



## Legislative Fiscal Bureau

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April 15, 2015

Joint Committee on Finance

Paper #621

### **Delete Uniform Chart of Accounts (Supreme Court)**

[LFB 2015-17 Budget Summary: Page 426, #5]

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#### **CURRENT LAW**

No later than May 15<sup>th</sup> of each year, counties must submit to the Director of State Courts information regarding the amount of actual circuit court costs that the county incurred in the previous calendar year and revenues collected or received by the circuit court in the previous calendar year. The information must be in accordance with the uniform chart of accounts created by the Director of State Courts Office. The Director of State Courts is authorized to audit the information and must annually report to the Governor and the Legislature regarding financial data gathered from the uniform chart of accounts. A county that fails to submit information under the uniform chart of accounts is not eligible to receive court support services payments for one year, or until the information is provided, whichever is earlier.

#### **GOVERNOR**

Delete the provision.

#### **DISCUSSION POINTS**

1. Under current law, in order to receive funding under the circuit court support payment program, counties are required to submit to the Director of State Courts information on cost data related to circuit court operations by May 15<sup>th</sup> of each year. The Director of State Courts has collected this information since 1995.
2. Prior to 2009, the data related to circuit court operations was not audited. As such, the Director of State Courts found the information to be not reliable or comparable due to differing and

inconsistent accounting practices for each county. Circuit court operations have historically been funded through a combination of state and county funding. In 2004, the Supreme Court's Planning and Policy Advisory Committee issued a report on court financing, including a recommendation to authorize the Director of State Courts to audit county cost data information. The report stated:

"While determining state expenditures for the circuit courts is relatively straightforward, determining county circuit court spending is problematic. Each county is organized differently, has differing definitions of what constitutes court services, provides varying levels of court services, and budgets and accounts for court costs differently."

3. The uniform chart of accounts provision was created under the 2007-09 biennial budget bill in order to address the inconsistencies in county-reported data. Counties began utilizing the uniform chart of accounts in 2008, with the Director of State Courts Office beginning to audit information in 2009. The Director of State Courts Office has completed audits on all the counties, with plans to begin new audits in 2015, and continues to work with counties on inconsistencies in the reporting of county financial data and staff. For example, some counties did not include family court counseling in their court operation expenditures, and some counties reported the net amount of their revenues and expenditures, rather than reporting revenues and expenditures separately.

4. Under the provision to consolidate several state programs supporting circuit court costs, the bill would delete both the requirement of counties to report circuit court costs to the Director of State Courts under the uniform chart of accounts, as well as the Director of State Courts' authority to audit the information and submit a report to the Governor and Legislature on those costs.

5. If the reporting and auditing provision were deleted, it is unclear whether or not the Director of State Courts Office would have the authority to continue collecting and auditing county data on circuit court costs. Without a centralized collection of information on county costs of circuit court operations, the state would no longer receive reliable data on county circuit court costs. To avoid the potential loss of this information and make clear the legislative intent is to continue collecting and auditing the data, the Committee may wish to retain the provision requiring counties to report circuit court costs in order to receive circuit court payments from the state, and authorizing the Director of State Courts to audit the data. [Alternative 3]

6. The provision related to consolidating state programs supporting counties circuit court costs is addressed in a separate budget paper under the Circuit Courts. Under Alternative 3, counties would continue to be required to report cost data in order to receive funding under either the circuit court support payment program (current law) or under the new consolidated payment program (under the bill).

7. It should be noted that if the Committee were to approve the Governor's recommendation to delete the reporting and auditing requirement, the Committee may also wish to delete the auditor position in the Director of State Courts Office associated with the uniform chart of accounts. [Alternative 2] Duties and responsibilities of the auditor include: (a) developing and implementing accounting guidelines for use by county circuit court clerks; (b) monitoring and auditing county financial reports submitted to the Director of State Courts Office; (c) performing

field audits on a rotating cycle; (d) maintaining county financial data; and (e) drafting and submitting annual reports to the Governor and Legislature regarding the financial data. Funding for the position is \$70,500 GPR annually.

## **ALTERNATIVES**

1. Approve the Governor's recommendation to delete the provision: (a) requiring counties to submit information to the Director of State Courts on the amount of actual circuit court costs in accordance with the uniform chart of accounts; and (b) authorizing the Director of State Courts to audit the information and annually report to the Governor and the Legislature regarding financial data gathered from the uniform chart of accounts.

2. Approve the Governor's recommendation, and additionally delete \$70,500 GPR and 1.0 GPR position annually in the Director of State Courts Office associated with collecting, auditing and reporting on county-reported financial data.

<b>ALT 2</b>	<b>Change to Bill</b>	
	Funding	Positions
GPR	- \$141,000	- 1.00

3. Delete the provision and maintain current law requiring counties to report circuit court costs to the Director of State Courts in accordance with the uniform chart of accounts. As under current law, a county that fails to submit information under the uniform chart of accounts would not be eligible to receive funding under state circuit court payment programs. Further, maintain current law that the Director of State Courts is authorized to audit the information and must annually report to the Governor and the Legislature regarding financial data gathered.

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