

CITY OF WALHALLA MUNICIPAL COURT
WALHALLA, SOUTH CAROLINA

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

For the Year Ended June 30, 2020



May 24, 2021

The Honorable Clinton D. Singleton, Chief Judge
Ms. Kelly Smith, Clerk/Treasurer
City of Walhalla Municipal Court
Walhalla, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the City of Walhalla Municipal Court System as of and for the period July 1, 2019 through June 30, 2020, was issued by The Hobbs Group, P.A., 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,

George L. Kennedy, III, CPA
State Auditor

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

May 24, 2021

Mr. George L. Kennedy, III, CPA
State Auditor
State of South Carolina
Columbia, South Carolina

The Honorable Clinton D. Singleton, Chief Judge
Ms. Kelly Smith, Clerk/Treasurer
City of Walhalla Municipal Court
Walhalla, South Carolina

We have performed the procedures described below on the systems, processes, and behaviors related to financial activity of the City of Walhalla Municipal Court (the "City") for the period July 1, 2019 through June 30, 2020, in the areas addressed. The City is responsible for the systems, processes and behaviors related to financial activity.

The South Carolina Office of the State Auditor has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the systems, processes, and behaviors related to financial activity for the period July 1, 2019 through June 30, 2020. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. Clerk of Court

- We obtained the court dockets or equivalents from the Clerk of Court. We randomly selected 25 cases from the court dockets and recalculated the fine, fee, assessment and surcharge calculation to confirm that the fine, fee assessment and surcharge were properly allocated in accordance with applicable State law and the South Carolina Court Administration fee memoranda.
- We randomly selected 25 court receipt transactions to confirm that the fine, fee, assessment and surcharge adhered to State law and the South Carolina Court Administration fee memoranda and that the receipts were allocated in accordance with applicable State law.

Findings -- Installment Payments

There were four instances in which the City's court software did not allocate installment payments on a pro rata basis in accordance with State law. Section 14-1-209 of the 1976 South Carolina Code of Laws, as amended, provides guidance when the fine and assessment are paid in installments.

There were four instances in which the City did not charge an installment fee for payments made on installment. The South Carolina Court Administration fee memorandum dated July 8, 2019, states, "The intent of Section 14-1-209(B) is that each installment payment be allocated on a pro rata basis to each applicable fine, assessment, and surcharge.

Management Response: The Clerk of Court has only been in her role for approximately a year and is still learning all of the duties required from the prior Clerk of Court. The installment fee charge shows up in the ticket system as a box that has to be manually checked in order to be charged for the ticket being assessed. Data entry is only as good as the person entering it. The Clerk of Court was not aware that this box needed to be checked for part of the year. She was notified by the Judge of the City to check the box when individuals are paying in multiple payments on tickets.

2. City Treasurer

- We inspected all monthly court remittance forms or equivalents to confirm that the forms were completed in accordance with instructions and submitted timely in accordance with State law.
- We agreed the amounts reported on the monthly remittance forms or equivalents to the City's support.
- We inspected the City's support to confirm that the City properly classified fine, fee, assessment, and surcharge receipts.
- We inspected all State Treasurer's Revenue Remittance Forms ("STRRF") for the period July 1, 2019 through June 30, 2020 and agreed the amounts reported on the STRRF to the court remittance forms or equivalents.

Finding -- Adherence to Amounts Reported on Remittance Forms

Certain amounts reported per the STRRF for the month of March 2020 did not agree to underlying support. The STRRF reported \$4,198.09 and \$527.36 for Line L – Municipal – 107.5% and Line N – Assessments – Municipal, respectively. The amounts per the court software for these line items states \$4,102.59 and \$515.36 for Line L and Line N, respectively, should have been reported. In addition, the amount transferred to the victim services fund was not transferred correctly as a result of this error. See the finding under procedure number 5 for amounts over/under reported in the STRRF.

Management Response: We have discussed with staff the need to properly report and transfer funds as required.

3. Victim Assistance

- We made inquiries and confirmed that any funds retained by the City for victim assistance were deposited into a separate account.

- The City did not spend any victim assistance funds during the year; therefore, we did not select any expenditures to confirm that the City expended victim assistance funds in accordance with State law and the South Carolina Court Administration fee memoranda.
- We inspected the City's victim assistance account to confirm the Victim Assistance fund balance was retained as of July 1 from the previous fiscal year in accordance with State law.

Finding -- Victims Service Funds Carryforward Balance

The City did not remit a portion of its carryforward victims assistance fund balance of \$69,518 to the State Victim Assistance Program until March 2021. The State Victim's Assistance Program requires the funds to be sent 120 days after the City's fiscal year end. Per Proviso 59.15 of the fiscal year 2020 Appropriation Act, effective July 1, 2019, a municipality can retain carry forward funds that were collected, but no more than \$25,000 or 10% of funds collected in the prior fiscal year, whichever is higher. If a municipality does not spend at least 90% of the funds collected, then the municipality has to remit any unspent funds that are greater than the allowed carry forward funds, regardless of the year collected, to the State Victims Assistance Program.

Management Response: The City remitted the Victims Service Funds subsequent to the 2020 fiscal year end. Going forward, the City will ensure the carryforward balance is under the required \$25,000. Excess funds will be remitted to the State victims Assistance Program, accordingly.

4. Uniform Schedule of Court Fines, Assessments and Surcharges

- We agreed amounts reported by the City on its Uniform Schedule of Court Fines, Assessments and Surcharges, as reported in the annual financial statement audit, for the period July 1, 2019 through June 30, 2020, to the City's general ledger.
- We inspected the City's Uniform Schedule of Court Fines, Assessments and Surcharges, as reported in the annual financial statement audit, to confirm that it contained all the elements required by the South Carolina Code of Laws Section 14-1-208.

Finding -- Audited Supplementary Schedule

Certain amounts reported on the Uniform Schedule of Court Fines, Assessments and Surcharges did not agree to supporting records. The City reported \$2,451 in Victim Service Assessments Retained by City Treasurer when the amount should have been \$2,336. The City also reported \$4,982 in Victim Service Surcharges Retained by City Treasurer when the amount should have been \$5,097.

Management Response: We will meet with our auditors to discuss the necessary changes that will need to be made for future audits.

5. Calculation of Over/(Under) Reported Amounts

- We inspected copies of monthly STRRF for the twelve-month period ended June 30, 2020, which the City prepared and submitted to the South Carolina Office of the State Treasurer. We calculated the amount over/(under) reported by the City by category.

Finding -- Differences in Amounts Reported per State Revenue Remittance Form

The amounts over/(under) reported, by STRRF line item is listed in the schedule below:

<u>STRRF Line</u>	<u>Description</u>	<u>Amount</u>
L.	Municipal – 107.5%	\$ 95.50
N.	Assessments - Municipal	\$ 12.00

Management Response: We have discussed with staff the need to properly report and transfer funds as required.

We were engaged by the South Carolina Office of the State Auditor to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes, and behaviors related to financial activity of the City for the period July 1, 2019 through June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 City of Walhalla Municipal Council, the Clerk of Court, City Treasurer, State Treasurer, South Carolina Department of Crime Victim Compensation, and the Chief Justice and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

The Hobbs Group, P.A.
Columbia, South Carolina

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