

Investigation of Allegations of Improper Spending and Accounting Practices by Supervisor of Elections

Investigative Report No. 514



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Orange County Comptroller
December 2024

Investigation Background

- Received numerous allegations of improper spending and accounting practices on November 26th
- Comptroller presented to BCC on December 3rd
- BCC voted to postpone payment until after Comptroller's review
- Comptroller committed to review allegations and report at December 17th BCC meeting



Background

- F.S. 129.202(1)(a) requires BCC pay Supervisor's Office 25% of the total amount budgeted in October and 6.82% each month thereafter
 - **Approx \$7.4 million** required through December
- County already paid almost **\$9.6 million** for fiscal year 2025
 - 50% of the annual budget
 - Already paid over \$2 million more than Florida law requires
 - Next statutorily required payment February 2025 - \$436,582.77



Investigation Results

Finding 1 – The Supervisor of Elections Expended More Than Allowed by Florida Law

Finding 2 – The Supervisor of Elections Violated Florida Law with a Payment of Over \$1.1 Million to a Nonprofit Organization

Finding 3 – The Supervisor of Elections Wrote Checks Totaling More Than the Checking Account Balance

Finding 4 – The Supervisor of Elections Did Not Follow Generally Accepted Accounting Principles for Accruing Expenses



Finding 1 - The Supervisor of Elections Expended More Than Allowed by Florida Law

- According to F.S. 129.06(5):
 - *Any county constitutional officer whose budget is approved by the board of county commissioners, who has not been reelected to office or is not seeking reelection, shall be prohibited from making any budget amendments, transferring funds between itemized appropriations, or **expending in a single month more than one-twelfth of any itemized approved appropriation**, following the date he or she is eliminated as a candidate or October 1, whichever comes later, without approval of the board of county commissioners.*

- Supervisor's office legally allowed to spend \$1,595,698 monthly

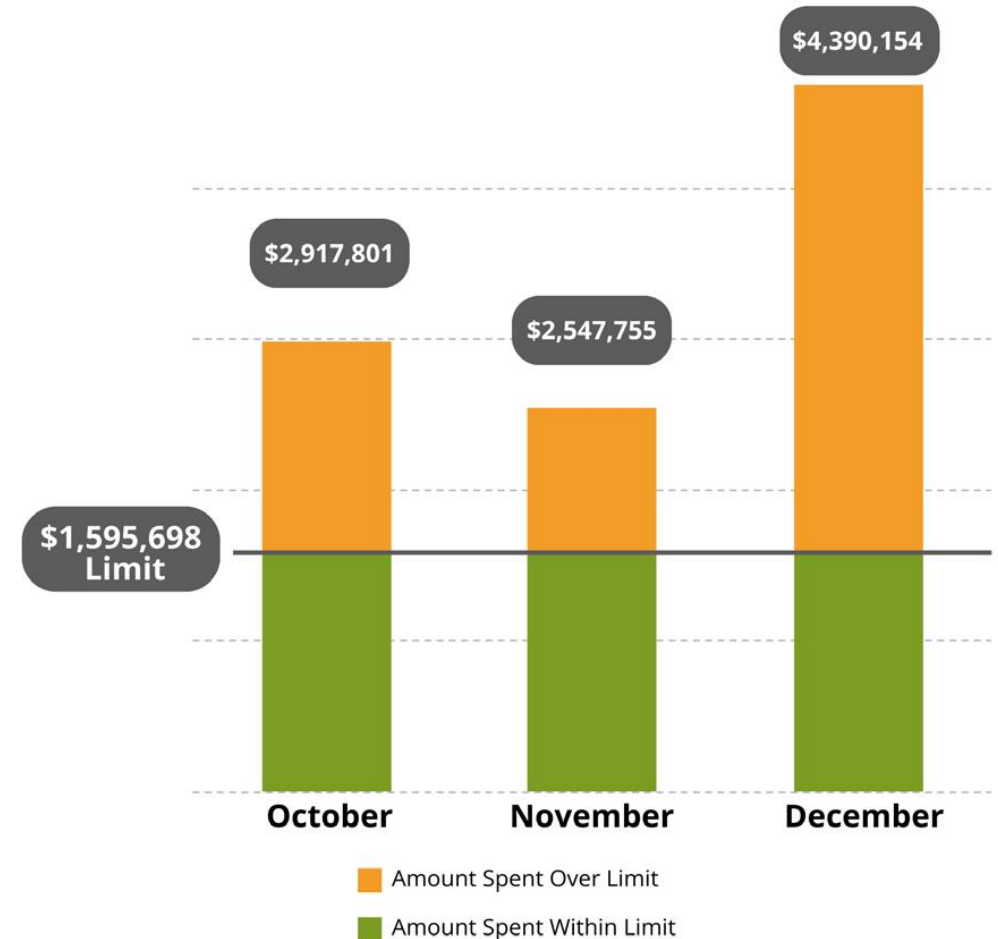
| | Annual Budget | Monthly Amount Allowed |
|------------------------|-------------------------|-------------------------------|
| Personal Services | \$ 8,176,594.00 | \$ 681,382.83 |
| Operating Expenditures | \$ 10,808,979.00 | \$ 900,748.25 |
| Capital Outlay | \$ 162,794.00 | \$ 13,566.17 |
| Total | \$ 19,148,367.00 | \$ 1,595,697.25 |



Finding 1 - The Supervisor of Elections Expended More Than Allowed by Florida Law

- Supervisor spent **\$9,855,709.53** between October 1st and December 12th
 - **51%** of the total annual budget
 - Violated Florida law by not obtaining approval from the BCC to exceed the allowed amount
- Persistent overspending = **\$5,068,616.40**
- Two Florida counties with similar numbers of registered voters have spent **27%** and **35%** of their annual budgets
- Based on Affidavit filed with the court, almost **\$200,000** additional spending in 4 days
 - **53%** spent

Total Spend by Month



Finding 2 – The Supervisor of Elections Violated Florida Law with a Payment of Over \$1.1 Million to a Nonprofit Organization




- On October 3, 2024, Supervisor of Elections paid **\$1.137 million** to the Central Florida Foundation
- Unbudgeted payment represented **6%** of Supervisor’s annual budget with only **8.33%** allowed monthly
 - With this large payment, payroll expenses alone would exceed monthly limit without any additional expenses
- Supervisor of Elections’ annual budget approved by the BCC did not include any amounts for grants and aids or other uses
- Payment required transfer between itemized appropriations, which is not permitted without BCC approval according to FL law

| Office: Supervisor of Elections | | | |
|---------------------------------|----------------------|-------------------------|----------------------|
| Expenditures by Category | FY 2022-23 | FY 2023-24 | FY 2024-25 |
| | Actual | Budget as of 03/31/2024 | Adopted Budget |
| Personal Services | 5,653,310 | \$ 7,260,068 | \$ 8,176,594 |
| Operating Expenditures | 8,878,076 | 14,642,330 | 10,808,979 |
| Capital Outlay | 302,624 | 0 | 162,794 |
| Total Operating | \$ 14,834,010 | \$ 21,902,398 | \$ 19,148,367 |
| Total | \$ 14,834,010 | \$ 21,902,398 | \$ 19,148,367 |
| Authorized Positions | 53 | 55 | 59 |



Finding 3 – The Supervisor of Elections Wrote Checks Totaling More Than the Checking Account Balance

- November 2024 bank account statement ending balance = **\$4,438,501.17**
- \$4.7 million in checks were written in December by December 12 + \$300,000 outstanding checks
 - If additional deposits are not made, there is not enough money to pay all the checks written = **\$587,173.13** overdraft
- Based on Affidavit filed with the court, SOE confirmed a cash deficit of over **\$1,000,000** after the last December payroll
 - **Even with December payment of \$957,418, the account would still be overdrawn due to overspending**

| | |
|---|--------------------------|
|  Ending Balance, 11/30 | \$4,438,501.17 |
|  Checks Written | \$(5,025,674.30)* |
|  Account Overdraft | \$(587,173.13) |

Elections' bank accounts is as follows:

- **Cash in bank:** \$3,679,033.12
- **Outstanding checks:** \$4,461,512.98
- **Net Available Cash Position:** -\$782,479.86



Finding 4 – The Supervisor of Elections Did Not Follow Generally Accepted Accounting Principles for Accruing Expenses

- Received allegation the Supervisor of Elections knowingly failed to accrue expenses totaling over \$600,000 as required by accounting standards
- Of the \$147,932.39 invoices reviewed, we identified a total of **\$127,415.67** in expenses that should have been accrued in accordance with the modified accrual basis of accounting as required by GAAP for governmental entities
 - We identified \$12,218.23 additional invoices that should have been accrued not included in the allegation
- Failure to accrue expenses results in a misstatement of both liabilities and expenditures in the financial statements, leading to an overstatement of the Supervisor of Elections' funds available at fiscal year-end and an inaccurate reflection of financial activity
- List of unaccrued expenses provided to County's external auditors for consideration in financial statement preparation



Issues to Address

1. Payroll Expenses on December 26th when Supervisor of Elections has insufficient funds
2. Bank Account with Negative Balance
 - There are insufficient funds in the account to pay all the checks written
 - **\$587,173.13 overdraft**
 - **\$782,479.86 overdraft** according to SOE affidavit - which might increase

Recommendations

1. BCC authorize the Comptroller to make payment directly to ADP for payroll expenses estimated at \$250k
 - Supervisor of Elections agrees to provide complete payroll records to support payment amounts
 - Supervisor of Elections facilitates County transfer directly to ADP for payroll costs
2. BCC directs Supervisor of Elections to cancel contract with Central Florida Foundation
 - Any grant funds not distributed should be paid to the Supervisor of Elections no later than December 23rd
 - Supervisor of Elections directed not to write checks in excess of available funds

