

**DENMARK MUNICIPAL COURT
DENMARK, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT
JUNE 30, 2022**

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April 3, 2023

The Honorable James A. Spellman, Chief Judge
Ms. Barbara Williams, Clerk of Court
City of Denmark Municipal Court
Mr. Rusty Munoz, Finance Director
Denmark, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the City of Denmark Municipal Court System as of and for the period July 1, 2021 through June 30, 2022, 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,

George L. Kennedy, III, CPA
State Auditor

GLKIII/trb

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

April 3, 2023

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

The Honorable James A. Spellman, Chief Judge
Ms. Barbara Williams, Clerk of Court
City of Denmark Municipal Court
Mr. Rusty Munoz, Finance Director
Denmark, South Carolina

I have performed the procedures described below on the systems, processes, and behaviors related to financial activity of the City of Denmark and the Denmark Municipal Court for the period July 1, 2021 through June 30, 2022, in the areas addressed. The City of Denmark (the City) and the Denmark Municipal Court (the Court) are 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, 2021 through June 30, 2022. 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**

- I obtained the court dockets or equivalents from the Clerk of Court. I judgmentally 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.

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- I inspected the court receipt transactions for the above cases to confirm that the fine, fee, assessment and surcharges assessed adhered to State law and the South Carolina Court Administration fee memoranda and that the receipts were allocated in accordance with applicable State law.

Installment Fee

I noted two instances where fines were paid in installments but the three percent fee was not charged. I noted another instance where the fine was not paid in installments but the fee was charged. Section 14-17-725 of the South Carolina Code of Laws states, "...where criminal fines, assessments, or restitution payments are paid through installments, a collection cost charge of three percent of the payment also must be collected by the clerk of court, magistrate, or municipal court from the defendant..." .

City of Denmark Response: We were training a new clerk during this time who was not familiar with the procedure for charging the three percent installment fee. This has been corrected going forward.

2. City Treasurer

- I 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.
 - I compared and agreed the amounts reported on the monthly remittance forms or equivalents to the City's support.
 - I inspected the City's support to confirm that the City properly classified fine, fee, assessment, and surcharge receipts.
 - I inspected all State Treasurer's Revenue Remittance Forms [**STRRF**] for the period July 1, 2021 through June 30, 2022 and agreed the amounts reported on the STRRF to the court remittance forms or equivalents.

There were no findings as a result of these procedures.

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3. Victim Assistance

- I made inquiries and confirmed that any funds retained by the City for victim assistance were deposited into a separate account.
- I selected all expenditures to confirm that the City expended victim assistance funds in accordance with State law and the South Carolina Court Administration fee memoranda, Attachment L.
- I inspected the City's Victim Assistance account to confirm the Victim Assistance fund balance was retained as of July 1 in the next fiscal year in accordance with State law.

General Ledger Balances

According to the general ledger, the victim assistance fund has a cash account balance of \$3,463 and a due to the general fund loan balance of approximately \$19,429, neither of which are documented in the Uniform Schedule [See Procedure 4 below] The City has been using the revenue collected each year as a payment on the loan balance. This specific use of the revenues collected is not in compliance with State law or Attachment L.

City of Denmark Response:

The City has stabilized the fund cash balance at approximately \$3,500 so that bank charges will not further erode the fund balance. The City has also formalized an interest-free loan from the City to the fund for the remainder of the deficit.

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4. Uniform Schedule of Court Fines, Assessments and Surcharges

- I agreed the 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, 2021 through June 30, 2022, to the City's general ledger.
- I 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 South Carolina Code of Laws Section 14-1-208.

Uniform Schedule

The City's Uniform Schedule [**the Schedule**] in the audit report for the year ended June 30, 2022 was not in accordance with State law. The Schedule was not in the proscribed format, and it did not contain any fund balance roll over information either regarding the bank balance or the fund deficit balance. In addition, the Schedule did not document how the revenues were expended. In addition to this, the auditors' opinion did not have the required generally accepted auditing standards opinion issued on the Schedule.

City of Denmark Response: The City has informed their external auditor of the need for the proscribed format as well as the correct information being included.

I was engaged by the South Carolina Office of the State Auditor to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes, and behaviors related to financial activity of the City of Denmark Municipal Court for the period July 1, 2021 through June 30, 2022. Accordingly, I do not express an opinion or conclusion.

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Had I performed additional procedures other matters might have come to my attention that would have been reported to you.

I am required to be independent of the City of Denmark Municipal Court and to meet my ethical responsibilities in accordance with the relevant ethical requirements related to my 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 Denmark Municipal Council, Denmark Municipal Court, Denmark Municipal Treasurer, State Treasurer, 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.

Steven L. Blake, CPA