

**CITY OF FLORENCE MUNICIPAL COURT
FLORENCE, SOUTH CAROLINA**

**State Auditor's Report
March 31, 2005**

**CITY OF FLORENCE MUNICIPAL COURT
FLORENCE, SOUTH CAROLINA**

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State of South Carolina

Office of the State Auditor

1401 MAIN STREET SUITE 1200
COLUMBIA S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

September 27, 2005

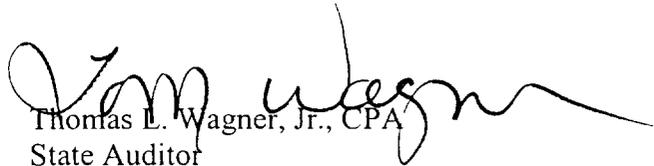
The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Nancy Wolfe, Clerk of Court
City of Florence
Florence, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Florence Municipal Court for the period April 1, 2004 through March 31, 2005, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

Independent Accountants' Report on Applying Agreed-Upon Procedures

Thomas L. Wagner, Jr., CPA
State Auditor
Office of the State Auditor
Columbia, South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the City of Florence Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2004 - 2005 General Appropriations Act (H. 4925) Section 72.92 for the fiscal year ended June 30, 2005. The Honorable Nancy Wolfe, Clerk of Court for the City of Florence is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2004 - 2005 General Appropriations Act (H. 4925) Section 72.92. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-17-750 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the City Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for timely filing of fines, fees and assessments to the City Treasurer, including requirements for allocating fines, fees and assessments paid on an installment basis.
- We inquired of the Clerk of Court and City Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the City Treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms for the months of April 1, 2004 through March 31, 2005 to determine if the Clerk of Court submitted the reports in accordance with the law.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines' range for the offense code to see if the fine and assessment were within the range.

Our finding, *TIMELY FILING WITH THE CITY TREASURER*, is reported under "PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT" in the Accountants' Comments section of this report.

2. TIMELY RECORDING AND REPORTING BY THE CITY

- We traced and agreed each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the City's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim's assistance surcharge (Section 14-1-211) for the period April 1, 2004 to March 31, 2005.
- We compared the amounts reported on the Clerk of Court Remittance Forms to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2004 – 2005 and with South Carolina Judicial Department training instructions and interpretations.

Our findings, *SOFTWARE SYSTEM ALLOCATION ISSUE 1, USE OF MINIMUM FINES* and *SOFTWARE SYSTEM ALLOCATION ISSUE 2*, are reported under "TIMELY RECORDING AND REPORTING BY THE CITY" in the Accountants' Comments section of this report.

3. PROPER VICTIMS' ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by City council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended June 30, 2004 audited Victims' Rights Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges on page 110 of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2005.
- We verified the Victims' Rights Fund reimbursable expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

Our finding, *ALLOWABLE VICTIMS' ASSISTANCE EXPENDITURE*, is reported under the "PROPER VICTIMS' ASSISTANCE FUNDS ACCOUNTING" title in the Accountants' Comments section of this report.

4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-208(E)

- We vouched the amounts reported in the State Treasurer Remittance Forms to Clerk of Court Remittance Forms for the period April 1, 2004 to March 31, 2005.
- We scanned the State Treasurer Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced and agreed amounts from the supporting schedules to the Schedule of Fines, Assessments and Surcharges as reported on page 110 in the City's basic financial statements to ensure compliance with the reporting requirements identified in Section 14-1-208(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms.

Our finding, *ERROR IN SUPPLEMENTARY SCHEDULE SUPPORT*, is reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-208(E)" in the Accountants' Comments section of this report.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended March 31, 2005 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of the State Auditor, the Governor, Chairmen of the House Ways & Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, State Treasurer, Office of Victims' Assistance, the local Clerk of Court and Finance Director and is not intended to be and should not be used by anyone other than these specified parties.



July 5, 2005

ACCOUNTANTS' COMMENTS

CITY OF FLORENCE MUNICIPAL COURT
FLORENCE, SOUTH CAROLINA
State Auditor's Report
March 31, 2005

**SECTION A - MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS,
RULES OR REGULATIONS**

The procedures agreed to by the agency require that we plan and perform the engagement to obtain reasonable assurance about whether noncompliance with the requirements of State Laws, Rules, or Regulations occurred and whether internal accounting controls over certain transactions were adequate. Management of the entity is responsible for establishing and maintaining internal controls. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Therefore, the presence of a material weakness or violation will preclude management from asserting that the entity has effective internal controls.

The conditions described in this section have been identified as material weaknesses or violations of State Laws, Rules, or Regulations.

**CITY OF FLORENCE MUNICIPAL COURT
FLORENCE, SOUTH CAROLINA**
State Auditor's Report, Continued
March 31, 2005

PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT

TIMELY FILING WITH THE CITY TREASURER

CONDITION: One Clerk of Court Remittance Report for the procedures period of April 1, 2004 through March 31, 2005 was not timely filed. The May 2004 report was seven days late.

CRITERIA: South Carolina Code of Laws Section 14-17-750. Section 14-17-750 requires that the Clerk make a full and accurate statement, in writing, to the City Auditor and City Treasurer, of all monies collected on account of licenses, fines, penalties and forfeitures during the past month, on the first Wednesday or within ten days thereafter, in each successive month.

CAUSE: Upgrades to the City's Clerk of Court software system put the City behind in this month.

EFFECT: The City did not comply with South Carolina Code of Laws Section 14-17-750 for the month of May 2004.

AUDITORS' RECOMMENDATION: We recommend the Clerk should timely file. If a condition beyond their control causes the Clerk to be late, the City should be notified and notify the State Treasurer as well.

TIMELY RECORDING AND REPORTING BY THE CITY

SOFTWARE SYSTEM ALLOCATION ISSUE 1

CONDITION: The Clerk of Court's software system reallocates payments every time a case is accessed. This is done to ensure proper allocation in case a payment adjustment is done. In the reports we tested, we noticed negative balances of money from reallocations made. These negative balances reduced City revenue totals and increased State revenue totals.

CRITERIA: Section 35.11 of the Temporary Provisions of the General Appropriations Act for the fiscal year 2004 – 2005. The Judicial Department has determined and provided examples in training instructing the Clerk of Courts and Magistrates how to allocate fine, fee, and assessment payments made on an installment basis.

CAUSE: The current City's Municipal Court computer system was recently purchased and replaced the former system. The new system had data migrated over to it from the previous system. Some of the data did not migrate properly.

EFFECT: The data that incorrectly migrated causes the system to incorrectly reallocate in favor of the State whenever a case is accessed for any reason in the new software system.

AUDITORS' RECOMMENDATION: We recommend the Clerk of Court meet with the software developer to determine if the current system migration of data problems can be remedied.

**CITY OF FLORENCE MUNICIPAL COURT
FLORENCE, SOUTH CAROLINA**
State Auditor's Report, Continued
March 31, 2005

TIMELY RECORDING AND REPORTING BY THE CITY, Continued

USE OF MINIMUM FINES

CONDITION: The Municipal Court Judges were not adhering to the statutory minimum fines. For the entire period the judges were not fining defendants.

CRITERIA: A number of Code Sections require a minimum fine be levied along with assessments.

CAUSE: Local judicial interpretation.

EFFECT: The City fines and therefore assessments were not set at the minimum amounts set by the statute.

AUDITORS' RECOMMENDATION: We recommend the judges adhere to the minimum fines set by the statute.

SOFTWARE SYSTEM ALLOCATION ISSUE 2

CONDITION: At times when judges do not assess the minimum fine by statute, the software has built-in fines which cause the system to allocate negative amounts to City revenues and positive surcharges to state revenues.

CRITERIA: The statutes require minimum fines.

CAUSE: The software is programmed to follow the statutes.

AUDITORS' RECOMMENDATION: We recommend the City comply with the minimum fines required by statute.

**CITY OF FLORENCE MUNICIPAL COURT
FLORENCE, SOUTH CAROLINA**
State Auditor's Report, Continued
March 31, 2005

SECTION B - OTHER WEAKNESSES NOT CONSIDERED MATERIAL

The conditions described in this section have been identified as weaknesses subject to correction or improvement but they are not considered material weaknesses or violations of State Laws, Rules, or Regulations.

**CITY OF FLORENCE MUNICIPAL COURT
FLORENCE, SOUTH CAROLINA**
State Auditor's Report, Continued
March 31, 2005

PROPER VICTIMS' ASSISTANCE FUNDS ACCOUNTING

ALLOWABLE VICTIMS' ASSISTANCE EXPENDITURE

CONDITION: The City pays 100% of the salary of a clerk in the Clerk of Court's office from the Victims' Assistance Fund. The employee does not keep timesheets therefore they cannot substantiate the amount of time spent on Victims' Assistance. However, based on her job duties, it is unlikely she spends 100% of her time on Victims' Assistance.

CRITERIA: Sections 14-1-208(D) states "These funds must be appropriated for the exclusive purpose of providing victim services as required by Article 15 of Title 16; specifically, those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts."

EFFECT: There is no substantiation for the reimbursement of the employee's salary from the Victims' Assistance Fund.

AUDITORS' RECOMMENDATION: We recommend the City develop a system to substantiate the percentage of time given by Clerk of Court Office personnel on City of Florence Victims' Assistance needs in order to justify the reimbursements for the services provided.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-208(E)

ERROR IN SUPPLEMENTARY SCHEDULE SUPPORT

CONDITION: The supporting schedules had a misposting of \$133 in court surcharges collected when compared to the Clerk of Court Remittance Forms. This caused the required supplementary schedules to overstate court assessments and understate surcharges by \$133. The state money received however, was correctly reported and transmitted on all remittance forms.

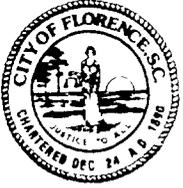
CRITERIA: South Carolina Code of Laws Section 14-1-208(E) and (E)(4). This section states "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected and remitted to the State Treasurer, the annual independent external audit required to be performed for each City pursuant to Section 4-9-150 must include a supplementary schedule detailing all fines and assessments collected by the Clerk of Court for the court of Municipal, the amount remitted to the City Treasurer, and the amount remitted to the State Treasurer" and (4) "The clerk of court and City treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection in the format determined by the City council and make those records available for review."

CAUSE: There was a misposting of \$133 in assessments collected that should have been posted in surcharges on the support that was used in the preparation of the Required Supplementary Schedules.

AUDITORS' RECOMMENDATION: We recommend the City have supporting schedules that balance with their general ledger.

**CITY OF
FLORENCE**

• S C •



FINANCE DIRECTOR

CITY-COUNTY COMPLEX BB

180 N IRBY STREET

FLORENCE, SC

29501-3456

(843) 665-3162

FAX (843) 665-3111

September 26, 2005

Thomas L. Wagner, Jr., CPA
Office of the State Auditor
1401 Main Street Suite 1200
Columbia, SC 29201

Dear Mr. Wagner:

I have enclosed the City of Florence responses to the audit of the court administration, court software, and victims' assistance expenditures as conducted by Cline Brandt Kochenower & Company. I have reviewed each finding and have instructed Finance Department personnel to make necessary adjustments to meet the auditors' recommendations as noted in each finding. The City's responses are located in the enclosed report after each paragraph labeled Auditors' Recommendation. I have also offered the assistance of Finance Department staff to the Clerk of Court, Municipal Judge, and the contracted software programmer in addressing the recommendations that affect their respective areas.

While no system is flawless, I believe that our procedures, controls, and reconciliations have safeguarded the overall integrity of the reporting process. I further believe this audit has demonstrated that the City has consistently remitted the assessments, surcharges, and fees due to the State. As noted in the audit, the City has, in some few instances in the past, actually remitted more than was due the State.

City of Florence staff is committed to accurately reporting to the State the assessments and remitting those assessments in a timely manner. The City always welcomes a review of its financial statements, internal controls, and procedures in an effort to validate and improve accuracy, accountability, and controls of the funds over which it has stewardship.

If you have any questions, please let me know.

Sincerely,

Thomas W. Chandler
Finance Director

cc: David N. Williams, City Manager

PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT

TIMELY FILING WITH THE CITY TREASURER

CONDITION: One Clerk of Court Remittance Report for the procedures period of April 1, 2004 through March 31, 2005 was not timely filed. The May 2004 report was seven days late

CRITERIA: South Carolina Code of Laws Section 14-17-750. Section 14-17-750 requires that the Clerk make a full and accurate statement, in writing, to the City Auditor and City Treasurer, of all monies collected on account of licenses, fines, penalties and forfeitures during the past month, on the first Wednesday or within ten days thereafter, in each successive month.

CAUSE: Upgrades to the City's Clerk of Court software system put the City behind in this month.

EFFECT: The City did not comply with South Carolina Code of Laws Section 14-17-750 for the month of May 2004.

AUDITORS' RECOMMENDATION: We recommend the Clerk should timely file. If a condition beyond their control causes the Clerk to be late, the City should be notified and notify the State Treasurer as well.

CITY'S RESPONSE: In the future, the Clerk of Court will notify the City's Controller if reporting will be late, the reason the report will be late, and an estimated date the report will be completed. The controller will notify the State Treasurer that the City's report will be late and the reason for the delay. The notification that the report will be late will be reported in writing to the State Treasurer on or before the required remittance date of the 15th of the month.

TIMELY RECORDING AND REPORTING BY THE CITY

SOFTWARE SYSTEM ALLOCATION ISSUE 1

CONDITION: The Clerk of Court's software system reallocates payments every time a case is accessed. This is done to ensure proper allocation in case a payment adjustment is done. In the reports we tested, we noticed negative balances of money from reallocations made. These negative balances reduced City revenue totals and increased State revenue totals.

CRITERIA: Section 35.11 of the Temporary Provisions of the General Appropriations Act for the fiscal year 2004 – 2005. The Judicial Department has determined and provided examples in training instructing the Clerk of Courts and Magistrates how to allocate fine, fee, and assessment payments made on an installment basis.

CAUSE: The current City's Municipal Court computer system was recently purchased and replaced the former system. The new system had data migrated over to it from the previous system. Some of the data did not migrate properly.

EFFECT: The data that incorrectly migrated causes the system to incorrectly reallocate in favor of the State whenever a case is accessed for any reason in the new software system.

AUDITORS' RECOMMENDATION: We recommend the Clerk of Court meet with the software developer to determine if the current system migration of data problems can be remedied.

CITY'S RESPONSE: The Clerk of Court and the Controller have discussed with the City's contracted software programmer the issue of some court data converted from the old software system to the new system causing the new system to incorrectly reallocate in favor of the State when a case is accessed. Although, there are a very limited and finite number of the oldest migrated cases that are problematic and incorrectly reallocate in favor of the State when accessed, the City's contracted programmer has been directed to recommend a plan to resolve this issue. Based on the programmer's recommendations, the City will evaluate the cost effectiveness of implementing the changes necessary to eliminate the reallocation problem.

USE OF MINIMUM FINES

CONDITION: The Municipal Court Judges were not adhering to the statutory minimum fines. For the entire period the judges were not fining defendants.

CRITERIA: A number of Code Sections require a minimum fine be levied along with assessments.

CAUSE: Local judicial interpretation.

EFFECT: The County fines and therefore assessments were not set at the minimum amounts set by the statute.

AUDITORS' RECOMMENDATION: We recommend the judges adhere to the minimum fines set by the statute.

CITY'S RESPONSE: While the City's judge has indicated that she is not aware of cases having been suspended beyond the amount of the statutory minimum fines, the City will further discuss and thoroughly review the issue of required minimum fines with the judge. As confirmed below by the court audit, it should be noted here that the software used by the court properly calculates all state assessments based on minimum fines as required by the statutes, whether or not minimum fines are charged by the judge.

SOFTWARE SYSTEM ALLOCATION ISSUE 2

CONDITION: At times when judges do not assess the minimum fine by statute, the software has built-in fines which cause the system to allocate negative amounts to City revenues and positive surcharges to state revenues.

CRITERIA: The statutes require minimum fines.

CAUSE: The software is programmed to follow the statutes.

AUDITORS' RECOMMENDATION: We recommend the City comply with the minimum fines required by statute.

CITY'S RESPONSE: As noted above, the software used by the court properly calculates all assessments based on minimum fines as required by the statutes, whether or not minimum fines are charged by the judge.

PROPER VICTIMS' ASSISTANCE FUNDS ACCOUNTING

ALLOWABLE VICTIMS' ASSISTANCE EXPENDITURE

CONDITION: The City pays 100% of the salary of a clerk in the Clerk of Court's office from the Victims' Assistance Fund. The employee does not keep timesheets therefore they cannot substantiate the amount of time spent on Victims' Assistance. However, based on her job duties, it is unlikely she spends 100% of her time on Victims' Assistance.

CRITERIA: Sections 14-1-208(D) states "These funds must be appropriated for the exclusive purpose of providing victim services as required by Article 15 of Title 16; specifically, those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts."

EFFECT: There is no substantiation for the reimbursement of the employee's salary from the Victims' Assistance Fund.

AUDITORS' RECOMMENDATION: We recommend the City develop a system to substantiate the percentage of time given by Clerk of Court Office personnel on City of Florence Victims' Assistance needs in order to justify the reimbursements for the services provided.

CITY RESPONSE: Before future reimbursements are made from the City's Victims' Assistance Fund to the General Fund, the Clerk of Court and Judge will thoroughly review the tasks assigned to the Victim Witness Office Assistant to determine the percentage of time the employee spends on Victims' Assistance. This percentage will be submitted in writing to the Controller and will then be used as the basis for determining the amount of the employee's compensation that will be reimbursed from the Victims' Assistance Fund. The Clerk of Court and Judge will review the tasks assigned to the Victim Witness Office Assistant on a periodic basis to ensure that the percentage of time spent on Victims assistant is current and accurate.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-208(E)

ERROR IN SUPPLEMENTARY SCHEDULE SUPPORT

CONDITION: The supporting schedules had a misposting of \$133 in court surcharges collected when compared to the Clerk of Court Remittance Forms. This caused the required supplementary schedules to overstate court assessments and understate surcharges by \$133. The state money received however, was correctly reported and transmitted on all remittance forms.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E) and (E)(4). This section states "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected and remitted to the State Treasurer, the annual independent external audit required to be performed for each City pursuant to Section 4-9-150 must include a supplementary schedule detailing all fines and assessments collected by the Clerk of Court for the court of Municipal, the amount remitted to the City Treasurer, and the amount remitted to the State Treasurer" and (4) "The clerk of court and City treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection in the format determined by the City council and make those records available for review."

CAUSE: There was a misposting of \$133 in assessments collected that should have been posted in surcharges on the support that was used in the preparation of the Required Supplementary Schedules.

AUDITORS' RECOMMENDATION: We recommend the City have supporting schedules that balance with their general ledger.

CITY'S RESPONSE: The Victims' Fund schedule on page 110 of the City of Florence CAFR for the year ended June 30, 2004 reports that court assessments retained by the City were \$133 greater than court assessments allocated to Victim Services. This \$133 is made up of two "cruelty to animal" cases. The fines for these cases were incorrectly added to the assessments retained by the City in the CAFR schedule presented. Because the \$133 represented fines and not assessments, this amount was not allocated to Victim Services and should not have been. In the future the City will ensure that supporting schedules more clearly distinguish between fines and assessment in an effort to assist the City's external auditors in properly allocating and reporting these fines and assessments.