

**TOWN OF EHRHARDT MUNICIPAL COURT
EHRHARDT, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2016

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**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

June 13, 2017

The Honorable Joseph T. Coleman, Chief Judge
Ms. Teresa A. Smith, Town Clerk/Treasurer
Town of Ehrhardt Municipal Court
Ehrhardt, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the Town of Ehrhardt Municipal Court System as of and for the year ended June 30, 2016, was issued by Steven L. Blake, CPA, 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,

A handwritten signature in blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/cwc

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 13, 2017

The Honorable Joseph T. Coleman., Chief Judge
Ms. Teresa A. Smith, Town Clerk/Treasurer
Town of Ehrhardt Municipal Court
Ehrhardt, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Ehrhardt Municipal Court, solely to assist you in evaluating the performance of the Town of Ehrhardt Municipal Court for the period July 1, 2015 through June 30, 2016, in the areas addressed. The Town of Ehrhardt Municipal Court is responsible for its financial records, internal controls and compliance with State laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor and the Town of Ehrhardt Municipal Court. Consequently, I 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 the associated findings are as follows:

1. Calculation of Over/(Under) Reported Amounts

- I obtained the analysis of the Non-Resident Violator Compact [**NRVC**] fees provided by the Town for the 36 months ended June 30, 2016 and I recalculated the assessment and surcharge allocations that would have been done on the non-assessed fines for the period after removing the NRVC fees. I also determined, based on this analysis, duplicate ticket numbers had been included incorrectly in the original calculation. I recalculated the amount under reported by the municipality by category for the period based on this analysis.

The results of my procedures disclosed that the municipality under reported amounts due to the State and Victim Assistance Fund as shown in the revised schedule. My finding as a result of these procedures and the revised schedule is presented in Under Reported Amounts in the Accountant's Comments section of this report.

The Honorable Joseph T. Coleman., Chief Judge
Ms. Teresa A. Smith, Town Clerk/Treasurer
Town of Ehrhardt Municipal Court
June 13, 2017

I was 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 June 30, 2016 and, furthermore, I was not engaged to express an opinion on the effectiveness of internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Town of Ehrhardt Council, Town of Ehrhardt Clerk of Court, Town of Ehrhardt Treasurer, State Treasurer, State Office of Victim Assistance, the Chief Justice, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Steven L. Blake, CPA

ACCOUNTANT'S COMMENTS

VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations governing court collections and remittances. The procedures agreed to by the entity require that I plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

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

UNDER REPORTED AMOUNTS

As reported in the finding *Assessing Surcharges and Fees on Local Ordinances* in the initial report dated November 8, 2016, the Town had a policy of not assessing fees and surcharges on local ordinance violations. I requested and obtained a summary schedule of court collections since court was reinstated in 2013. Based on the tests performed, which included determining the type of violations subject to the collection, the ratio of the fine amount to the assessments and surcharges and the application of those ratios by calculation to the summary schedule total for collections, I initially determined the Town underreported the following cumulative amounts for the 36-month period ended June 30, 2016:

ORIGINAL SCHEDULE

| STRRF LINE | DESCRIPTION | |
|------------------------------|---|--------------------|
| K. | Municipal Law Enforcement Surcharge - \$25 per case | \$ 25,750.00 |
| KA. | Municipal Criminal Justice Surcharge - \$5 | 5,150.00 |
| L. | Municipal Court -107.5% | <u>42,934.72</u> |
| M. | TOTAL REVENUE DUE TO STATE TREASURER | <u>73,834.72</u> |
| MUNICIPAL VICTIM FUND | | |
| N. | Assessments - Municipal -107.5% | 5,393.42 |
| O. | Surcharges -Municipal | <u>1,300.00</u> |
| P. | TOTAL RETAINED FOR VICTIM SERVICES | \$ <u>6,693.42</u> |

REVISED SCHEDULE

| STRRF LINE | DESCRIPTION | |
|------------------------------|---|--------------------|
| K. | Municipal Law Enforcement Surcharge - \$25 per case | \$ 25,325.00 |
| KA. | Municipal Criminal Justice Surcharge - \$5 | 5,065.00 |
| L. | Municipal Court -107.5% | <u>42,842.67</u> |
| M. | TOTAL REVENUE DUE TO STATE TREASURER | <u>73,232.67</u> |
| MUNICIPAL VICTIM FUND | | |
| N. | Assessments - Municipal -107.5% | 5,381.86 |
| O. | Surcharges -Municipal | <u>1,250.00</u> |
| P. | TOTAL RETAINED FOR VICTIM SERVICES | \$ <u>6,631.86</u> |

TOTAL REDUCTIONS SCHEDULE

| STRRF LINE | DESCRIPTION | |
|-----------------------|---|-----------------|
| K. | Municipal Law Enforcement Surcharge - \$25 per case | \$ 425.00 |
| KA. | Municipal Criminal Justice Surcharge - \$5 | 85.00 |
| L. | Municipal Court -107.5% | <u>92.05</u> |
| M. | TOTAL REDUCTION IN DUE TO STATE TREASURER | <u>602.05</u> |
| | MUNICIPAL VICTIM FUND | |
| N. | Assessments - Municipal -107.5% | 11.56 |
| O. | Surcharges –Municipal | <u>50.00</u> |
| P. | TOTAL REDUCTION FOR VICTIM SERVICES | \$ <u>61.56</u> |

MUNICIPALITY'S RESPONSE

The management of the Town of Ehrhardt has been provided a copy of the findings identified in the Accountant's Comments Section of this report and has elected not to provide a written response to the findings.