits in accordance with the Section 110.123, Florida Statutes to all employees who retire from the Court Administrator. The Court Administrator does not pay any portion of the premium cost for the retiree to participate in the Plan. The retiree pays 50 percent of the premium cost for the retiree to participate in the Board's program. Expenditures for post retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported (IBNR). The post retirement health care benefit cannot be reasonably estimated as the claim information is estimated without separating the retirees from the active employees.

NOTE IV - RISK MANAGEMENT

The Board maintains a self-insurance internal service fund to administer insurance activities relating to certain group medical and dental coverage, property, general, automobile and public officials liability, workers compensation and auto physical damage. The Court Administrator participates in the County-wide self-insurance program for all insurance activities except for workers compensation. The Board of County Commissioners pays substantially all of the respective premiums on behalf of the Court Administrator and absorbs losses related to these programs up to an aggregate annual limit. Excess and other specific coverage is purchased from third-party carriers. Charges to operating departments are based upon amounts believed by management of the program to meet the required annual payouts during the fiscal year and to pay for the estimated operating cost of the program.

The Court Administrator participates in a public entity risk pool administered by Florida League of Cities, Inc. for a workers compensation insurance program. The Court Administrator pays an annual premium to the Florida League of Cities, Inc. for this insurance program. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE V - LITIGATION

The Court Administrator is involved from time to time in routine civil litigation, the substance of which, would not materially affect the financial position of the Court Administrator. The Court Administrator is not in a position at this time to predict the final outcome of the lawsuits and claims or the exact amount of costs and/or potential recovery. The Court Administrator plans to vigorously contest these matters unless first settled or closed.

Lee County, Florida
 COMBINING SCHEDULE - BALANCE SHEET
 OFFICE OF THE STATE COURTS ADMINISTRATOR - 20TH JUDICIAL CIRCUIT
 As of September 30, 2002

	Operating Fund	Special Purpose Funds	Total
ASSETS			
Cash and cash equivalents	\$1,577,649	\$3,287,266	\$4,864,915
Total assets	<u>\$1,577,649</u>	<u>\$3,287,266</u>	<u>\$4,864,915</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	187,527	730,100	917,627
Accrued liabilities	222,071	3,871	225,942
Due to Board of County Commissioners	1,167,982	.	1,167,982
Deposits	69	.	69
Total liabilities	<u>1,577,649</u>	<u>733,971</u>	<u>2,311,620</u>
Fund Balances:			
Unreserved, undesignated	.	2,553,295	2,553,295
Total fund balance	<u>0</u>	<u>2,553,295</u>	<u>2,553,295</u>
Total liabilities and fund balance	<u>\$1,577,649</u>	<u>\$3,287,266</u>	<u>\$4,864,915</u>

Lee County, Florida
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 OFFICE OF THE STATE COURTS ADMINISTRATOR - 20TH JUDICIAL CIRCUIT
 For the Year Ended September 30, 2002

	Operating Fund	Special Purpose Funds	Total
REVENUES			
Intergovernmental		\$199,599	\$199,599
Charges for services	\$1,515	493,879	495,394
Interest		24,298	24,298
Miscellaneous	70,332	24,903	95,235
Total revenues	<u>71,847</u>	<u>742,679</u>	<u>814,526</u>
EXPENDITURES			
Current			
General government			
Personal services	4,475,885	424,687	4,900,572
Operating	3,787,297	1,274,957	5,062,254
Capital outlay	120,084	640,093	760,177
Total expenditures	<u>8,383,266</u>	<u>2,339,737</u>	<u>10,723,003</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(8,311,419)</u>	<u>(1,597,058)</u>	<u>(9,908,477)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	9,558,842	817,801	10,376,643
Transfers out	<u>(1,247,423)</u>		<u>(1,247,423)</u>
Total other financing sources and (uses)	<u>8,311,419</u>	<u>817,801</u>	<u>9,129,220</u>
Net change in fund balances	0	(779,257)	(779,257)
Fund balances - beginning	<u>0</u>	<u>3,332,552</u>	<u>3,332,552</u>
Fund balances - ending	<u>\$0</u>	<u>\$2,553,295</u>	<u>\$2,553,295</u>