



Superior Court Of California,
County of San Mateo

Audit Report on Budgeting Practices

REPORT OF
INTERNAL AUDIT SERVICES

OCTOBER 2009



ADMINISTRATIVE OFFICE
OF THE COURTS

FINANCE DIVISION
INTERNAL AUDIT SERVICES

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November 23, 2009

Hon. Stephen M. Hall
Presiding Judge of the Superior Court of California,
County of San Mateo
400 County Center, Department 24
Redwood City, California 94063-1662

Dear Presiding Judge Hall:

Internal Audit Services (IAS) of the Judicial Council of California, Administrative Office of the Courts, presents its audit report entitled, *Superior Court of California, County of San Mateo, Audit Report on Budgeting Practices* dated October 2009.

In accordance with the Court's request (both yourself and the Court Executive Officer), IAS expanded its comprehensive audit of the Superior Court, of San Mateo County (Court), to include a more detailed review of the budgeting practices of the Court and is providing a separate report on this review. This report is attached.

As the report indicates, IAS found that the internal budget monitoring reports, which the Court informed us have been used for approximately 12 years, provided baseline budget amounts, actual year-to-date revenue and expenditure activity, and fiscal year projections. The baseline budget and actual revenue and expenditure activity presented in the budget monitoring reports materially agree with the Court's information as contained in the Phoenix Financial System. However, the reports used a straight-line projection forecasting methodology based upon actual expenditures year-to-date that yielded a projection of expenditures that was significantly different than what actually occurred by the end of Fiscal Year 2008-2009.

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Hon. Stephen M. Hall

November 23, 2009

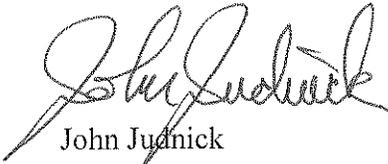
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IAS has provided its assessment of the budget practices used by the Court and has also provided information concerning best practices that can be used by the Court. The Court has responded positively to all recommendations and has indicated that they will address them on as timely a basis as possible.

Also included at the end of this report is a letter received from the Court outlining its initial request for this review and its initiatives in addressing corrections in procedures and practices at the Court.

If you have any questions concerning the attached audit report, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John Judnick". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Judnick
Senior Manager
Internal Audit Services

Attachments

cc:

Mr. John Fitton, Executive Officer

Ms. Christine Patton, Regional Administrative Director, AOC, Bay Area/Northern Coastal Region

I. INTRODUCTION

In August 2009 San Mateo Superior Court (Court) management contacted Internal Audit Services (IAS) of the Administrative Office of the Courts (AOC) concerning a problem in the Court's internal budget monitoring reports. The Court believed that there was problem with its ending fund balance and its monitoring of budget to actual balances, and requested assistance from the AOC. Specifically, the Court's judiciary, management, staff and unions were led to believe through current internal finance division reports, analysis and forecasting projections that its ending fund balance would be significantly higher than what fiscal year-end totals indicated. Through a one day visit it was determined that the internal budget monitoring reports contained errors that included mechanical formula errors, presentation and analysis errors, and incorrect assumptions.

IAS's annual audit plan for the superior courts included San Mateo Superior Court this fiscal year (FY 2009-2010) and the initiation of the audit was scheduled for approximately February 2010. At the request of the Court we adjusted the schedule to start the comprehensive audit in September 2009 with the initial work consisting of a budget policy and procedures review. Specifically, the purpose of this review was to determine whether the Court has complied with applicable statutes, Rules of Court, and the *Trial Court Financial Policies and Procedures Manual*, and utilized other best practices in its budget development, monitoring, and reporting procedures. The results of this review will be included in the final comprehensive audit report of the Court.

This report is comprised of the following sections:

- I. INTRODUCTION**
- II. EXECUTIVE SUMMARY**
- III. BUDGET POLICIES AND PROCEDURES**
- IV. BUDGET AUTHORITY, DUTIES, AND RESPONSIBILITIES**
- V. AUDIT SCOPE AND METHODOLOGY**
- VI. TIMING AND REVIEWS WITH MANAGEMENT**
- VII. ISSUES AND MANAGEMENT RESPONSES**
 - A. INTERNAL BUDGET MONITORING REPORTS**
 - B. BUDGET DEVELOPMENT, APPROVAL, AND REVISION PROCESS**
- VIII. APPENDICIES**

II. EXECUTIVE SUMMARY

The San Mateo Superior Court (Court) went onto the judicial branch statewide financial system (Phoenix Financial System) starting in July 2007. The system contains the financial information of the Court that is utilized for reporting of fiscal information within the branch and to external entities. The Court also certifies both the information contained in the Quarterly Financial Statements (QFS) and the budget information in the Schedule 1 – Baseline Budget. These reports and the financial information are submitted to the Finance Division of the Administrative Office of the Courts (AOC). The Court also prepared monthly budget monitoring reports for court management’s internal review.

During the last several years, the Court has run operating losses that have drawn down its fund balance. (See Appendix D of this report.) The Schedule 1–Baseline Budget report for Fiscal Year 2008-2009 prepared and certified by the Court in late 2008 budgeted for a loss of \$3,612,183. The Court actually lost \$3,890,791 for the year. (See Appendix B for the Courts financial statements for the year, including the final adjusted budget.) Additionally, in anticipation of Fiscal Year 2009–2010 budget reductions, court management was constantly meeting concerning its budget using internal budget monitoring reports.

The internal budget monitoring reports, which the Court informed us have been used for approximately 12 years, provided baseline budget amounts, actual year-to-date revenue and expenditure activity, and fiscal year projections. The baseline budget and actual revenue and expenditure activity presented in the budget monitoring reports materially agree with the Court’s information as contained in the Phoenix Financial System. However, the reports used a straight-line projection forecasting methodology based upon actual expenditures year-to-date that yielded a projection of expenditures that was significantly different than what actually occurred by the end of Fiscal Year 2008-2009.

Specifically, the methodology does not take into consideration the frequency, timing, and fluctuation in revenue and expenditures posted to the accounting system. For instance, the straight-line methodology would not provide an accurate fiscal year projection for court security and other county-provided services if San Mateo County departments submit delayed billings to the Court. Furthermore, expenditures that are one-time or vary significantly throughout the year, such as equipment purchases, would result in fluctuating straight-line projections from month to month.

The internal budget monitoring reports of the Court also:

- Improperly reported encumbrances.
- Contain no explanation of the assumptions utilized for projections.
- Were not prepared for the initial four months of the fiscal year.

There is documentation evidencing that the Court Executive Officer (CEO) regularly met with the Finance Director, reviewed the reports, asked questions about them, and based his

recommendations to the Court's judiciary on the information provided to him by his subject matter expert, the Finance Director. Further, the Presiding Judge and CEO regularly reviewed budget issues at their weekly meetings and regularly reported to the Court's judiciary regarding budget issues at monthly Judge's Meetings.

With the benefit of hindsight, the Court recognizes that the internal tools and methods utilized by their finance division provided inaccurate forecasting and tracking this past fiscal year and both the Presiding Judge and CEO requested this special review to purposefully move towards best practices. While we were still conducting our audit fieldwork at the end of September, the CEO asked us to recommend budgeting best practices lacking from the Court's existing processes so that the Court may start improving its processes right away. We communicated a number of the recommendations that are detailed in the Issues and Management Responses Section of this report. In his responses to our best practices recommendations, the CEO noted actions the Court has already taken to fully or partially implement our recommendations.

III. BUDGET POLICIES AND PROCEDURES

California Rules of Court (CRC) provides guidance concerning budgeting processes of the superior courts as follows:

- 10.800 Superior court budgeting
- 10.801 Superior court budget procedures
- 10.802 Maintenance of and public access to budget and management information
- 10.804 Superior court financial policies and procedures

CRC 10.800 provides for local authority and accountability for development of budget requests and management of court operations within the authorized funding level. Superior courts must manage their budget in a manner that is responsive to local needs, ensures equal access to justice, is consistent with Judicial Council policy and legislative direction, and does not exceed the total allocated budget.

CRC 10.804 required the Administrative Office of the Courts to prepare and adopt a financial policies and procedures manual for the superior courts, consistent with the rules of court and policies adopted by the Judicial Council. The *Trial Court Financial Policies and Procedures Manual* (FIN Manual) was adopted in 2001 and the first version was issued and effective starting in August 2001. The current version of the FIN Manual (6th Edition) has in Section 4 (Budgets) the following sections. The following sections are available on the judicial branch website courtinfo.ca.gov.

- 4.01 Budget Development
- 4.02 Budget Monitoring and Reporting
- 4.03 Position Management

The budget development policy and procedures (Procedure No. FIN 4.01) specifies and details the responsibility of the superior court for developing and managing its budget so that its resources are utilized efficiently and effectively.

Procedure No. FIN 4.02 on budget monitoring and reporting establishes uniform guidelines for the superior court to monitor and control its annual budget and to ensure responsible management of available resources (see Appendix A for Procedure No. FIN 4.02). The policy specifies that the court will manage its operations in a fiscally prudent manner with budgetary control measures required to assure that expenditures do not exceed allocations. Additionally, it states that the court shall monitor actual expenditures against its annual budget and that cash flow must be monitored to assure that the court has sufficient moneys to meet its obligations. Specific procedures that are delineated in Procedure No. FIN 4.02, section 6.2 include:

- It is the court's responsibility to monitor its budget on a regular basis.
- It is recommended that the court prepare and review a comparison of actual expenditures with the approved budget that provides the specific information listed in the policy.

- The court should analyze its cash flow needs for the current month and project its cash flow for the remainder of the fiscal year.
- Expenditure to budget comparisons and cash flow monitoring reports shall be prepared and reviewed as soon as is practicable after closing information becomes available each month.
- The court shall not limit its budget analysis to a “bottom line” review of the court’s fund balance. Individual budget line item review is required to provide a greater degree of budgetary control.

Superior courts must develop their own local procedures and reports within the above policies to appropriately develop and monitor their budgets. These procedures and reports vary on a court by court basis and are predicated on assumptions that the courts make based on local practices and activities. These assumptions change over time and must be reflected in the reports when changed. Many of these procedures and reports that courts have used can be traced to procedures and reports that were developed by their counties and have continued to be utilized by the courts.

IV. BUDGET AUTHORITY, DUTIES, AND RESPONSIBILITIES

California Rules of Court (CRC) covers the authority, duties and responsibilities of a court's presiding judge (PJ) and court executive officer (CEO) in 10.601 through 10.610. Under CRC 10.601, superior courts have a responsibility to "manage their budget and fiscal operations". The PJ, with the assistance of the CEO is responsible for leading the court with specific duties concerning budgets that include:

- Establishing a process for consulting with the judges of the court on budget requests, expenditure plans, and other budget or fiscal matters that the PJ deems appropriate.
- Approve procurements, contracts, expenditures, and the allocation of funds in a manner that allows the court the ability to carry out its functions effectively. The PJ may delegate these duties to the CEO but the PJ must ensure that the CEO performs such delegated duties consistent with the court's established budget.

CRC 10.610 describes the duties of the court executive officer, who will act under the direction of the presiding judge to perform his/her responsibilities. These responsibilities include in CRC 10.610(c)(2):

- Making recommendations to the PJ on budget priorities; preparing and implementing court budgets, including accounting, payroll, and financial controls; and employing sound budget and fiscal management practices and procedures to ensure that annual expenditures are within the court's budget.

The *Trial Court Financial Policies and Procedures Manual* (FIN Manual) covers the authority and responsibilities of court management and staff in Procedure No. FIN 1.02. The authority and duties of the PJ and CEO in the FIN Manual are consistent with those in CRC. Additionally, the FIN Manual covers a court fiscal officer's responsibilities and authority which includes duties such as:

- Establishes, maintains and enforces all financial policies and procedures, whether they are developed internally or prescribed by statute or the Judicial Council.
- Maintains the court accounting system and financial records.
- Assures the implementation of a system of financial internal controls.
- Plays a critical role in developing the court's annual budget.
- Monitors the trial court budget and actual expenditures to identify variances, determine their cause, and implement measures to reduce or eliminate future variances.
- Monitors cash flow and projects future cash flow needs to assure that the court can meet its financial obligations.

V. AUDIT SCOPE AND METHODOLOGY

Our evaluation of San Mateo Superior Court's (Court) budget development, monitoring, and reporting procedures consisted primarily of interviews and a detailed analysis of FY 2008 – 2009 internal budget monitoring reports, Schedule 1 – Baseline Budget and supporting documents, and financial data on the Phoenix Financial System. The primary interviews at the Court were with:

- Hon. Stephen M. Hall, Presiding Judge
- John Fitton, Court Executive Officer
- Ramonia Hall, Finance Director
- George Antrea, Management Analyst III

The interviews focused on the Finance Department's process in creating the FY 2008–2009 internal budget monitoring reports, and court management's review of these reports for budget monitoring and planning purposes. The Management Analyst III was responsible for preparing the budget monitoring reports, so we interviewed him to determine where he obtained the data, how the format and mechanics of the reports were determined and by whom, and his concerns regarding the reports. We also reviewed and discussed the meeting agendas maintained by the Court Executive Officer (CEO) for regular meetings he had with the Finance Director to evaluate the process of reviewing the financial documents prepared and the manner and extent of the review. The interviews also covered the Finance Department's process in preparing the FY 2008–2009 budget, budget approval and revision procedures, and communication of budget matters with various stakeholders.

We compared the actual year-to-date balances contained in the internal budget monitoring reports to the balances from the Phoenix Financial System. (Appendix B contains the Court's financial statements for the last two fiscal years we prepared using financial information from the Phoenix Financial System.) We also compared the budget balances on the budget monitoring reports to the Schedule 1 – Baseline Budget that was prepared and certified by the Court to document its annual budget and submitted to the Administrative Office of the Courts under reporting requirements of Government Code section 68113. Other appropriate and related documents provided by the Court were also utilized in drawing our conclusions and determining what occurred.

The monthly internal budget monitoring reports were also reviewed and analyzed to determine the methodology and assumptions utilized in projection of the year end balances. (See Appendix C for the Court's budget monitoring reports for June 2008 through June 2009.)

We reviewed the supporting documentation used to prepare the FY 2008–2009 Schedule 1 – Baseline Budget to assess the process used and assumptions relied upon in determining budgeted amounts. We also reviewed budget modification requests the Court submitted to the AOC, and compared budgeted amounts to fiscal year-end actual amounts recorded on the Phoenix Financial System.

VI. TIMING AND REVIEWS WITH MANAGEMENT

The Court requested this special review during our entrance conference for the comprehensive audit held on September 2, 2009. Audit fieldwork for this special review commenced on September 18, 2009, and was completed on October 15, 2009. A preliminary review of audit results was held on November 12, 2009 with:

- Hon. Stephen M. Hall, Presiding Judge
- John Fitton, Court Executive Officer
- Frances Doubleday, Court Human Resources Manager
- George Antrea, Management Analyst III

Final management responses to our recommended actions were received on November 12, 2009.

VII. ISSUES AND MANAGEMENT RESPONSES

A. INTERNAL BUDGET MONITORING REPORTS

We reviewed the San Mateo Superior Court's (Court) monthly budget monitoring reports prepared for fiscal year (FY) 2008–2009. These reports were prepared by the Management Analyst III at the direction of the Finance Director for the Court Executive Officer's (CEO) review. The baseline budget and actual revenue and expenditure activity presented in the reports materially validate to the Court's balances on the Phoenix Financial System, but we have some concerns in the fiscal year projections internally calculated by the Court, the method in which certain information was presented, and the reporting process.

Issues

1. The monthly budget monitoring reports present fiscal year projections using a straight-line methodology. This methodology does not appear to provide an accurate forecast of many revenue and expenditure line items because the methodology does not take into consideration the frequency, timing, and fluctuation in revenue and expenditures posted to the accounting system.

For instance, the straight-line methodology would not provide an accurate fiscal year projection for court security and other county-provided services if San Mateo County (County) departments submit delayed billings to the Court. Furthermore, expenditures that are one-time or vary significantly throughout the year, such as equipment purchases, would result in fluctuating straight-line projections from month to month. As shown in the table below, although the Court consistently budgeted a deficit of roughly \$3.6 million, the fiscal year projections varied significantly by month.

FY 2008-2009 Budget Monitoring Report for the Month Ending										
	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31 (version 1)	Mar 31 (version 2)	Apr 30	May 31	Jun 30 (version 1)	Jun 30 (version 2)
Budget										
Total Revenues	52,787,239	52,782,269	52,782,269	52,782,269	52,802,142	52,802,142	52,802,142	52,802,142	52,802,142	52,802,142
Total Expenditures	56,399,422	56,394,722	56,394,722	56,394,722	60,161,279 *	56,394,722	56,394,722	56,394,722	56,394,722	56,394,722
Excess/Deficit of Rev over Exp	-3,612,183	-3,612,453	-3,612,453	-3,612,453	-7,359,137	-3,592,580	-3,592,580	-3,592,580	-3,592,580	-3,592,580
Straight-Line Projection										
Total Revenues	49,144,121	49,126,296	50,446,699	50,253,014	50,406,052	50,406,052	50,543,087	50,476,008	56,266,008	56,266,008
Total Expenditures	45,097,402	45,374,778	50,767,479	49,946,475	49,588,112	49,588,112	51,909,281	51,094,083	61,701,800	60,510,560
Excess/Deficit of Rev over Exp	4,046,719	3,751,518	-320,780	306,539	817,940	817,940	-1,366,194	-618,075	-5,435,792	-4,244,552
Year-to-Date Actual										
Total Revenues									51,577,174	51,577,174
Total Expenditures									56,559,984 **	55,468,013
Excess/Deficit of Rev over Exp									-4,982,810	-3,890,839
* Amount includes \$3,766,557 budgeted for salary savings										
** Amount includes \$1,052,348 in excess of total services and supplies that may be unliquidated encumbrances.										

As shown in the table above, the report for the period ended December 31, 2008 projected an excess of revenues over expenditures of \$3,751,518 for the fiscal year using the straight-line methodology, but the same methodology projected a deficit of \$320,780 in the following month. Both versions of the June 30, 2009 report projected a greater deficit than the \$3,890,839 deficit actually incurred. The straight-line methodology

performed at year-end should produce a projection that equals actual year-end amounts. This did not occur because the straight-line percent used was not changed from 91.7 percent used in the May 31, 2009 report to 100 percent.

2. In the budget monitoring reports for the months ended November 30, 2008 through February 28, 2009, encumbrances were added to total expenses. Furthermore, two versions of the March 31, 2009 reports were produced. Encumbrances were added to total expenses in the first version, and then excluded from total expenses in the second version.

We were also provided two versions of the June 30, 2009 report. These reports were subsequent to the Court's identification of a fiscal issue and reflect differences made by the Court to evaluate the problem. One version accurately reported actual total expenses, but the other version reported total expenses that were \$1,052,348 higher. This excess amount appears to be encumbrances remaining at June 30, 2009 that would be liquidated when the books close for the fiscal year. Since encumbrances only reflect funds earmarked when purchase orders are established in the Phoenix Financial System rather than amounts drawn down or accrued to pay for goods or services already received, encumbrances should not be included in the total expenses calculation.

3. The budget monitoring reports presented the total fund balance at the end of the reporting period, but the fund balance was not further broken down between restricted and unrestricted amounts. Reporting total fund balance only without qualifying what funds have already been earmarked may lead decision makers to rely upon an overstated available fund balance.
4. The budget monitoring report package did not contain explanations of the assumptions behind certain budgeted and projected amounts reported. For instance, an explanation should be provided for budgeted one-time revenue or expenditure amounts. The methodology for calculating salary savings should also be disclosed. These disclosures provide for informed decisions.
5. One of the tenets of sound financial management is timely information. Yet, monthly budget monitoring reports were not prepared for the initial four months of the fiscal year July through October 2008. According to an e-mail sent by the Management Analyst III to the Finance Director, these reports were not prepared because the FY 2008 – 2009 baseline budget was not loaded onto the Phoenix Financial System until November 2008. Although there was no approved budget in place, reports could have been prepared using a draft budget or last year's budget in order to monitor funding sources and expenditures early in the fiscal year. Such monitoring provides court managers the ability to detect issues or problems earlier in the fiscal year and with more months in the fiscal year to implement cost control measures.
6. The manual process used to prepare the budget monitoring reports appears to be fairly labor intensive, time consuming, and prone to data entry error. Specifically, to prepare

budget monitoring reports, budget-to-actual reports are downloaded from the Phoenix Financial System into an Excel spreadsheet, revenue and expenditure general ledger accounts are subtotaled and totaled, and these calculated amounts are then transferred into the budget monitoring report template.

Additional time is then needed to verify that amounts have been correctly transferred from the Phoenix budget reports onto the Court's internal reporting template. According to the CEO, it typically takes three to four weeks after the end of the fiscal month to receive the budget monitoring reports, but he may sometimes receive them earlier. Additionally, some of the revenue and expenditure category names used in the Court's internal budget monitoring reports are not consistent with the general ledger roll-up categories on the Phoenix Financial System.

7. The budget monitoring report package included a Revenues and Expenditures Summary, Revenue Comparison, Personal Services Expenditures Comparison, and Services and Supplies Expenditures Comparison. The Management Analyst III informed us that the entire report package was intended for the CEO's review, but the CEO informed us that the Financial Director provided only the Revenue and Expenditures Summary in most instances, and would occasionally provide the more detailed comparisons as well. However, the Revenue and Expenditure Summary by itself does not contain sufficient detail. For instance, The Personal Services Expenditures Comparison shows the "Total Salaries & Benefits" budget is net of salary savings, but this distinction was not clarified on the Revenue and Expenditures Summary.

Recommendations

To ensure that budget monitoring reports provide accurate, timely, and useful financial information, and that these reports are produced and made available to the CEO in a timely manner throughout the fiscal year, we recommend that the Court do the following:

1. The Court must discontinue preparing projections using solely straight-line calculations as this methodology does not always present an accurate projection for many revenue and expenditure line items. Rather, the forecast model should consider historical spending patterns to account for seasonality and updated as necessary throughout the year to reflect changes in the current plan to produce the most accurate projection.
2. The Court must exercise great care when including encumbrances in total expenses in initial and interim forecasts, since encumbrances reflect certain funds earmarked for future spending and not funds already spent. Since the court is not legally obligated to pay until goods are delivered or services are rendered, encumbrances provide budgetary flexibility that true expenditures do not. It is more appropriate for the Court to report encumbrances as a part of fund balance. In addition, encumbrances only reflect a portion of funds earmarked for future spending, since the Court may have statutorily restricted funds and executed contracts for which no purchase orders were set up and consequently are not reflected in the encumbrance total.

3. The Court should provide a breakdown of fund balance amounts into restricted and unrestricted categories in its monthly budget monitoring reports. For restricted funds, the Court must distinguish between statutorily restricted funds and contractually restricted funds. Contractually restricted funds must include commitments for the current fiscal year on legally binding agreements such as executed contracts and MOUs, and encumbrances set up through purchase orders.

For unrestricted funds, the Court must first identify the minimum operating emergency designation, but does not have to identify other management designations for interim budget monitoring reports. Although fund balance designations are not required to be reported until fiscal-year-end, it is a best practice to internally track them at a high level throughout the year so that the Court knows how much unrestricted funds are available for future spending.

4. A sheet detailing the assumptions behind certain budgeted and projected revenue and expenditure amounts where clarification may be required must be included in the monthly budget monitoring report package. Without these explanations, individuals reviewing these reports may misinterpret the data presented.
5. Budget monitoring reports must be prepared following the end of each fiscal month, whether or not a baseline budget for the fiscal year has been uploaded onto the Phoenix Financial System. Monthly monitoring should not be delayed since as time passes, a court's ability to meet its goals in the current fiscal year becomes more difficult. The Court may use a draft budget or last year's budget as a placeholder to prepare monthly budget monitoring reports until an approved budget becomes available.
6. The Court should prepare its budget monitoring reports directly from the budget reports available on Phoenix Financial System. Eliminating the manual process of transferring data from the Phoenix budget report into the Court's internal report template may shorten the time needed to prepare the reports, reduce the risk of data entry error, and ensure that revenue and expenditure categories reported are consistent with the general ledger accounts and hierarchy levels on the Phoenix Financial System.
7. The entire budget monitoring report package must be presented to the CEO each month so that the CEO may have sufficient information to perform a meaningful review of the Court's current fiscal situation.

Superior Court Responses

1. The Court agrees with this recommendation and has already taken steps to fully implement appropriate changes. The Court will continue to prepare budget monitoring reports as stated in the Trial Courts Financial Policies and Procedures [FIN 4.02] and will use best practice projection methodologies (straight line calculations have been eliminated) to calculate projected revenues and expenditures. The finance division will use the Budget to Actual (ZBCS01) and Budget to Actual for Purchasing (ZBCS03) reports that are available in the Phoenix Financial System for this purpose. The July

report has been completed and subsequent reports will be completed by the 3rd Thursday of each month after the books close (the books always close on the 5th business day of the following month). The Court will also use the General Ledger Account Balance Display (FS10N) functionality to review both revenues and expenditure line items.

2. The Court agrees with this recommendation and has already taken steps to fully implement appropriate changes. The Court has created a separate line item in its reports to accurately track and account for encumbrances and footnote any differences – this will also be included on the CEO management report. The Court has taken appropriate steps to account for encumbrances. In order to encumber funds a purchase order is always established and all contracts and MOUs always have a purchase order associated with them.
3. The Court has always tracked and separated restricted and unrestricted fund balances in the past and will continue to do so as recommended by the auditors. This detailed report will be part of the CEO management report. An encumbrance line has also been added to the monthly budget monitoring report package.
4. The Court agrees with this recommendation and has already taken steps to fully implement appropriate changes. A sheet detailing the assumptions behind budgeted and projected revenue and expenditure amounts where clarification may be required will be included in the monthly CEO management report package.
5. The Court agrees with this recommendation and has already taken steps to fully implement appropriate changes. The Court has already worked to prepare monthly budget monitoring reports, as suggested.
6. The Court agrees with this recommendation and has already taken steps to fully implement appropriate changes. The Court will download the new ZBCS01 report and customize it to suit its needs. The CEO is currently reviewing this report regularly.
7. The Court agrees with this recommendation and has already taken steps to fully implement appropriate changes.

B. BUDGET DEVELOPMENT, APPROVAL, AND REVISION PROCESS

The Court uses a combination of budgeting tools provided by the Administrative Office of the Courts (AOC) and established internally to develop its annual budget. Specifically, trial courts must develop their personnel services expenditure budget using a template created by the AOC. This template calculates salaries and wages costs based on authorized positions and salary ranges inputted by the court, and also calculates salary and non-salary driven benefits based on contribution percentages and amounts inputted by the court.

Additionally, the AOC communicates to trial courts their annual Trial Court Program allocations, which make up the majority of the Court's annual revenue. We did not audit the budgeting of

personnel services expenditures and funding allocations from the AOC as part of this review, since these practices are required by the AOC and consistent for all trial courts. Rather, our review focused on the internally-established practices for budgeting of operating expenses, such as services, supplies, and equipment; and revenue sources derived from fees and other service charges, reimbursements, and interest earnings.

Issues

1. The Court did not have a formal process whereby the annual budget was reviewed and approved by the Presiding Judge (PJ) of the Court. The CEO approved the FY 2008 – 2009 budget as evidenced by his signature on the Schedule 1 – Baseline Budget certification sheet, which is a template provided by the AOC and used by the Court to prepare its overall baseline budget.

According to the CEO, he frequently discusses budget items with the PJ during their weekly meetings. According to California Rule of Court (CRC) 10.603(c)(6), the PJ shall approve procurements, contracts, expenditures, and allocations of funds. Although the PJ may delegate these duties to the CEO, the PJ must ensure that the CEO performs these duties consistent with the court's established budget. Furthermore, CRC 10.610(c)(2) states that at the PJ's directions and consistent with the law and Rules of Court, the CEO must make recommendations to the PJ on budget priorities, prepare and implement court budgets, and employ sound budget and fiscal management practices and procedures to ensure that annual expenditures are within the court's budget. Therefore, although certain duties may be delegated to the CEO, the PJ is responsible for and must approve the annual budget. Additionally, since the CEO must ensure that expenditures are within the court's budget, any budget revisions resulting in net increases to the original budget must also be approved by the PJ.

2. The Executive Committee of the Court's judges does not meet regularly to discuss the Court's annual budget. According to CRC 10.603(c)(6)(A), the PJ must establish a process for consulting with the judges of the court on budget requests, expenditure plans, and other budget or fiscal matters that the PJ deems appropriate. The CEO explained that the Executive Committee only met as needed, and no meeting minutes were maintained. He recalled that there was at least one instance during FY 2008 – 2009 in which he presented budget information to the Executive Committee. During this meeting, the CEO shared with the judges a PowerPoint presentation prepared by the Finance Director on the Court's budget. This PowerPoint was also presented in staff meetings held in May 2009 and to labor unions.
3. The Court did not regularly update its baseline budget amounts throughout the year to reflect changes in the current plan. During FY 2008 – 2009, the Court submitted seven budget modification requests to Phoenix Financial System support staff. The initial two requests were approved by the Management Analyst III, while the subsequent five requests were approved by the Finance Director. While three modifications were submitted to augment funding for three grants and expenditures for one grant, the remaining modifications were submitted to make cosmetic corrections to the baseline

budget. At the end of FY 2008—2009, the Court's total revenues were 98 percent of budgeted revenues, and total expenditures were also 98 percent of budgeted expenditures.

Although revenue and expenditure totals appear within budgeted totals, there were significant variances between actual and budgeted general ledger accounts. For instance, the Court budgeted nearly \$600,000 for interest income in FY 2008 – 2009, but received only half of that amount. Interest income was budgeted by projecting the actual interest rate earned in the first two months of the fiscal year for the entire fiscal year. However, when the interest rate declined, the Court did not adjust its budget accordingly.

Several expenditure general ledger accounts also significantly exceeded budgeted amounts. For instance, actual expenditures for the hardcopy legal publications account (922303) in FY 2008 – 2009 exceeded budgeted expenditures by almost \$107,000, or 79 percent. The Court budgeted approximately \$46,000 less than what it spent in the prior fiscal year but there was no justification in the budget documents to support that the budget reduction was reasonable. Not only were reductions not met, the Court ended up spending more than the prior year. Furthermore, no purchase orders were established as required by the FIN Manual even though the Court made over \$220,000 in total payments to two of these vendors. Procedure No. FIN 6.01, section 6.5.3, paragraph 3 and section 6.5.4, paragraph 1.p. requires that a purchase order be set up for purchases greater than \$2,500.

Total telecommunications expenditures (general ledger hierarchy 925100) in FY 2008 – 2009 of approximately \$592,000 were approximately \$256,000 or 76 percent over the budgeted amount of roughly \$336,000. Part of the reason was because the Court posted a total of \$180,000 to general ledger accounts for leased lines (925106), local and wide area networks (925107), telephone systems (925113), and telephone parts (925117), but no budgets were set up for these accounts. Making purchases using Court funds without spending authority in the form of an approved budget line item does not appear to be appropriate.

Recommendations

1. The Court's annual budget must be approved by the PJ as required by CRC 10.603(c)(6). To demonstrate compliance with these rules, the PJ's approval must be documented. Furthermore, any delegations of the PJ's administrative duties to the CEO and the scope of these duties must also be documented.

The budget presented to the PJ for approval may be at a summarized level rather than in the level of detail presented in the Schedule 1 – Baseline Budget, but must contain more detail than just bottom line totals of revenue, expenditures, and fund balance. The CEO may continue to certify that the information contained the Schedule 1 – Baseline Budget is accurate as long as it ties to the budget document approved by the PJ. Additionally, any budget revisions and transfers resulting in net increases to the original budget must also be approved by the PJ, and these approvals also must be documented.

2. The Court must establish a process for consulting with the judges of the Court on budget requests, expenditure plans, and other budget or fiscal matters that the PJ deems appropriate. At a minimum, the preliminary annual budget should be presented during a regularly scheduled Executive Committee meeting for discussion so that they may make recommendations to the PJ. Regular budget and expenditure updates (e.g. monthly, quarterly) should also be presented to the Executive Committee. Furthermore, the Court should maintain minutes of these meetings.
3. As part of its budget monitoring process, the Court should revise baseline budget amounts throughout the fiscal year as necessary so that its budgets reflect the most accurate projection, and to ensure that expenditures do not exceed budgeted amounts as required by the FIN Manual. Budget revisions may include budget transfers between general ledger accounts and increases or reductions to baseline budget amounts. Although we do not expect the Court to do this for all general ledger accounts, the Court should at least actively monitor general ledger accounts with material amounts budgeted.
 - Procedure No. FIN 4.02, section 6.4.2 requires that when the court submits its budget revisions to the AOC, the fiscal officer will also prepare amended reports for management and the PJ, reflecting these revisions. Therefore, the Court should include as part of the monthly budget monitoring report package the Phoenix Financial System budget report that shows the original baseline budget, revisions made, and the updated budget. A summary version of this budget revision report should also be submitted to the PJ periodically.
 - Existing purchasing and contracting practices should be utilized to ensure that expenditures do not exceed budgeted amounts for material general ledger accounts. For instance, since Procedure No. FIN 6.01, section 6.3, paragraph 1 requires that all purchases be initiated by an electronic or hardcopy purchase requisition, court personnel authorized to approve purchases and procurement staff must ensure that sufficient budgeted funds are available before the purchase is made. If budgeted amounts need to be revised, the Court should establish internal procedures for the submission, review, and approval of budget transfer requests. These procedures must be in compliance with Procedure No. FIN 4.02, section 6.5.1, paragraph 2.b., which states that any cumulative transfers between or among program areas that exceed \$400,000 or 10 percent of the Court's budget, whichever is greater, requires written notification to the AOC Finance Director that includes a complete explanation of the necessity of the transfer.

Superior Court Responses

1. The Court has always had a practice of reviewing the annual budget with the Presiding Judge and the CEO regularly reviews budget issues with the Presiding Judge at their weekly meetings. The Court agrees with the recommendation to formalize this process as evidenced by his/her signature on the Schedule 1 – Baseline Budget certification sheet. In this manner, the Presiding Judge's review/approval will be documented. Additionally,

any budget revisions and transfers resulting in net increases to the original budget will be approved by both the CEO and the PJ, and these approvals also will be documented.

2. The Court has a history of sharing ongoing budget issues with the entire Court judiciary and the Court agrees with the recommendation to establish a formal process for consulting with the judges of the Court on budget requests, expenditure plans, and other budget or fiscal matters that the PJ deems appropriate. The Court will establish a formal, documented process to share the preliminary annual budget at a regularly scheduled Judge's Meeting for discussion so that they may make recommendations to the PJ. Regular budget and expenditure updates will also be presented to the entire Court judiciary and the Court will maintain minutes of these meetings.
3. The Court will make appropriate budget revisions to account for any deficiencies that may arise in both its revenues and expenditures during the course of the year. The revisions will be done after consulting either the CEO or the Finance Director. Additionally, the Court will incorporate written procedures for the internal submission, review, and approval by CEO or Finance Director of budget transfer requests into its existing procurement procedures to ensure that sufficient budgeted funds are available before purchases are made. The Court already has written budget development and monitoring procedures to assist with its transfers of funds between general ledger accounts and will use the new Budget Revisions (ZBCS02) report recommended by the auditors. The procedures will be revised to include the new reports that are available after the upgrade.

I. APPENDICIES

- A. *Trial Court Financial Policies and Procedures Manual*
 - 4.02 Budget Monitoring and Reporting

- B. San Mateo Superior Court Trial Court Operations Fund Financial Statements, Fiscal Years 2008-2009 and 2007-2008
 - Balance Sheet
 - Statement of Revenues, expenditures, and Changes in Fund Balances
 - Statement of Program Expenditures

- A. San Mateo Superior Court budget monitoring reports for June 2008 through June 2009

- B. San Mateo Superior Court Fund Balance History Fiscal Year 2006-2007 to Fiscal Year 2008-2009

APPENDIX A

Trial Court Financial Policies and Procedures Manual

- 4.02 Budget Monitoring and Reporting



Judicial Council of California
Administrative Office of the Courts

Trial Court Financial Policies and Procedures

Procedure No. **FIN 4.02**
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BUDGET MONITORING AND REPORTING

POLICY NUMBER: AOC FIN 4.02

Original Release

April 2001

Originator: Administrative Office of the Courts	Effective Date: July 1, 2006	Revision Date: January 17, 2006
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Budget Monitoring and Reporting

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- 1.0 Table of Contents
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 - 6.1 Background
 - 6.2 Budget Monitoring Requirements
 - 6.3 Budget Reporting
 - 6.4 Budget Revisions
 - 6.5 Budget Transfers
 - 6.6 Budget Change Proposals
 - 6.7 Emergency Budget Procedures
- 7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to monitor and control its annual budget and help ensure responsible management of available resources.

3.0 Policy Statement

1. The trial court will manage its operations in a fiscally prudent manner. Expenditures may not exceed the amounts established in the court's approved budget. Budgetary control measures are required to assure that expenditures do not exceed allocations for specific funds, programs, elements, components, tasks, or objects of expenditure.
2. The trial court shall monitor actual expenditures against its annual budget. Cash flow also will be monitored to assure that the trial court

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has sufficient moneys to meet its obligations. On a quarterly basis, the trial court shall submit a report of revenues and expenditures to the AOC. The Quarterly Financial Statement (QFS) and the supplementary Report of Revenues (ROR) will be in the form and according to the schedule approved by the Judicial Council. Annually, the trial court shall submit financial information to the AOC for consolidation and submittal to the state for inclusion in the State of California Comprehensive Annual Financial Report (CAFR).

4.0 Application

This policy applies to all trial court officials and employees.

5.0 Definitions

The terms defined below apply to this policy and are for the express purpose of interpreting this policy.

1. **Approved Budget.** A plan for the financial operation of the trial court for a fiscal year. The plan is developed and submitted to the AOC for approval as set forth in Policy No. 4.01 – Budget Development.
2. **Budgetary Control.** The management of the trial court according to an approved budget to keep expenditures within the limitations of available appropriations and revenues.
3. **Budget Revision.** An adjustment to a trial court's available budget.
4. **Budget Transfer.** A movement of funds in a trial court's budget among program, element, component or task areas, and between objects of expenditure.
5. **Cash Flow.** A measure of the trial court's ability to meet its financial obligations over a defined time period, considering cash on hand, anticipated revenue, and known obligations or debts.

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6. **Comprehensive Annual Financial Report (CAFR).** The overall fiscal report for California state government, including the state trial court system. The trial courts submit financial information to the AOC for consolidation and submittal to the state for inclusion in the State of California CAFR. The CAFR includes financial statements and supporting schedules, documentation, statistics and introductory material to demonstrate conformity to GAAP and compliance with legal requirements, rules and regulations.
7. **PECT.** The trial court Budget Program Structure consists of four levels of increasing detail that are used to develop and manage the trial court budget:

Program: This is the summary level, which includes all elements of Trial Court Operations – Program 10 and Court Administration – Program 90. Court Administration is reflected as a distributed expense against trial court operations in the Schedule 1 - Baseline Budget.

Element: This is the second level of budget detail, which breaks down the two programs into the major court operations and administration elements.

Component: The Component level is the third level of budget detail. It further segregates trial court operations funds into categories for different types of court cases and other support services.

Task: The task level is the most detailed budget category. It is used to segregate funds within the Criminal and Families and Children components of the Trial Court Operations Program, Case Type Services element.

8. **Quarterly Financial Statement (QFS).** A report submitted by the trial court according to Judicial Council requirements and Government Code Section 77206, that is used to monitor the financial condition and

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budgeted expenditures of the trial court throughout the fiscal year. The AOC is required to submit an annual report based on the QFS to the Joint Legislative Budget Committee regarding trial court expenditures.

9. **Report of Revenues (ROR).** A supplementary report submitted by the trial court along with the QFS according to Judicial Council requirements and Government Code section 77206. The ROR is used to monitor the receipt of all revenues, including fines, fees and forfeitures, throughout the fiscal year.
10. **State Appropriations Limit (SAL) Funding Adjustment.** The annual funding adjustment for trial court operating costs is computed based upon the year-to-year change in the State Appropriations Limit. The State Appropriations Limit is an annual cap on state expenditures, which incorporates changes in the state population, average daily school attendance, and the change in California Per Capita Personal Income.

6.0 Text

6.1 Background

1. After the trial court's annual budget has been approved and funds appropriated in the State Budget Act, the court must operate within the limitations of the available funding under the budget (GC 77206.1). The court must establish budgetary control procedures to monitor its budget on an ongoing basis throughout the year to assure that actual expenditures do not exceed budgeted amounts.
2. Regular budget monitoring allows the court to: 1) assure that funds are available for court operations, and 2) reallocate limited resources in the event of budget shortfalls or surpluses. Monitoring both expenditure and cash flow allows the court to exercise an appropriate level of control over available funds and to take corrective action as necessary.

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3. Quarterly budget reporting to the AOC is done in the PECT format at the object of expenditure level. The trial court submits the QFS, which is a budgetary control document and financial report that provides the AOC and other external reviewers with the assurance that the court's operations are within appropriate limits. The QFS is also the means by which the court reports budget revisions and transfers.

6.2 Budget Monitoring Requirements

1. It is the court's responsibility to monitor its budget on a regular basis. It is recommended that the court prepare and review a comparison of actual expenditures with the approved budget that provides the following information for each program element and budget line item of expenditure:
 - a. Actual expenditures incurred for the previous month.
 - b. Expenditures incurred for the fiscal year-to-date.
 - c. The variance between year-to-date actual and budgeted expenditures.
 - d. The remaining balance for each program element and object.
2. In addition, the court should analyze its cash flow needs for the current month and project its cash flow for the remainder of the fiscal year.
3. Expenditure to budget comparisons and cash flow monitoring reports shall be prepared and reviewed as soon as is practicable after closing information becomes available each month.
4. The court shall not limit its budget analysis to a "bottom line" review of the court's fund balance. Individual budget line item review is required to provide a greater degree of budgetary control.

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6.3 Budget Reporting

1. The Judicial Council is responsible for collecting information and reporting on the financial status of the trial courts. GC 77206 (d)(e) and (f) establish that the Judicial Council shall:
 - a. Provide the State Controller with summary information regarding court revenues and expenditures.
 - b. Adopt rules to provide for reasonable public access to budget allocation and expenditure information at the state and local levels.
 - c. Adopt rules ensuring that the trial court provides information relating to court administration including financial information in a timely manner upon written request.
2. Specific requirements for trial court financial reporting are discussed below.

6.3.1 Quarterly Financial Statements

1. The trial court shall submit a QFS that provides the following PECT information at the object of expenditure level:
 - a. Actual expenditures incurred during the previous fiscal quarter.
 - b. Cumulative expenditures for the fiscal year-to-date.
 - c. The variance between actual and budgeted expenditures.
 - d. The remaining budgeted balance for each object of expenditure.
 - e. Budget transfers among PECT areas and between expenditure objects, as necessary to support operations. (These adjustments should net to zero).
 - f. Budget revisions reflecting changes to the court's available budget, such as additional Judicial Council allocations or receipt of new grants.

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2. The trial court shall prepare and submit the QFS to the AOC on a schedule approved by the Judicial Council. The form of the QFS is established in procedures adopted by the AOC with the approval of the Judicial Council. The trial court shall follow all instructions regarding the preparation of the QFS and ROR that are issued annually by the AOC's Budget Unit.

6.3.2 Report of Revenues

In addition to the QFS, the trial court shall also submit a quarterly ROR as specified in the instructions that are issued annually by the AOC's Budget Unit. The trial court shall prepare and submit the ROR to the AOC concurrently with the QFS on a schedule approved by the Judicial Council. The form of the ROR is established in procedures adopted by the AOC with the approval of the Judicial Council.

6.3.3 Certification and Documentation

1. Both the QFS and ROR are to be reviewed and certified by the Presiding Judge or delegated to the Court Executive Officer prior to submission to the AOC. The reports and signed certification pages must be sent to the AOC by the dates established by the AOC's Budget Unit.
2. The trial court should retain a copy of both the paper and electronic version of its QFS and ROR for its records and for use in preparing future reports.

6.4 Budget Revisions

1. During the course of the fiscal year, the trial court may receive additional or amended allocations from the Judicial Council, receive local revenues above those originally budgeted, or receive new grants from other governments or private sources.

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2. The trial court will revise the budget and report the budget revisions to the AOC as part of the QFS. The Fiscal Officer will also prepare amended reports for management and the Presiding Judge, reflecting these revisions.
3. Budget revisions are reported at the Task and Summary Object of Expenditure (line item) levels, and reflect an overall increase or decrease to the trial court's approved budget.
4. Under no circumstance will funds received by the court for specific uses or applications (i.e., grant funds) be transferred to other court programs in violation of grant terms, conditions and agreements.
5. The court will conduct regular reviews of actual expenditures versus budgeted amounts and project expenditures to assure that the remaining budget is sufficient to cover anticipated expenditures for the balance of the fiscal year. If a budget shortfall is anticipated, appropriate actions shall be taken to assure that court operations are not adversely affected.
6. The court should document all budget revisions to account for variances in projected versus actual expenditures.

6.5 Budget Transfers

1. GC 77001 (c)(1) establishes the authority of the Judicial Council to adopt rules that ensure the trial court's management of the movement of funds between functions, line items, or programs on a basis that is consistent with statute, rules of court, and standards of judicial administration.
2. It is the intent of this manual to provide trial courts with the flexibility in transferring funds between individual programs and objects of expenditure where the transfers are necessary for the efficient and cost-effective operation of the courts, or to make technical

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corrections. Within this framework, the following provisions govern budget transfers.

6.5.1 Transfers Between Program Items

1. Trial courts prepare their baseline budgets on Schedule 1 according to the PECT structure. The budgeted amounts in Schedule 1 represent the court's planned operations by program activity for the fiscal year.
2. The budget transfer process allows courts to transfer unrestricted funds between or among the budgeted program components to reflect changes in the court's planned operations or to correct technical errors. Budget transfers are subject to the following limitations:
 - a. For any fiscal year, a cumulative amount not to exceed \$400,000 or ten percent, whichever is less, of the affected PECT, may be transferred between or among other PECT. This threshold applies to increasing or decreasing PECT. The trial court has the authority to transfer unrestricted funds up to this limitation and must record this information on the appropriate QFS.
 - b. Any request(s) exceeding the \$400,000 or ten percent threshold requires written notification to the AOC Finance Division and must include a complete explanation for the necessity of the transfer. The AOC will review the request and respond (approve/deny) within 30 days of receipt.
3. Transfers are also subject to notification under California Rule of Court 6.6.20(d)(1).
4. Funds designated for specific purposes shall only be used for the stated purpose.

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5. The court's Presiding Judge or written designee shall establish internal review and approval procedures regarding the transfer of funds between all programs, elements, components, or tasks.

6.5.2 Transfers Between Objects of Expenditure

1. Trial courts also prepare their budgets on Schedule 1 at the summary object of expenditure level specified in the Chart of Accounts. This consists of budgeted expenditures for personal services, operating expenses and equipment, and special items of expense. Within the existing funding of a single PECT area, money may need to be transferred between objects of expenditure to reflect changes in planned court operations during a fiscal year or to correct technical errors. Therefore, interchanges between budgeted summary objects of expenditure are authorized to permit the effective management of court operations. The Presiding Judge of the court or written designee shall establish internal review and approval procedures regarding the above-mentioned requests.
2. All transfers between objects of expenditure must be reported in the QFS. The transfers should be reported at the summary level. Prior notification or authorization by the AOC is not necessary.

6.6 Budget Change Proposals

1. SAL is the primary funding source for trial court operations. However, in the event there are non-discretionary costs that are imposed upon the courts as a result of legislative or other changes to operations and programs that are not funded by the SAL funding adjustment, the AOC is permitted to submit a Budget Change Proposal (BCP) to request additional funding through the annual State budget process to address those costs. Funds provided to the trial court through the BCP process must be used for the purpose requested.

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2. Augmented funding may be received from the Judicial Council based upon approved BCPs funded in the Budget Act. Following enactment of the state budget, the court will reflect changes in funding in its subsequent QFS according to the Fiscal Detail Worksheet provided by the AOC Finance Division.
3. Funds received pursuant to the BCP process may not be transferred between program areas and are not to be included when calculating the amount available for transfer to another program area, as set forth in section 6.5, Budget Transfers.
4. While the court may not transfer augmented funds from the budgeted program area, funds received in this process may be transferred between summary objects of expenditure within the program area as set forth in Paragraph 6.4, Budget Revisions, of this section.
5. Exceptions to this process must be based on extreme circumstances, thoroughly explained in writing, recommended by the Presiding Judge or written designee, and submitted to the Chief Financial Officer of the AOC for approval.

6.7 Emergency Budget Procedures

1. The Judicial Council budget allocation to the trial court is intended to adequately fund court operations and staffing, allowing the court to carry out its functions and guarantee citizens' access to justice. In the unlikely event that the trial court projects that its budget will be exhausted before the end of the fiscal year, preventing the court from meeting its financial obligations or continuing normal operations, the AOC Finance Division should be immediately advised in writing.
2. The AOC will work with the court to help it manage the funding shortfall. Under the most extreme circumstances, if trial court expenditures exceed the budget authorized by the Judicial Council,

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the AOC may appoint another party to manage the fiscal operations of the trial court (GC 77206.1).

3. A loan of trial court funds to any entity, including the county, is not permissible under any circumstance.

7.0 Associated Documents

None

APPENDIX B

San Mateo Superior Court Trial Court Operations Fund Financial Statements, Fiscal Years 2008-2009 and 2007-2008

- Balance Sheet
- Statement of Revenues, expenditures, and Changes in Fund Balances
- Statement of Program Expenditures

SAN MATEO SUPERIOR COURT TRIAL COURT OPERATIONS FUND BALANCE SHEET (UNAUDITED)							
AS OF JUNE 30							
	2009					2008	
	GOVERNMENTAL FUNDS			FIDUCIARY FUNDS	PROPRIETARY FUNDS	TOTAL FUNDS (Info. Purposes Only)	TOTAL FUNDS (Info. Purposes Only)
	General	Special Revenue					
		Special Revenue	Grant				
ASSETS							
Operations	\$ (4,241,357)	\$ 3,552,798	\$ -	\$ -	\$ 721,992	\$ 33,433	\$ 14,459,490
Payroll	-	-	-	-	-	-	-
Civil Filing Fees	-	-	-	788,758	-	788,758	698,005
Trust	-	-	-	7,355,199	-	7,355,199	6,199,920
On Hand	4,580	-	-	-	-	4,580	4,146
Distribution	-	-	-	4,000,577	-	4,000,577	3,077,505
Revolving	25,000	-	-	-	-	25,000	25,000
With County	2,637,538	-	-	608,049	-	3,245,587	3,841,825
Outside of AOC	-	-	-	-	-	-	-
Total Cash	\$ (1,574,239)	\$ 3,552,798	\$ -	\$ 12,752,583	\$ 721,992	\$ 15,453,134	\$ 28,305,891
Short Term Investment	\$ 10,548,703	\$ -	\$ -	\$ -	\$ -	\$ 10,548,703	\$ -
Total Investments	\$ 10,548,703	\$ -	\$ -	\$ -	\$ -	\$ 10,548,703	\$ -
Accrued Revenue	\$ 39,395	\$ 25	\$ -	\$ 227	\$ 5	\$ 39,651	\$ 58,360
Accounts Receivable	-	-	-	-	-	-	-
Civil Jury Fees	748	-	-	-	-	748	3,300
Due From Employee	729	-	-	-	-	729	-
Due From Other Funds	248,724	-	-	-	-	248,724	14,570
Due From Other Govts	191,979	36,379	-	-	13,470	241,828	190,927
Due From Other Courts	-	-	-	-	-	-	-
Due From State	716,575	51,323	268,486	-	-	1,036,384	821,284
Total Receivables	\$ 1,198,150	\$ 87,726	\$ 268,486	\$ 227	\$ 13,475	\$ 1,568,064	\$ 1,088,441
Prepaid Expenses - General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel Advances	-	-	-	-	-	-	-
Total Prepaid Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 10,172,614	\$ 3,640,524	\$ 268,486	\$ 12,752,810	\$ 735,467	\$ 27,569,901	\$ 29,394,332
LIABILITIES AND FUND BALANCES							
Accrued Liabilities	\$ 257,669	\$ 34,951	\$ 941	\$ -	\$ 49,175	\$ 342,736	\$ 3,164,655
General Accounts Payable	21,214	-	-	8,072	-	29,286	9,082
Due to Other Funds	-	-	247,545	1,179	-	248,724	14,570
TC145 Liability	-	-	-	788,758	-	788,758	698,005
Sales and Use Tax	127	-	-	-	-	127	-
Due to the State	13,773	-	-	-	-	13,773	-
Due to Other Governments	2,947,766	2,183	20,000	4,000,577	-	6,970,525	3,290,390
Other	9	-	-	-	-	9	(43)
Total Accounts Payable and Accrued Liab.	\$ 3,240,559	\$ 37,134	\$ 268,486	\$ 4,798,586	\$ 49,175	\$ 8,393,939	\$ 7,176,659
Civil - Unreconciled	\$ -	\$ -	\$ -	\$ 1,518,502	\$ -	\$ 1,518,502	\$ 1,528,973
Civil	-	-	-	2,579,249	-	2,579,249	758,021
Criminal - General & Traffic	-	-	-	2,787,858	-	2,787,858	3,503,553
Trust Held Outside of the AOC	-	-	-	608,049	-	608,049	1,061,388
Trust Interest Payable	-	-	-	81,413	-	81,413	82,023
Total Trust Deposits	\$ -	\$ -	\$ -	\$ 7,575,071	\$ -	\$ 7,575,071	\$ 6,933,959
Accrued Payroll	\$ 278,376	\$ -	\$ -	\$ -	\$ -	\$ 278,376	\$ 137,323
Accrued Benefits	-	\$ -	\$ -	\$ -	\$ -	-	-
Benefits Payable	-	-	-	-	-	-	-
Deferred Compensation Payable	-	-	-	-	-	-	-
Deductions Payable	-	-	-	-	-	-	-
Payroll Clearing	1,391,879	-	-	-	-	1,391,879	1,373,223
Total Payroll Liabilities	\$ 1,670,255	\$ -	\$ -	\$ -	\$ -	\$ 1,670,255	\$ 1,510,546
AB145 Due to Other Government Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Jury Fees - Non-interest bearing	-	-	-	372,298	-	372,298	323,988
Revenue Collected in Advance	-	-	-	-	-	-	6,796
Liabilities For Deposits	6,299	-	-	-	-	6,299	-
Reimbursements Collected	-	-	-	-	-	-	-
Uncleared Collections	-	-	-	-	-	-	-
Other Miscellaneous	-	-	-	6,855	-	6,855	6,410
Total Other Liabilities	\$ 6,299	\$ -	\$ -	\$ 379,153	\$ -	\$ 385,452	\$ 337,193
Total Liabilities	\$ 4,917,113	\$ 37,134	\$ 268,486	\$ 12,752,810	\$ 49,175	\$ 18,024,718	\$ 15,958,356
Fund Balance - Restricted							
Contractual	\$ -	\$ -	\$ -	\$ -	\$ 686,292	\$ 686,292	\$ 1,168,852
Statutory	246,644	3,603,391	-	-	-	3,850,035	4,022,645
Fund Balance - Unrestricted							
Designated	5,008,857	-	-	-	-	5,008,857	8,244,479
Undesignated	-	-	-	-	-	-	-
Total Fund Balance	\$ 5,255,501	\$ 3,603,391	\$ -	\$ -	\$ 686,292	\$ 9,545,184	\$ 13,435,976
		(1)				(1)	
Total Liabilities and Fund Balance	\$ 10,172,614	\$ 3,640,524	\$ 268,486	\$ 12,752,810	\$ 735,467	\$ 27,569,901	\$ 29,394,332

SOURCE: Phoenix Financial System and 4th Quarter Financial Statements

SAN MATEO SUPERIOR COURT									
TRIAL COURT OPERATIONS FUND									
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES									
(UNAUDITED)									
FOR THE FISCAL YEAR ENDED JUNE 30									
2009									
2008									
	GOVERNMENTAL FUNDS			FIDUCIARY FUNDS	PROPRIETARY FUNDS	TOTAL FUNDS (Info. Purposes Only)	BASELINE BUDGET	TOTAL FUNDS (Info. Purposes Only)	BASELINE BUDGET
	General	Special Revenue	Grant						
REVENUES									
State Financing Sources:									
Trial Court Trust Fund	\$ 45,331,507	\$ 428,182	\$ -	\$ -	\$ -	\$ 45,759,689	\$ 46,086,997	\$ 46,268,427	\$ 47,719,008
Trial Court Improvement Fund - Reimbursement	252,366	-	-	-	-	252,366	267,685	289,598	336,277
Trial Court Improvement Fund - Block	-	-	-	-	-	-	-	-	-
Judicial Administration Efficiency & Mod Fund	-	-	-	-	-	-	-	43,300	143,800
Judges' Compensation (45.25)	242,107	-	-	-	-	242,107	247,000	247,000	247,000
Court Interpreter (45.45)	1,465,622	-	-	-	-	1,465,622	1,869,900	1,373,190	1,221,557
Civil Coordination Reimbursement (45.55)	-	-	-	-	-	-	-	-	-
MOU Reimbursement (45.10 and General)	872,955	-	-	-	-	872,955	1,036,893	966,139	-
Other miscellaneous	356,632	-	-	-	-	356,632	346,904	7,089	-
	\$ 48,521,190	\$ 428,182	\$ -	\$ -	\$ -	\$ 48,949,372	\$ 49,855,379	\$ 49,194,742	\$ 49,667,642
Grants:									
AB 1058 Commissioner/Facilitator	\$ -	\$ -	\$ 697,671	\$ -	\$ -	\$ 697,671	\$ 717,672	\$ 731,526	\$ 731,526
Other AOC Grants	-	-	20,000	-	-	20,000	-	24,635	24,635
Non-State Grants	-	-	-	-	-	-	-	-	-
	\$ -	\$ -	\$ 717,671	\$ -	\$ -	\$ 717,671	\$ 717,672	\$ 756,161	\$ 756,161
Other Financing Sources:									
Investment Income	\$ 249,779	\$ 37,363	\$ -	\$ -	\$ 7,449	\$ 294,591	\$ 598,177	\$ 920,137	\$ 633,243
Donations	-	1,000	-	-	-	1,000	-	-	-
Local Fee and Non-fee Revenue	581,251	388,814	-	-	405,505	1,375,570	1,369,459	1,342,842	1,485,363
Enhanced Collections	-	-	-	-	-	-	-	-	-
Prior year revenue	-	-	-	-	-	-	-	196,328	-
County Program - restricted	-	180,002	-	-	-	180,002	174,422	176,533	-
Reimbursement Other	43,807	-	-	-	-	43,807	74,600	74,414	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
Other miscellaneous	15,160	-	-	-	-	15,160	12,433	12,433	55,908
	\$ 889,998	\$ 607,179	\$ -	\$ -	\$ 412,954	\$ 1,910,130	\$ 2,229,091	\$ 2,722,686	\$ 2,174,514
Total Revenues	\$ 49,411,188	\$ 1,035,361	\$ 717,671	\$ -	\$ 412,954	\$ 51,577,173	\$ 52,802,142	\$ 52,673,589	\$ 52,598,317
EXPENDITURES									
Personal Services:									
Salaries and Wages	\$ 24,942,072	\$ -	\$ 524,296	\$ -	\$ -	\$ 25,466,368	\$ 24,211,202	\$ 25,025,426	\$ 24,696,212
Employee Benefits	11,430,997	-	247,194	-	-	11,678,191	14,375,502	11,449,553	13,180,439
	\$ 36,373,069	\$ -	\$ 771,490	\$ -	\$ -	\$ 37,144,559	\$ 38,586,704	\$ 36,474,979	\$ 37,876,651
Operating Expenses and Equipment:									
General Expense	\$ 1,013,266	\$ 8,140	\$ 6,712	\$ -	\$ 303	\$ 1,028,420	\$ 826,753	\$ 1,024,739	\$ 1,064,080
Printing	141,331	-	-	-	-	141,331	166,500	180,000	180,000
Communications	344,158	247,856	-	-	-	592,014	335,701	492,410	373,999
Postage	256,675	-	-	-	-	256,675	207,000	214,083	363,970
Insurance	10,002	-	-	-	-	10,002	10,202	10,008	10,014
In-State Travel	68,671	-	166	-	-	68,837	68,300	73,994	60,004
Out-of-State Travel	3,468	-	-	-	-	3,468	3,300	2,661	4,996
Training	85,300	-	300	-	-	85,600	66,212	30,020	35,000
Facilities Operations	503,477	78	162	-	-	503,718	622,443	409,208	309,500
Security Contractual Services	8,473,061	-	34,986	-	-	8,508,048	8,795,040	7,972,348	8,519,541
Utilities	6,702	-	-	-	-	6,702	6,500	6,423	6,000
Contracted Services	2,105,881	500,891	33,556	-	-	2,640,327	2,457,795	2,408,440	2,850,272
Consulting and Professional Services	1,805,080	28,229	-	-	-	1,833,309	1,625,252	2,248,217	2,731,964
Information Technology	1,171,038	154,169	-	-	341,041	1,666,248	1,621,400	1,538,760	1,915,506
Major Equipment	-	534,858	-	-	-	534,858	595,420	205,410	-
Other Items of Expense	29,288	-	-	-	-	29,288	39,700	29,552	36,253
	\$ 16,017,396	\$ 1,474,222	\$ 75,882	\$ -	\$ 341,344	\$ 17,908,845	\$ 17,447,518	\$ 16,829,842	\$ 18,461,099
Special Items of Expense									
Grand Jury	\$ 3,176	\$ -	\$ -	\$ -	\$ -	\$ 3,176	\$ 500	\$ 441	\$ -
Juror Costs	294,695	-	-	-	-	294,695	360,000	353,938	325,000
Loss on Investment	116,643	47	-	-	-	116,691	-	-	-
Distributed Administration	(191,407)	-	191,407	-	-	-	-	-	-
Prior Year Adjustment to Expense	-	-	-	-	-	-	-	19	-
	\$ 223,107	\$ 47	\$ 191,407	\$ -	\$ -	\$ 414,561	\$ 360,500	\$ 354,399	\$ 325,000
Total Expenditures	\$ 52,613,573	\$ 1,474,269	\$ 1,038,779	\$ -	\$ 341,344	\$ 55,467,965	\$ 56,394,722	\$ 53,659,219	\$ 56,662,750
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ (3,202,385)	\$ (438,908)	\$ (321,108)	\$ -	\$ 71,609	\$ (3,890,791)	\$ (3,592,580)	\$ (985,630)	\$ (4,064,433)
OPERATING TRANSFERS IN (OUT)	(340,762)	19,654	321,108	-	-	0	-	-	-
FUND BALANCES (DEFICIT)									
Beginning Balance (Deficit)	8,798,648	4,022,645	-	-	614,683	13,435,976	13,435,976	14,421,605	18,486,038
Ending Balance (Deficit)	\$ 5,255,501	\$ 3,603,391	\$ -	\$ -	\$ 686,292	\$ 9,545,185	\$ 9,843,396	\$ 13,435,976	\$ 14,421,605

SOURCE: Phoenix Financial System and the 4th Quarter Quarterly Financial Statements

**SAN MATEO SUPERIOR COURT
 TRIAL COURT OPERATIONS FUND
 STATEMENT OF PROGRAM EXPENDITURES
 (UNAUDITED)**

FOR THE FISCAL YEAR ENDED JUNE 30										
	2009							2008		
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Adjustment to Expense	Operating Transfers	TOTAL ACTUAL EXPENSE	BASELINE BUDGET	TOTAL ACTUAL EXPENSE	BASELINE BUDGET
PROGRAM EXPENDITURES:										
Judges and Courtroom Support	\$ 12,900,469	\$ 1,250,008	\$ -	\$ -	\$ -	\$ -	\$ 14,150,477	\$ 14,112,502	\$ 14,179,380	\$ 14,324,972
Traffic & Other Infractions	2,682,282	286,668	-	-	-	-	2,968,950	3,084,027	3,114,629	3,198,969
Other Criminal Cases	3,578,425	265,630	-	-	-	-	3,844,055	4,214,853	3,920,698	4,357,987
Civil	3,351,871	158,284	-	-	-	-	3,510,155	3,908,491	3,666,419	3,690,889
Family and Children Services	3,191,253	417,449	196	-	-	-	3,608,898	3,607,907	3,336,500	3,179,972
Probate, Guardianship & Mental Health Services	1,311,444	55,686	-	-	-	-	1,367,130	1,301,442	1,265,095	1,288,036
Juvenile Dependency Services	278,481	436,830	-	-	-	-	715,311	792,817	785,217	809,025
Juvenile Delinquency Services	350,852	18,007	-	-	-	-	368,859	348,099	357,044	392,776
Other Support Operations	2,205,098	294,308	-	-	-	-	2,499,406	2,712,601	2,518,299	2,580,971
Court Interpreters	1,034,724	506,880	-	-	-	-	1,541,604	1,862,040	1,491,447	1,824,010
Jury Services	534,740	319,283	294,695	-	-	-	1,148,718	1,352,489	1,218,184	1,184,168
Security	-	8,564,080	-	-	-	-	8,564,080	8,833,990	8,051,891	8,573,554
Trial Court Operations Program	\$ 31,419,639	\$ 12,573,113	\$ 294,891	\$ -	\$ -	\$ -	\$ 44,287,643	\$ 46,131,258	\$ 43,904,803	\$ 45,405,329
Enhanced Collections	-	-	-	-	-	-	\$ -	-	-	-
Other Non-Court Operations	-	501,042	3,223	-	-	-	504,265	500	441	-
Non-Court Operations Program	\$ -	\$ 501,042	\$ 3,223	\$ -	\$ -	\$ -	\$ 504,265	\$ 500	\$ 441	\$ -
Executive Office	1,155,793	719,541	116,447	-	-	-	\$ 1,991,781	1,623,325	1,546,637	1,678,717
Fiscal Services	1,752,891	(166,446)	-	-	-	-	1,586,445	1,669,077	1,525,485	1,689,593
Human Resources	624,134	52,277	-	-	-	-	676,411	658,144	685,001	612,784
Business & Facilities Services	143,414	999,774	-	-	-	-	1,143,188	1,269,226	1,496,394	2,022,408
Information Technology	2,048,688	3,229,544	-	-	-	-	5,278,232	5,043,192	4,500,439	5,253,919
Court Administration Program	\$ 5,724,920	\$ 4,834,690	\$ 116,447	\$ -	\$ -	\$ -	\$ 10,676,057	\$ 10,262,964	\$ 9,753,956	\$ 11,257,421
Prior year adjustment to expense	-	-	-	-	-	-	-	-	19	-
TOTAL	\$ 37,144,559	\$ 17,908,845	\$ 414,561	\$ -	\$ -	\$ -	\$ 55,467,965	\$ 56,394,722	\$ 53,659,219	\$ 56,662,750

SOURCE: 4th Quarter Financial Statement (QFS)

APPENDIX C

San Mateo Superior Court budget monitoring reports for June 2008 through June 2009

Notes:

Reports were not available for the period July 2008 through October 2008.

There were two February 2009 reports provided with differences between the two as changes were made.

There were two reports provided for March 2009. The first report on page 43 reflects a fund balance of \$14,049,430.22 with excess revenues over expenditures of \$613,455. The second report on page 44 reflects a fund balance of \$9,626,392.92 with excess expenditures over revenues of \$3,809,582. The second report contains encumbrances of \$4,423,037 causing the change from revenues in excess of expenditures to a report where expenditures exceed revenues.

There are two June 2009 reports with balances that are different due to changes made during the month.

Superior Court of California
 County of San Mateo FY07-08
 Budget June 30th, 2008

	Budget	YTD Total	Budget	Budget	Budget	Budget	Budget	Proj for year based	Budget
		Actual Jun 08	to Actuals %	Straight Line \$	Straight Line %	Straight Line \$	Straight Line %	on YTD actuals	Remaining
								[Straight Line]	Balance
Beginning Fund Balance - 7/01/07	14,421,605	14,421,605		50,551,763	99.6%	50,551,763	100.0%	50,369,385	182,378
Revenues:									
Trial Court Program Allocation	50,551,763	50,369,385	99.6%	50,551,763	100.0%	50,551,763	100.0%	50,369,385	182,378
Local Revenues	1,413,311	1,384,066	97.9%	1,413,311	100.0%	1,413,311	100.0%	1,384,066	29,245
Interest	633,243	920,136	145.3%	633,243	100.0%	633,243	100.0%	920,136	(286,893)
Total Revenues	52,598,317	52,673,587	100.1%	52,598,317	100.0%	52,598,317	100.0%	52,673,587	(75,270)
Expenses:									
Employee Salaries & Wages	26,110,000	24,805,250	95.0%	26,110,000	100.0%	26,110,000	100.0%	24,805,250	1,304,750
Extra Help	566,198	220,175	38.9%	566,198	100.0%	566,198	100.0%	220,175	346,023
Sub Total	26,676,198	25,025,425		26,676,198		26,676,198		25,025,425	1,650,773
Social Sec, Medicare & Retirement	8,754,569	7,158,226	81.8%	8,754,569	100.0%	8,754,569	100.0%	7,158,226	1,596,343
Health, Other Ins & Allowances	3,942,851	3,813,522	96.7%	3,942,851	100.0%	3,942,851	100.0%	3,813,522	129,329
Workers Compensation	483,019	477,804	98.9%	483,019	100.0%	483,019	100.0%	477,804	5,215
Sub Total	13,180,439	11,449,552	86.9%	13,180,439	100.0%	13,180,439	100.0%	11,449,552	1,730,887
Total Salaries & Benefits	37,876,651	36,474,977	96.3%	37,876,651	100.0%	37,876,651	100.0%	36,474,977	3,381,650
Total Services and Supplies	15,128,869	14,002,133	92.6%	15,128,869	100.0%	15,128,869	100.0%	14,002,133	1,126,736
Total County Service Charges	3,657,229	3,182,107	87.0%	3,657,229	100.0%	3,657,229	100.0%	3,182,107	475,122
Encumbrances		0							
Total expenses	56,662,749	53,659,217	94.7%	56,662,749	100.0%	56,662,749	100.0%	53,659,217	3,003,532
Fund Balance 06/30/08		13,435,975.00							

Superior Court of California
 County of San Mateo FY08-09
 Budget November 30th, 2008

	Budget	YTD Total Actual Nov 08	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
Beginning Fund Balance - 7/01/08	13,435,975	13,435,975					
Revenues:							
Trial Court Program Allocation	50,785,970	19,684,323	38.8%	21,160,821	41.7%	47,242,375	31,101,647
Local Revenues	1,403,092	652,467	46.5%	584,622	41.7%	1,565,921	750,625
Interest	598,177	139,927	23.4%	249,240	41.7%	335,825	458,250
Total Revenues	52,787,239	20,476,717	38.8%	21,994,683	41.7%	49,144,121	32,310,522
Expenses:							
Employee Salaries & Wages	27,487,378	9,303,962	33.8%	11,453,074	41.7%	22,329,509	18,183,416
Extra Help	490,381	166,112	33.9%	204,325	41.7%	398,669	324,269
Sub Total	27,977,759	9,470,074		11,657,400		22,728,178	18,507,685
Social Sec, Medicare & Retirement	9,245,893	2,603,396	28.2%	3,852,455	41.7%	6,248,150	6,642,497
Health, Other Ins & Allowances	4,653,226	1,564,919	33.6%	1,938,844	41.7%	3,755,806	3,088,307
Workers Compensation	476,383	197,562	41.5%	198,493	41.7%	474,149	278,821
Sub Total	14,375,502	4,365,877		5,989,793		10,478,105	10,009,625
Total Salaries & Benefits	38,586,704	13,835,951	35.9%	16,077,793	41.7%	33,206,282	24,750,753
Total Services and Supplies	15,373,569	4,539,339	29.5%	6,405,654	41.7%	10,894,414	10,834,230
Total County Service Charges	2,439,149	415,294	17.0%	1,016,312	41.7%	996,706	2,023,855
Encumbrances		3,137,455					
Total expenses	56,399,422	21,928,039	38.9%		41.7%	45,097,402	34,471,383
FY08-09 Excess revenues over expenditure		(1,451,322)					
Fund Balance 11/30/08		11,984,652.88					

Superior Court of California
 County of San Mateo FY08-09
 Budget December 31st, 2008

	Budget	YTD Total Actual Dec 08	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
beginning Fund Balance - 7/01/08	13,435,975	13,435,975					
venues:							
Trial Court Program Allocation	50,781,000	23,654,488	46.6%	25,390,500	50.0%	47,308,976	27,126,512
Local Revenues	1,403,092	740,911	52.8%	701,546	50.0%	1,481,822	662,181
Interest	598,177	167,749	28.0%	299,089	50.0%	335,498	430,428
Total Revenues	52,782,269	24,563,148	46.5%	26,391,135	50.0%	49,126,296	28,219,121
expenses:							
Employee Salaries & Wages	27,487,378	11,239,600	40.9%	13,743,689	50.0%	22,479,200	16,247,778
Extra Help	490,381	200,177	40.8%	245,191	50.0%	400,354	290,204
Sub Total	27,977,759	11,439,777		13,988,880		22,879,554	16,537,982
Social Sec, Medicare & Retirement	9,245,893	3,141,141	34.0%	4,622,947	50.0%	6,282,282	6,104,752
Health, Other Ins & Allowances	4,653,226	1,887,184	40.6%	2,326,613	50.0%	3,774,368	2,766,042
Workers Compensation	476,383	237,074	49.8%	238,192	50.0%	474,148	239,309
Sub Total	14,375,502	5,265,399		7,187,751		10,530,798	9,110,103
Total Salaries & Benefits	38,586,704	16,705,176	43.3%	19,293,352	50.0%	33,410,352	21,881,528
Total Services and Supplies	15,368,869	5,281,489	34.4%	7,684,435	50.0%	10,562,978	10,087,380
Total County Service Charges	2,439,149	700,724	28.7%	1,219,575	50.0%	1,401,448	1,738,425
Encumbrances		5,192,766					
Total expenses	56,394,722	27,880,155	49.3%	28,197,361	50.0%	45,374,778	28,514,567
FY08-09 Excess revenues over expenditure		(3,317,007)					
Fund Balance 12/31/08	15,711,733	10,118,967.77					

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Superior Court of California
 County of San Mateo FY08-09
 Budget January 31st, 2009

	Budget	YTD Total Actual Jan 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
eginning Fund Balance - 7/01/08	13,435,975	13,435,975					
venues:							
Trial Court Program Allocation	50,781,000*	28,408,550	55.9%	29,622,250	58.3%	48,700,371	22,372,450
Local Revenues	1,403,092	830,185	59.2%	818,470	58.3%	1,423,174	572,907
Interest	598,177	188,506	31.5%	348,937	58.3%	323,153	409,671
Total Revenues	52,782,269	29,427,241	55.8%	30,789,657	58.3%	50,446,699	23,355,028
Expenses:							
Employee Salaries & Wages	27,487,378	14,158,817	51.5%	16,034,304	58.3%	24,272,258	13,328,561
Extra Help	490,381	241,656	49.3%	286,056	58.3%	414,267	248,725
Sub Total	27,977,759	14,400,473		16,320,359		24,686,525	13,577,286
Social Sec, Medicare & Retirement	9,245,893	3,969,820	42.9%	5,393,438	58.3%	6,805,406	5,276,073
Health, Other Ins & Allowances	4,653,226	2,368,440	50.9%	2,714,382	58.3%	4,060,183	2,284,786
Workers Compensation	476,383	276,586	58.1%	277,890	58.3%	474,147	199,797
Sub Total	14,375,502	6,614,846		8,385,710		11,339,736	7,760,656
Total Salaries & Benefits	38,586,704	21,015,319	54.5%	22,508,911	58.3%	36,026,261	17,571,385
Total Services and Supplies	15,368,869	7,734,422	50.3%	8,965,174	58.3%	13,259,009	7,634,447
Total County Service Charges	2,439,149	864,622	35.4%	1,422,837	58.3%	1,482,209	1,574,527
Encumbrances		2,800,374					
Total expenses	56,394,722	32,414,737	57.3%	32,896,921	58.3%	50,767,479	23,979,985
FY08-09 Excess revenues over expenditure		(2,987,496)					
Fund Balance 01/31/09		10,448,479.22					

Financial Analysis CFO FY08-09

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Superior Court of California
 County of San Mateo FY08-09
 Budget February 28th, 2009

	Budget	YTD Total Actual Feb 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
Beginning Fund Balance - 7/01/08	13,435,975	13,435,975					
Revenues:							
Trial Court Program Allocation	50,781,000	32,362,015	63.7%	33,854,000	66.7%	48,543,023	18,418,985
Local Revenues	1,403,092	924,839	65.9%	935,395	66.7%	1,387,259	478,253
Interest	598,177	215,195	36.0%	398,785	66.7%	322,733	383,022
Total Revenues	52,782,269	33,502,009	63.5%	35,188,179	66.7%	50,253,014	19,280,260
Expenses:							
Employee Salaries & Wages	27,487,378	16,091,333	58.5%	18,324,919	66.7%	24,137,000	11,396,045
Extra Help	490,381	277,307	56.5%	326,921	66.7%	415,961	213,074
Sub Total	27,977,759	16,368,640		18,651,839		24,552,960	11,609,119
Social Sec, Medicare & Retirement	9,245,893	4,513,991	48.8%	6,163,929	66.7%	6,770,987	4,731,902
Health, Other Ins & Allowances	4,653,226	2,678,963	57.6%	3,102,151	66.7%	4,018,445	1,974,263
Workers Compensation	476,383	316,106	66.4%	317,589	66.7%	474,159	160,277
Sub Total	14,375,502	7,509,060		9,583,668		11,263,590	6,866,442
Total Salaries & Benefits	38,586,704	23,877,700	61.9%	25,724,469	66.7%	35,816,550	14,709,004
Total Services and Supplies	15,368,869	8,286,862	53.9%	10,245,913	66.7%	12,430,293	7,082,007
Total County Service Charges	2,439,149	1,133,088	46.5%	1,626,099	66.7%	1,699,632	1,306,061
Encumbrances		2,672,883					
Total expenses	56,394,722	35,970,533	59.0%	37,596,481	66.7%	49,946,475	20,424,189
FY08-09 Excess revenues over expenditure		(2,468,524)					
Fund Balance 02/28/09		10,967,450.77					

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 Financial Analysis CEO FY08-09

Superior Court of California
 County of San Mateo FY08-09
 Budget March 31st, 2009

5/15/09

	Budget	YTD Total Actual Mar 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
Opening Fund Balance - 7/01/08	13,435,975	13,435,975					
Revenues:							
Trial Court Program Allocation	50,800,873	36,577,164	72.0%	38,100,655	75.0%	48,769,552	14,223,709
Local Revenues	1,403,092	1,004,680	71.6%	1,052,319	75.0%	1,339,573	398,412
Interest	598,177	222,695	37.2%	448,633	75.0%	296,927	375,482
Total Revenues	52,802,142	37,804,539	71.6%	39,601,607	75.0%	50,406,052	14,997,603
Expenses:							
Employee Salaries & Wages	27,487,378	18,024,489	65.6%	20,615,534	75.0%	24,032,652	9,462,889
Extra Help	490,381	311,135	63.4%	367,786	75.0%	414,847	179,246
Sub Total	27,977,759	18,335,624		20,983,319		24,447,499	9,642,135
Social Sec, Medicare & Retirement	9,245,893	5,054,554	54.7%	6,934,420	75.0%	6,739,405	4,191,339
Health, Other Ins & Allowances	4,653,226	3,001,518	64.5%	3,489,920	75.0%	4,002,024	1,651,708
Workers Compensation	476,383	355,620	74.7%	357,287	75.0%	474,160	120,763
Sub Total	14,375,502	8,411,692		10,781,627		11,215,589	5,963,810
Total Salaries & Benefits	42,353,261	26,747,316	63.2%	31,764,946	75.0%	35,663,088	15,605,945
Total Services and Supplies	15,368,869	8,757,482	57.0%	11,526,652	75.0%	11,676,652	6,611,380
Total County Service Charges	2,439,149	1,686,279	69.1%	1,829,362	75.0%	2,248,372	752,870
Encumbrances							
Total expenses	60,161,279	37,191,084	61.8%	45,120,959	75.0%	49,588,112	22,970,195
FY08-09 Excess revenues over expenditure		613,455					
Fund Balance 03/31/09		14,049,430.22					

includes 1,864,400

Revised 9/14/09

14,049,430.22

Superior Court of California
 County of San Mateo FY08-09
 Budget March 31st 2009

	Budget	YTD Total Actual Mar 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
Beginning Fund Balance - 7/01/08	13,435,975	13,435,975					
Revenues:							
Trial Court Program Allocation	50,800,873	36,577,164	72.0%	38,100,655	75.0%	48,769,552	14,223,709
Local Revenues	1,403,092	1,004,680	71.6%	1,052,319	75.0%	1,339,573	398,412
Interest	598,177	222,695	37.2%	448,633	75.0%	296,927	375,482
Total Revenues	52,802,142	37,804,539	71.6%	39,601,607	75.0%	50,406,052	14,997,603
Expenses:							
Employee Salaries & Wages	27,487,378	18,024,489	65.6%	20,615,534	75.0%	24,032,652	9,462,889
Extra Help	490,381	311,135	63.4%	367,786	75.0%	414,847	179,246
Sub Total	27,977,759	18,335,624		20,983,319		24,447,499	9,642,135
Social Sec, Medicare & Retirement	9,245,893	5,054,554	54.7%	6,934,420	75.0%	6,739,405	4,191,339
Health, Other Ins & Allowances	4,653,226	3,001,518	64.5%	3,489,920	75.0%	4,002,024	1,651,708
Workers Compensation	476,383	355,620	74.7%	357,287	75.0%	474,160	120,763
Sub Total	14,375,502	8,411,692		10,781,627		11,215,589	5,963,810
Total Salaries & Benefits	38,586,704	26,747,316	69.3%	28,940,028	75.0%	35,663,088	11,839,388
Total Services and Supplies	15,368,869	8,757,489	57.0%	11,526,652	75.0%	11,676,652	6,611,380
Total County Service Charges	2,439,149	1,686,279	69.1%	1,829,362	75.0%	2,248,372	752,870
Encumbrances		4,423,037					
Total expenses	56,394,722	41,614,121	65.9%	42,296,042	75.0%	49,588,112	14,780,601
FY08-09 Excess revenues over expenditure		(3,809,582)					
Fund Balance 03/31/09		9,626,392.92					

Financial Analysis CFO FY08-09

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Superior Court of California
 County of San Mateo FY08-09
 Budget April 30th, 2009

2/15/09

	Budget	YTD Total Actual April 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
inning Fund Balance - 7/01/08	13,435,975	13,435,975					
venues:							
Trial Court Program Allocation	50,800,873	40,783,174	80.3%	42,334,061	83.3%	48,935,809	10,017,699
Local Revenues	1,403,092	1,101,050	78.5%	1,169,243	83.3%	1,321,260	302,042
Interest	598,177	235,015	39.3%	498,481	83.3%	282,018	363,162
Total Revenues	52,802,142	42,119,239	79.6%	44,001,785	83.3%	50,543,087	10,682,903
expenses:							
Employee Salaries & Wages	27,487,378	20,096,115	73.1%	22,906,148	83.3%	24,115,338	7,391,263
Extra Help	490,381	342,092	69.8%	408,651	83.3%	410,510	148,289
Sub Total	27,977,759	20,438,207		23,314,799		24,525,848	7,539,552
Social Sec, Medicare & Retirement	9,245,893	5,648,758	61.1%	7,704,911	83.3%	6,778,510	3,597,135
Health, Other Ins & Allowances	4,653,226	3,322,951	71.4%	3,877,688	83.3%	3,987,541	1,330,275
Workers Compensation	476,383	395,135	82.9%	396,986	83.3%	474,162	81,248
Sub Total	14,375,502	9,366,844		11,979,585		11,240,213	5,008,658
Total Salaries & Benefits	38,586,704	29,805,051	77.2%	32,155,587	83.3%	35,766,061	8,781,653
Total Services and Supplies	15,368,869	11,577,278	75.3%	12,807,391	83.3%	13,892,734	3,791,591
Total County Service Charges	2,439,149	1,875,405	76.9%	2,032,624	83.3%	2,250,486	563,744
-Encumbrances							
Total expenses	56,394,722	43,257,734	76.7%	46,995,602	83.3%	51,909,281	13,136,988
FY08-09 Excess revenues over expenditure		(1,138,495)					
Fund Balance 04/30/09		12,297,480.22					

Round to

Account:

12,297,480.22

12,297,480.22

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Superior Court of California
 County of San Mateo FY08-09
 Budget May 31st, 2009

	Budget	YTD Total Actual May 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
Beginning Fund Balance - 7/01/08	13,435,975	13,435,975					
Revenues:							
Trial Court Program Allocation	50,800,873	44,810,688	88.2%	46,567,467	91.7%	48,884,387	5,990,185
Local Revenues	1,403,092	1,215,349	86.6%	1,286,168	91.7%	1,325,835	187,743
Interest	598,177	243,637	40.7%	548,329	91.7%	265,786	354,540
Total Revenues	52,802,142	46,269,674	87.6%	48,401,964	91.7%	50,476,008	6,532,468
Expenses:							
Employee Salaries & Wages	27,487,378	22,001,694	80.0%	25,196,763	91.7%	24,001,848	5,485,684
Extra Help	490,381	366,144	74.7%	449,516	91.7%	399,430	124,237
Sub Total	27,977,759	22,367,838		25,646,279		24,401,278	5,609,921
Social Sec. Medicare & Retirement	9,245,893	6,187,659	66.9%	8,475,402	91.7%	6,750,173	3,058,234
Health, Other Ins & Allowances	4,653,226	3,639,785	78.2%	4,265,457	91.7%	3,970,675	1,013,441
Workers Compensation	476,383	434,653	91.2%	436,584	91.7%	474,167	41,730
Sub Total	14,375,502	10,262,097		13,177,544		11,195,015	4,113,405
Total Salaries & Benefits	38,586,704	32,629,935	84.6%	35,371,145	91.7%	35,596,293	5,956,769
Total Services and Supplies	~15,368,869	-12,034,422	78.3%	14,088,130	91.7%	13,128,460	3,334,447
Total County Service Charges	2,439,149	2,171,886	89.0%	2,235,887	91.7%	2,369,330	267,263
Encumbrances							
Total expenses	56,394,722	46,836,243	83.1%	51,695,162	91.7%	51,094,083	9,558,479
FY08-09 Excess revenues over expenditure		(566,569)					
Fund Balance 05/31/09		12,869,406.22					

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46,028,873.37

Superior Court of California
 County of San Mateo FY08-09
 Budget June 30th, 2009

	Budget	YTD Total Actual June 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
Beginning Fund Balance - 7/01/08	13,435,975	13,435,975					
Revenues:							
Trial Court Program Allocation	50,800,873	49,870,305	98.2%	46,567,467	91.7%	54,403,969	930,568
Local Revenues	1,403,092	1,412,277	100.7%	1,286,168	91.7%	1,540,666	(9,185)
Interest	598,177	294,592	49.2%	548,329	91.7%	321,373	303,585
Total Revenues	52,802,142	51,577,174	97.7%	48,401,964	91.7%	56,266,008	1,224,968
Expenses:							
Employee Salaries & Wages	27,487,378	25,036,127	91.1%	25,196,763	91.7%	27,312,139	2,451,251
Extra Help	490,381	430,242	87.7%	449,516	91.7%	469,355	60,139
Sub Total	27,977,759	25,466,370		25,646,279		27,781,494	2,511,389
Social Sec, Medicare & Retirement	9,245,893	7,048,070	76.2%	8,475,402	91.7%	7,688,803	2,197,823
Health, Other Ins & Allowances	4,653,226	4,155,960	89.3%	4,265,457	91.7%	4,533,774	497,266
Workers Compensation	476,383	474,170	99.5%	436,684	91.7%	517,276	2,213
Sub Total	14,375,502	11,678,200		13,177,544		12,739,854	2,697,303
Total Salaries & Benefits	38,586,704	37,144,569	96.3%	35,371,145	91.7%	40,521,348	1,442,135
Total Services and Supplies	15,368,869	15,507,636	100.9%	14,088,130	91.7%	16,917,421	(138,767)
Total County Service Charges	2,439,149	2,815,808	115.4%	2,235,887	91.7%	3,071,791	(376,659)
Encumbrances							
Total expenses	56,394,722	55,468,013	98.4%	51,695,162	91.7%	60,510,560	926,709
FY08-09 Excess revenues over expenditure		(3,890,839)					
Fund Balance 06/30/09		9,545,136.10					

Superior Court of California
 County of San Mateo FY08-09
 Budget June 30th, 2009

	Budget	YTD Total Actual June 09	Budget to Actuals %	Budget Straight Line \$	Budget Straight Line %	Proj for year based on YTD actuals [Straight Line]	Budget Remaining Balance
Beginning Fund Balance - 7/01/08	13,435,975	13,435,975					
Revenues:							
Trial Court Program Allocation	50,800,873	49,870,305	98.2%	46,567,467	91.7%	54,403,969	930,568
Local Revenues	1,403,092	1,412,277	100.7%	1,286,168	91.7%	1,540,666	(9,185)
Interest	598,177	294,592	49.2%	548,329	91.7%	321,373	303,585
Total Revenues	52,802,142	51,577,174	97.7%	48,401,964	91.7%	56,266,008	1,224,968
Expenses:							
Employee Salaries & Wages	27,487,378	25,036,127	91.1%	25,196,763	91.7%	27,312,139	2,451,251
Extra Help	490,381	430,242	87.7%	449,516	91.7%	469,395	60,139
Sub Total	27,977,759	25,466,370		25,646,279		27,781,494	2,511,389
Social Sec, Medicare & Retirement	9,245,893	7,048,070	76.2%	8,475,402	91.7%	7,688,803	2,197,823
Health, Other Ins & Allowances	4,653,226	4,155,960	89.3%	4,265,457	91.7%	4,533,774	497,266
Workers Compensation	476,383	474,170	99.5%	436,684	91.7%	517,276	2,213
Sub Total	14,375,502	11,678,200		13,177,544		12,739,854	2,697,303
Total Salaries & Benefits	38,586,704	37,144,569	96.3%	35,371,145	91.7%	40,521,348	1,442,135
Total Services and Supplies	15,368,869	16,599,606	108.0%	14,086,130	91.7%	18,108,661	(1,230,737)
Total County Service Charges	2,439,149	2,815,808	115.4%	2,235,887	91.7%	3,071,791	(376,659)
Encumbrances							
Total expenses	56,394,722	56,559,984	100.3%	51,695,162	91.7%	61,701,800	(165,262)
FY08-09 Excess revenues over expenditure		(4,982,810)					
Fund Balance 06/30/09		8,453,165.64					

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APPENDIX D

San Mateo Superior Court Fund Balance History Fiscal Year 2006-2007 to Fiscal Year 2008-2009

ANALYSIS OF QUARTERLY FINANCIAL STATEMENTS REPORTING			
	FISCAL YEAR		
	2006 - 2007	2007 - 2008	2008 - 2009
FINANCING SOURCES AND EXPENDITURES			
Financing Sources	50,043,820	52,673,589	51,577,173
Expenditures	50,662,272	53,659,218	55,467,964
Excess (Deficit) of Revenues over Expenditures	(618,452)	(985,629)	(3,890,791)
Prior year adjustments	1,860,682		
Net adjustment of fund balance	1,242,230	(985,629)	(3,890,791)
ENDING FUND BALANCE			
Trial Court Trust Fund	5,669,505	3,707,265	2,155,060
Non-Trial Court Trust Fund	8,752,099	9,728,710	7,390,124
Ending Fund Balance	14,421,604	13,435,975	9,545,184
Change between years	1,242,230	(985,629)	(3,890,791)

Note:

Ending fund balance includes contractual and statutorily restricted amounts which according to court records were approximately \$5.5 million, \$5.2 million and \$4.5 million at June 30, 2007, June 30, 2008 and June 30, 2009 respectively.



SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO

HALL OF JUSTICE
400 COUNTY CENTER
REDWOOD CITY, CALIFORNIA 94063

STEPHEN M. HALL
PRESIDING JUDGE

(650) 363-4812
FAX (650) 363-4698

November 23, 2009

Mr. John Judnick
Senior Manager
Internal Audit Services
Administrative Office of the Courts
455 Golden Gate Avenue
San Francisco, CA 94102-3688

RE: San Mateo County Superior Court Audit

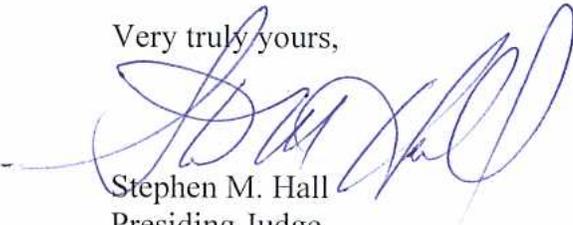
Dear Mr. Judnick:

On September 2, 2009, you and your team met with our Finance Director Mona Hall, Court Executive Officer John Fitton and me to discuss our forthcoming scheduled audit. At our request, you and your team agreed to initiate the audit sooner than was scheduled due to the challenges that had arisen within our Fiscal Unit. Your team agreed to conduct a comprehensive audit, and in addition, expanded the review to include recommendations for best practices in the areas of forecasting, analysis and tracking.

In recent weeks we have received the draft report prepared by your team. I am pleased to say that the Court is in agreement with the recommendations that you have made and in most instances have already taken steps to fully implement the appropriate changes that were recommended.

On behalf of our entire Court I would like to thank you and your team for your efforts. We look forward to receiving the final audit analysis and working with you in the future.

Very truly yours,


Stephen M. Hall
Presiding Judge

SMH:ms