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**CAROLYN TIMMANN**  
Clerk of the Circuit Court & Comptroller

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Community Broadband Network  
Audit Report: 2020-A-0001  
Issued: January 22, 2020



## Summary

### What We Did

We conducted an audit of the revenues and expenditures allocated to the Community Broadband Network (CBN) for fiscal year 2019. Our audit included: (1) preparing a Statement of Activities (**Attachment A**); (2) assessing if the requirements of the Interlocal Agreement (“Agreement”) were followed; (3) assessing if revenues were allocated to offset the cost of maintenance; and, (4) assessing if the expenditures charged were appropriate.

### What We Found

No Observations noted.

### What We Recommend

We did not make any recommendations.

## Martin County Clerk & Comptroller

The Florida Constitution established the clerk of the circuit court as the local constitutional officer who serves as the public trustee for the county. In addition to serving as the clerk to the courts, the clerk provides a county level system of checks and balances through services as the county comptroller, clerk to the board of county commissioners, guardian of public and official records, clerk to the value adjustment board and internal auditor of county funds.



Internal audit activity is established as a responsibility of the County Clerk & Comptroller by Florida Constitution Article VIII, §1, cl.(d) as the “ex officio clerk of the board of county commissioners, auditor, recorder and custodian of all county funds.” The internal audit activity is administered on the government operations of the County Clerk, and its functional divisions, and the Martin County Board of County Commissioners, and its functional divisions, as specified in the State Constitution, State Statutes and decisions and opinions of the State Judiciary.

## Background

On December 14, 2010, the County Commission and the District entered into an Agreement for the “use of mutual assets, comprised of Fiber Optic Network, underground conduit and other related assets owned individually and jointly” by the County and the District. The



Agreement defines the following networks, collectively known as the CBN:

- **County Network:** a network owned, operated and managed by the County to serve the communications needs of many government and non-profit institutions operating in the County.
- **District Network:** a separate network owned, operated and managed by the District to serve the communications needs of public schools in the County.
- **Project Network:** a Fiber Optic Network to serve County sites, and other governmental and non-profit institutions, including the District's sites.

#### Review of Observation(s) outlined in Audit 2019-A-0001

The Information Technology Services department provided documentation supporting that on December 28, 2018, it submitted a draft budget to the Martin County School District for its review and comment. The final budget was submitted on January 28, 2019.

#### Observations and Recommendations

##### Observation (1)

None

#### Audit Objectives

The County Commission is responsible for establishing and implementing a system of internal controls designed to provide a reasonable assurance regarding the achievement of objective relating to operations, reporting and compliance.

The audit was initiated to address the following **objectives:**

1. Prepare a Statement of Activities;
2. Assess if the requirements of the Agreement were followed;
3. Assess if revenues are being allocated to offset the cost of maintenance; and,
4. Assess if expenditures charged are appropriate.

Internal Auditing is an “independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”<sup>1</sup>

### **Audit Scope**

The **scope** of this audit is from October 1, 2018 through September 30, 2019, the County’s fiscal year.

### **Audit Methodology**

Audit **procedures** included, but were not limited to:

1. Reviewing the Interlocal Agreement
2. Reviewing source documents maintained in the County’s financial system (Banner)
3. Reviewing the allocation of revenues and expenditures to the CBN
4. Interviewing County staff

The audit was planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our comments and conclusion based upon the audit objectives. This audit report is intended to provide management, and those charged with governance and oversight, with information to improve program performance and operations, reduce cost, facilitate decision making by parties with responsibility to oversee or initiate corrective action and contribute to public accountability. We believe that the evidence obtained provides a reasonable basis for our comments and conclusions based upon our stated objectives.

### **Acknowledgement**

Internal Audit staff would like to extend our appreciation to Information Technology Services department staff for the cooperation and courtesies extended to us in the completion of this report.

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<sup>1</sup> International Professional Practices Framework, definition of Internal Auditing.

ATTACHMENT A – Page 1

**Community Broadband Network**

**Statement of Activities**

For the Year Ended September 30, 2019

<b>Revenues</b>	
Community Broadband Network Access	57,912
Dark Fiber Lease	135,624
Interest Income	9,940
Total Revenues	<u>203,476</u>
<b>Expenditures</b>	
Professional Services - IT	37,808
Software Maintenance	6,280
County Labor Expenses	48,620
Total Expenses	<u>92,708</u>
<b>Excess of Revenues over Expenses</b>	<u>110,768</u>
<b>Other Financing Sources</b>	
Contribution by MCBocC	-
	<u>-</u>
<b>Net Change in Financial Position</b>	<u>110,768</u>
<b>Fund Balance Beginning</b>	476,999
<b>Fund Balance Ending</b>	<u>587,767</u>

ATTACHMENT A – Page 2

**Community Broadband Network**  
 Statement of Activities  
 For the Years Ended September 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>			
Community Broadband Network Access	58,288	57,912	57,912
Dark Fiber Lease	135,624	135,624	135,624
Insurance Settlement	10,625	-	-
Interest	2,312	4,740	9,940
<b>Total Revenues</b>	<u>206,849</u>	<u>198,276</u>	<u>203,476</u>
<b>Expenditures</b>			
Professional Services - IT	48,662	32,833	37,808
Repairs and Maintenance	3,075	-	-
Software Maintenance	5,340	6,280	6,280
Other - Non Capital Equipment	5,690	-	-
County Labor Expenses	54,604	55,145	48,620
Capital Outlay	13,030	-	-
<b>Total Expenses</b>	<u>130,401</u>	<u>94,258</u>	<u>92,708</u>
<b>Excess of Revenues over Expenses</b>	<u>76,448</u>	<u>104,018</u>	<u>110,768</u>
<b>Other Financing Sources (Uses)</b>			
Contribution by MCBocC	13,030	-	-
Contribution by MCSD	-	-	-
<b>Total Other Financing Sources</b>	<u>13,030</u>	<u>-</u>	<u>-</u>
<b>Net Change in Financial Position</b>	<u>89,478</u>	<u>104,018</u>	<u>110,768</u>
<b>Fund Balance Beginning</b>	283,503	372,981	476,999
<b>Fund Balance Ending</b>	<u>372,981</u>	<u>476,999</u>	<u>587,767</u>