Audit Committee Meeting
Minutes for Tuesday, December 13, 2022 at 8:30 AM
Evans Government Center Auditorium, Evans, Georgia

Present at the meeting included:

Connie M. Melear, Chairman
Donald Skinner, Sr., Vice Chairman
Gary L. Richardson, Member
Dewey G. Galeas, Member
Douglas R. Duncan, Jr., Member
County Manager Scott Johnson
Deputy County Manager Glenn Kennedy
Deputy County Manager Matt Schlachter
County Clerk Patrice R. Crawley

Division Directors:
Leanne Reece - Internal Services
John Luton – Community & Leisure Services
Kyle Titus - Engineering Services
Scott Sterling - Planning Services
Michael Blanchard - Technology Services
Paul Scarbary – Development Services
Stacey Gordon – Water Utility Services
County Staff

Members of the Media and Public

A. CALL TO ORDER
Chairman Melear called the meeting to order at 8:30 a.m.

B. INVOCATION
Chairman Melear gave the invocation.

C. PLEDGE OF ALLEGIANCE
Chairman Melear led the Pledge of Allegiance to the flag.

D. ROLL CALL / QUORUM
Chairman Melear declared a quorum with five members present.

E. APPROVAL OF THE MINUTES OF PREVIOUS MEETING

(E1) September 13, 2022
Member Duncan made a motion to approve the minutes from the September 13, 2022 Audit Committee meeting. Vice Chairman Skinner seconded the motion. The motion carried unanimously.

F. APPROVAL OF THE AGENDA
Chairman Melear presented the agenda.

G. DEBATE AGENDA

(G1) New Business

(G1a) Management Services

(G1a1) Fiscal Year 2021/2022 Audit Results Summary
Ms. Bonnie Cox with Cherry Bekaert gave Fiscal Year 2021/2022 Audit Results Summary to the committee.

(G1a2) Draft Reports
John Snider from Serotta Maddocks Evans & Company presented the committee with the following draft

reports: Clerk of Courts and Streetlights Fund

Each of the draft reports are attached to the minutes.

(G1a2) Internal Audit Update
Mr. Snider stated that audits have started or are due for Sheriff's Office and Detention Center.

H. COMMISSIONERS' AND PUBLIC COMMENTS AND PARTICIPATION

I. EXECUTIVE SESSION

J. ADJOURNMENT
Chairman Melear adjourned the meeting at 9:11 a.m.

Signature on File	Signature on File
Connie M. Melear, Chairman	Patrice R. Crawley, County Clerk

COLUMBIA COUNTY, GEORGIA
CLERK OF COURTS
INTERNAL AUDIT

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Michelle Bennett, CPA
Rick L. Evans, CPA
E.J. Maddocks, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA
Abram J. Serotta, CPA
Joel R. Stewart, CPA
Andrea Usry, CPA
David Ussery, CPA
Paul Wade, CPA

Members of Audit Committee
Board of Commissioners
Columbia County
Evans, Georgia

We have performed consulting services for Columbia County (the "County") relating to the evaluation of certain internal controls and operating procedures of the Clerk of Courts' collection of fees and the submission of those fees to the appropriate recipient along with various other general operating policies and procedures. the County's management is responsible for the Clerk of Courts' accounting records, internal controls, and operating procedures. The evaluation procedures were those approved by the County. Our analysis and report do not include evaluating all internal controls over the Office of the Clerk of Court.

The sufficiency of these procedures is solely the responsibility of the Audit Committee and management of the County. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures, results, and recommendations are outlined throughout this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the financial statements, or an element of a financial statement. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Audit Committee and management of the County and should not be used by anyone other than the specified parties.

We would be pleased to review these and any other matters further with you.

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPA'S

Augusta, Georgia
December 13, 2022

AUDIT OBJECTIVES

Our audit objectives were designed to:

- Obtain an understanding of the County's internal control system of the Clerk of Courts Office for operations including:
    - Collection of fees;
    - Disbursement of fees collected; and
    - Other daily operations.
- Design and execute tests of the policies and procedures for purchase requisitions/orders, purchase card transactions, and timesheets for employees.
- Determine if there are adequate controls to provide reasonable assurance that the County's assets are being properly safeguarded, and errors or irregularities can be prevented or detected in a timely manner.
- Make recommendations to the County based upon our understanding of the internal control system and as a result of our testing of those internal controls.

SCOPE

Our audit scope was limited to the Clerk of Courts Office and internal controls relating to collection of fees, disbursement of those fees, daily operations, safeguarding of funds and adherence to policies and procedures. The internal audit focused primarily on the time period of July 1, 2021 to June 30, 2022, but certain analyses were performed outside of that time period. The specific scopes and time frames of testing are stated within the procedures and results section of this report, as identified in the table of contents.

The Clerk of Courts handles the collection of fees for the Superior and Juvenile Courts of Columbia County. Our testing focused on the following areas:

- Collection of fees;
- Disbursement of fees collected;
- Expenditures including purchase requisitions/orders and purchase card transactions; and
- Other operational items, such as bank reconciliations and timesheets for employees.

METHODOLOGY

Our audit methodology included identification, evaluation, and testing of internal controls as they relate to the areas identified in the scope above. General audit procedures included:

- Interviewing Clerk of Courts Office personnel;
- Observing operations and conducting walk-through interviews; and,
- Testing documentation, such as receipts, deposits, general ledger entries and data, and any other applicable data.

CHANGE FUND AND CASH BAGS

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

CASH COLLECTIONS

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

CASH REMITTANCES

- We noted that remittances tested agreed to the ICON system reports. We noted the remittances were processed timely, paid to the appropriate entity in the proper amount, and were properly approved.

EXCESS CASH CALCULATIONS

- We noted no exceptions in our testing and observation of the internal control procedures identified by management.

BANK RECONCILIATIONS

- We noted the bank reconciliations were properly reconciled for the month of December 2021. We noted four accounts have outstanding checks listed on the bank reconciliation that were over 5 years old and two accounts with deposits outstanding over 30 days old.

PURCHASE REQUISITIONS

- We noted no exceptions in our testing and observation of the internal control procedures related to purchase requisitions.

PURCHASE CARD TRANSACTIONS

- We noted no exceptions in our testing and observation of the internal control procedures related to purchase cards.

EMPLOYEE TIMESHEETS

- We noted no exceptions in our testing and observation of the internal control procedures related to timesheets.

GENERAL INQUIRIES AND OBSERVATIONS

- We noted no concerns in our testing and observation of general inquiries and observations.
- During general discussions and inquiries, the following department concerns were shared by staff;
  - The desire for ICON training for accounting staff to improve efficiency in using the program

CHANGE FUND AND CASH BAGS

Background and Procedures

The Clerk of Courts has $450 of cash on hand. Cash on hand is comprised of cash bags for the front counter clerks and the change fund. The Clerk of Courts has six cash bags used by the front clerks that always maintain $50. The Clerk of Courts also maintains change funds of $150. These change funds are secured in the locked fireproof file cabinet in the Bookkeeper's office unless in use.

The locked fireproof file cabinet is located in the office of the Bookkeeper. The file cabinet is secured by a key that the bookkeeper has possession of during the workday and then secures in the Chief Deputy Clerk's locked file cabinet after hours. Each front clerk has a locked cash bag which they have possession of the key for at all times. The file cabinet is where the front clerks secure their cash bags overnight. Cash bags remain secured at the workstation when each clerk is at lunch. At the end of each day, each clerk completes the Daily Deposit Log Verification detailing the amount of checks and cash they collected by type. The bookkeeper reconciles the cash and checks collected to the clerk's receipt reports at the end of each day in the presence of each front counter clerk and initials the Daily Deposit Log Verification. The receipts for the day are prepared for deposit and stored in a locked fireproof file cabinet in the Bookkeeper's office. After counting all of the cash bags, the funds for deposit are placed into the locked file cabinet. The bookkeeper does not have access to spare keys for the cash bags.

Testing

We observed the Deputy Clerk verify the cash bags and the change fund on the day of fieldwork, November 22, 2022.

Results

On November 22, 2022, we observed the Deputy Clerk count the cash bags, we counted the change fund, and the results are as follows:

Change Fund

We noted there were cash funds of $150 on hand. We noted no exceptions with the change fund.

Cash Bags

Cash Bag #1

SME was not able to observe this bag being counted as the clerk works part time and completed end of the day reconciliation procedures while SME auditors were away from the Clerk of Courts Office.

Cash Bag #2

SME was not able to observe this bag being counted as the clerk was out of the office on the day of fieldwork. SME observed this clerk's cash bag was locked and stored in the bookkeeper's file cabinet.

Cash Bag #3

SME noted no exceptions with the cash bag 3 count. We noted there was $70 in cash funds in the cash bag and $0 in checks; $50 cash change and $20 in cash receipts for the day.

Cash Bag #4

SME noted no exceptions with the cash bag 4 count. We noted there was $389 in cash funds in the cash bag and $0 in checks; $50 cash change and $339 in cash receipts for the day.

CHANGE FUND AND CASH BAGS (continued)

Cash Bag #5
SME noted no exceptions with the cash bag 5 count. We noted there was $350 in cash funds in the cash bag and $0 in checks; $50 cash change and $300 in cash receipts for the day.

Cash Bag #6
SME noted no exceptions with the cash bag 6 count. We noted there was $273.50 in cash funds in the cash bag and $6 in checks; $50 cash change and $223.50 in cash receipts for the day.

Based on our observations, it appears that procedures are in place to safeguard cash bags and change funds of the Clerk of Courts Office.

CASH COLLECTION PROCEDURES

Background and Procedures
There are two collection points within the Clerk of Courts Office where cash receipts are handled. These are the front counter clerks and the Real Estate area. On a daily basis, a member of the accounting staff processes the deposit. The deposit consists of the previous day's collections. Checks are deposited through an automatic check reader machine. Cash is taken to the bank for deposit by a staff member of the Clerk of Courts Office along with a police escort. Daily reports for each clerk, the summary report, and deposit information are filed together and entered weekly into the accounting system. Once entered into the accounting system, the Deputy Clerk files the paperwork by date.

Testing
We obtained the July 2021, December 2021, and August 2022 deposit detail from the ICON general ledgers, respectively. From the detail, we selected five (5) deposits from each month for testing. For the deposits selected, we tested the following:

- The deposit amount in the ICON general ledger agreed to the validated deposit slip or remote deposit notification;
- The summary "count log" for that day agreed to the amount of the deposit;
- The amount per the deposit slip agreed to the bank statement;
- Each Clerk's ICON Report agreed to the summary "count log"; and,
- Each Clerk's ICON Report agreed to the breakdown in the summary ICON Report for each entity that is to receive funds collected.

Results
We noted no exceptions to the deposits we tested.

CASH REMITTANCE PROCEDURES

Background and Procedures

Each month, the Bookkeeper uses the ICON Account Management System to generate the remittances. The forms used or required by the entities are within the ICON Account Management System. The ICON Account Management System automatically completes the forms based on how the funds were receipted into the system at the time of collection. There are a couple of forms relating to the remittances for the retirement fund entities that have to be processed by the Bookkeeper. These are not automatically completed correctly by the ICON Account Management System. The Bookkeeper then uses ICON to process the remittances. Once the remittances are cut, the Bookkeeper reconciles each bank account within ICON.

The remittances are usually processed by the Bookkeeper by the 10th of the subsequent month. All remittances are processed and disbursed by check. The Clerk of Court's Office does not have any wire transfers for remittances.

For the Clerk of Court's Office, there are several entities that receive funds collected by the Clerk of Court's Office. The three accounts used to process these remittances are the criminal account, the general account, and the juvenile account. There are various entities to whom these funds are due. To whom the funds are due is based on the type of collections received by the Clerk of Court for that time period.

Testing

We obtained the month end report of receipts for December 2021 and June 2022. We noted that these amounts agreed to the remittance forms generated by the ICON Management System, in total and per remittance recipient. We also noted that the remittance checks agreed to the ICON Management Report and each check was signed and approved by the Clerk of Courts. We performed these procedures for the following accounts:

- The Criminal Account
- The Juvenile Account
- The General Account

Results

We noted no exceptions in testing cash remittance procedures. We noted the following for the months of December 2021 and June 2022:

- Remittance checks agreed materially to the ICON Reports.
- Remittance check payee/entity agreed to the payee/entity on the ICON Reports.
- Remittance checks were signed and approved by the Clerk of Court.
- From copies of the cancelled checks, we noted remittance checks to the various entities cleared the bank account for the appropriate amount and within a reasonable amount of time from the date of the check.

EXCESS CASH CALCULATIONS

Background and Procedures

Fiduciary custodial funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained in the bank.

Testing

In order to address the proper collection and remittance procedures for the various custodial funds, we calculated the cash balances on hand at the Clerk of Courts Office at December 31, 2021. We then determined whether the balances were related to excess cash, funds held for future court orders, or potential errors in processing

Results

The fiduciary custodial funds had immaterial balances that were not fully reconcilable as of December 31, 2021. The following table summarizes the excess cash per account noted during testing.

	Accounts With Current Activity			
	General Account	Criminal Account	Juvenile Account	Net Excess Cash
Unreconciled amount at December 31, 2021	$ 43	$ 2,083	$ (1,884)	$ 242

BANK RECONCILIATIONS

Background and Procedures

At the end of each month, the Accounting Clerk for the Clerk of Courts reconciles each bank account using the ICON general ledger system.

Testing

We obtained bank reconciliations for all accounts for the month of December 2021. We tested the bank reconciliations for the following:

- The bank balance on the reconciliation agrees to the ending balance per the bank statement for each account;
- The reconciled bank balance on the reconciliation agrees to the trial balance amount for each period;
- The bank reconciliation is accurate (i.e., the reconciliation foots and cross foots);
- There is visible evidence of management's review of the reconciliation each month; and,
- Whether any old outstanding deposits or checks were present.

BANK RECONCILIATIONS (continued)

Results

Management asserts that bank statements and bank reconciliations are reviewed for accuracy on a regular basis. All accounts tested showed evidence of review.

As of December 31, 2021, we noted four accounts with outstanding checks over 5 years old. Below is a list of bank accounts with the total amount of outstanding checks over 5 years old and total number of aged outstanding checks.

Account Name	Total Amount of Aged Outstanding Checks	Total Number of Aged Outstanding Checks
Criminal Account - South State Bank	$ 3,085.41	10
Special Account - Cadence Bank	282.00	5
Garnishment Account - South State Bank	1,151.52	3
Juvenile Account - South State Bank	21.00	1

As of December 31, 2021, we noted two accounts with outstanding deposits over 30 days old. Below is a list of bank accounts with outstanding deposits over 30 days old and date of the outstanding deposit.

Account Name	Amount of Aged Outstanding Deposit	Date of Aged Outstanding Deposit
Real Estate Account - South State Bank	$26,948.50	10/10/2019
Real Estate Account - South State Bank	7.00	10/21/2020
Real Estate Account - South State Bank	21.00	11/19/2020
Real Estate Account - South State Bank	1,440.00	11/25/2020
Real Estate Account - South State Bank	650.00	12/1/2020
Real Estate Account - South State Bank	28.00	9/16/2021
Real Estate Account - South State Bank	20,493.80	9/20/2021
Real Estate Account - South State Bank	31.00	9/24/2021
Real Estate Account - South State Bank	6,647.00	10/21/2021
Real Estate Account - South State Bank	75.00	11/22/2021
Real Estate Account - South State Bank	25.00	11/23/2021
Real Estate Account - South State Bank	75.00	11/24/2021
Garnishment Account – South State Bank	3,868.05	10/31/2017
Garnishment Account – South State Bank	62.03	10/31/2017
Garnishment Account – South State Bank	62.03	10/31/2017
Garnishment Account – South State Bank	683.74	10/31/2017
Garnishment Account – South State Bank	1,497.68	10/31/2017
Garnishment Account – South State Bank	42.16	10/31/2017
Garnishment Account – South State Bank	1,200.10	10/31/2017
Garnishment Account – South State Bank	361.65	10/31/2019
Garnishment Account – South State Bank	1,649.86	10/31/2021
Garnishment Account – South State Bank	1,585.60	10/31/2021
Garnishment Account – South State Bank	139.65	10/31/2021
Garnishment Account – South State Bank	422.76	10/31/2021
Garnishment Account – South State Bank	485.95	10/31/2021

BANK RECONCILIATIONS (continued)

Recommendations

We recommend the Clerk of Courts Office continue to identify funds subject to unclaimed property regulations and to resolve handling next of kin claims. We also recommend that the Clerk of Courts clear old outstanding deposits from reconciliations.

Management Response

Clerk of Courts staff are aware of the requirements for remitting funds to the State as unclaimed property. The checks noted above have not been remitted to the State due to next of kin claims on the funds. The Clerk of Courts Office is currently working with the County Attorney to determine the correct handling of these funds. The aged outstanding deposits reflected on the bank reconciliation are due to errors in ICON stemming from the implementation of the ICON system and from a later update to ICON. A third party accountant has been hired to assist in cleaning up and the reconciliations and ICON has been consulted.

PURCHASE REQUISITIONS

Background and Procedures

All purchases up to $5,000 are allowed by employees authorized to purchase goods and services on behalf of the County. Invoices for these purchases require the approval signature of the employee's supervisor. Purchases between $5,000 and less than $25,000 require a quote sheet with three to five price quotations attached. Purchases over $25,000 require a request for proposal (RFP)/bid and are processed through the Procurement Department.

There are tiers established within Munis for the approval of purchase requisitions. The signature process is performed electronically in Munis. Each person must approve the purchase requisition before it can be converted into a purchase order by the Procurement Department and printed from the system.

The Clerk of Courts applies the following process for approval of expenditures using the purchase requisition/order process. The Deputy Clerk opens the mail. The Deputy Clerk provides all invoices to the Clerk of Courts or the Chief Deputy Clerk of Courts. Upon their review of invoices, an approval stamp is placed on the invoice and it is returned to the Deputy Clerk. The Deputy Clerk enters the invoice into Munis and obtains the purchase order. After the purchase order is received from the Procurement Department and written on the invoice by the Deputy Clerk, it is returned to the Clerk of Courts or the Chief Deputy Clerk of Courts to have their signature placed on the approval stamp.

The Clerk of Courts or Chief Deputy Clerk signs the invoice noting approval of the purchase. As soon as the approval signature is obtained, the Deputy Clerk makes a copy of the invoice and forwards a copy to the Finance Department for release of the check. The Deputy Clerk also logs the expense into the QuickBooks system in order to accurately track expenditures and remaining budget.

PURCHASE REQUISITIONS (continued)

Testing
We haphazardly selected sixteen purchase orders from the general ledger for the time period of January 1, 2021 to October 31, 2022. We examined the related purchase requisition and purchase order for proper approval. We observed proper documentation such as invoices, quotes, and competitive bids when applicable. We verified that the payment amount matched the payment due on the invoice. We verified the checks for proper amount and payee.

Results
We noted no exceptions in the testing of purchase requisitions. Controls for purchase requisitions appear to be functioning properly.

PURCHASE CARD TRANSACTIONS

Background and Procedures
The County has a purchase card program which is used to eliminate the need for small dollar purchase requisitions. The purchase card program utilizes the same dollar thresholds as the purchase requisition/order system along with the same approval process.

Purchase card transaction records are maintained electronically by Elan, a third-party payment processor. On a daily basis, the Procurement Department downloads a transaction record from Elan's website and imports the records into Munis. The expenses are initially recorded in Munis as uncategorized and maintained in a temporary holding account on the general ledger. When the transactions are imported into Munis, a designated individual within each department receives a notification that new transactions were entered that require coding and approval. At this point, the designated coders upload the receipts for each transaction and enter a line code corresponding with the nature of the expenditure. Once the receipts have been uploaded and all expenditures have been coded, the statement is released for approval by the cardholder's supervisor within Munis. On a biweekly basis, the Finance Department reconciles the charges back to a billing cycle statement provided by Elan and notifies the departments if there are any uncoded or unapproved transactions. Once all coded and approved charges have been reconciled to the statement, the purchase card transactions are posted to the general ledger as expenditures by the Finance Department Manager.

Testing
We obtained a listing of the staff members who were issued a purchase card from the Finance Department. We obtained purchase card statements for the following dates: February 2021, September 2021, November 2021, April 2022, and July 2022. For each statement selected, we observed the original receipts attached to the Statement Manager Report and noted management approval. We determined the charges were for County use. We further observed the line code for each of the expenditures was included on the Statement Manager Report.

Results
We noted no exceptions in the testing of purchase card transactions. Controls for purchase cards appear to be functioning properly.

EMPLOYEE TIMESHEETS

Background and Procedures
The Clerk of Courts is an elected official (constitutional officer); the Chief Deputy Clerk and the IT personnel are exempt employees and all other personnel are hourly employees (non-exempt). Non-exempt employees must complete a timesheet for each payroll cycle. Exempt employees do not have to complete a timesheet for each payroll cycle. Exempt employees are required to complete a leave request form and have the form approved if any leave is taken. The Clerk of Courts Office uses the county-wide timesheet to record time. The Clerk of Courts approves schedules and requests for time off. A member of the Accounting personnel compares all timesheets to the approved schedules and enters all timesheets into Munis for processing. There are no on-call employees for the Clerk of Courts Office.

Testing
We obtained the timesheets for non-exempt employees and any leave sheets approved for exempt employees for the payroll periods ending February 13, 2021, October 23, 2021, and August 27, 2022, from the Finance Department along with a copy of the payroll register. The payroll register is created from the timesheets. We verified that the payroll register agreed to the approved timesheet. We compared the payroll register to the direct deposit report or cancelled check to verify that the employee was paid the amount that was calculated from the hours on the timesheet.

Results
We noted no exceptions to the items selected for testing. Controls for timesheets appear to be functioning properly.

GENERAL INQUIRIES AND OBSERVATIONS

Background and Procedures
We made various inquiries and observations of the Clerk of Courts Office.

Testing
SME made the following inquiries of the Deputy Clerk:

- What types of bank accounts are maintained by the Clerk of Courts Office?
- Is online access to bank accounts available?
    - If so, who has access to the online accounts?
    - Are there any closed accounts or inactive accounts that are no longer used for which check stock is still available?
- What is the retention period for unclaimed funds (property) and how does the Clerk of Courts Office monitor for this?
- Are there any department concerns?

SME made the following observations:

- Determined the location of the check stock.
- Determined whether individuals had unique logins and passwords for the accounting programs.

<u>GENERAL INQUIRIES AND OBSERVATIONS</u> (continued)

<u>Results</u>

Per the Deputy Clerk, the Clerk of Courts Office maintains several checking accounts for the purpose of collecting and remitting certain types of funds. The accounting staff does not have online access to the Queensburgh bank account but can make remote deposits. The accounting staff does have online access to all other bank accounts. There are no inactive accounts, although there are a few accounts that have very little activity.

We observed the check stock and noted the check stock is maintained in a fireproof locked file cabinet. We did not observe check stock for any accounts of which we were unaware. We noted stock for all accounts we received statements and reconciliations for. We noted that each individual had a unique login and password for the QuickBooks and ICON Management programs.

Per discussion with the Deputy Clerk, the Clerk of Courts Office is required to maintain unclaimed funds for a period of five years. After this time, the Office sends a letter to the payee notifying them they have 90 days to respond and claim the funds. If a response is not received within this time the Clerk of Courts is required to turn the funds over to the State. The Clerk of Courts Office reviews each bank account monthly at the time of reconciliation to identify any outstanding checks that have been outstanding for five years. After the November 2017 ICON upgrade the program now automatically identifies funds that have met the unclaimed property criteria.

During discussions with staff of the Clerk of Courts Office, concerns were voiced regarding their desire for ICON training. They feel this would allow them to complete tasks in the program more efficiently.

COLUMBIA COUNTY, GEORGIA
STREET LIGHT FUND
INTERNAL AUDIT

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Members of Audit Committee
Board of Commissioners
Columbia County
Evans, Georgia

We have performed consulting services for Columbia County (the "County") relating to the evaluation of certain internal controls and operating procedures of the Street Light Fund. The County's management is responsible for the department's internal controls and operating procedures. The evaluation procedures were those approved by the County. Our analysis and report do not include evaluating all internal controls over the Street Light Fund.

The sufficiency of these procedures is solely the responsibility of the Audit Committee and management of the County. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures, results, and recommendations are outlined throughout this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the financial statements, or an element of a financial statement. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Audit Committee and management of the County and should not be used by anyone other than the specified parties.

We would be pleased to review these and any other matters further with you.

SEROTTA MADDOCKS EVANS & CO., CPA'S

Augusta, Georgia
December 13, 2022

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AUDIT OBJECTIVES

Our audit objectives were designed to:

- Obtain an understanding of the County's internal control system of the Street Light Fund relating to the approval of street light installations, assessment of both initial and recurring fees, collection of initial fees, disbursement of funds for both street light installation and annual utility costs thereafter and adherence to policies and procedures.
- Design and execute tests of the policies and procedures used for assessing fees and disbursing funds in the Street Light Fund.
- Determine if there are adequate controls to provide reasonable assurance that the County's assets are being properly safeguarded and errors or irregularities can be prevented or detected in a timely manner.
- Make recommendations to the County based upon our understanding of the internal control system and the results of our testing of those internal controls.

SCOPE

Our audit scope was limited to the Street Light Fund and internal controls relating to the approval, assessment, collection, and disbursement of funds and adherence to policies and procedures. The internal audit focused primarily on the period July 1, 2021 through June 30, 2022; but certain analysis was performed outside of that time period. The specific scopes and time frames of testing are stated within the procedures and results section of this report, as identified in the table of contents.

The Street Light Fund ("STLF") is a public service-oriented department that oversees the installation of streetlights, both residential and commercial, around the county and manages and accounts for annual utility costs thereafter. Our testing focused on the following areas:

- Revenues:
    - Management approval of street light installations
    - Assessment of developer fees designed to cover the cost of installation
    - Assessment of annual homeowner fees designed to cover the cost of utilities thereafter
- Expenses:
    - Disbursement of funds for installation of streetlights
    - Disbursement of funds for utility costs

METHODOLOGY

Our audit methodology included the identification, evaluation and testing of internal controls over cash procedures as they relate to the areas identified in the scope section above. General audit procedures included:

- Interviewing Street Light Fund personnel
- Observing operations and conducting walk-through interviews
- Testing documentations such as receipts, deposits, approval forms, general ledger entries and data, and other applicable data and documentation

REVENUE CYCLE

- Of the fourteen installations we selected for testing, six were initiated by homeowners and eight were initiated by developers. In two of these six instances, we noted that signatures represented less than 75% of the number of lots. The signatures on these petitions represented 61% and 72% of total lots.

- Of the six owner petitions we tested, we noted four instances when less than one third of the property owners were verified.

EXPENSE CYCLE

- We noted no exceptions in testing.

REVENUE CYCLE

Background and Procedures

The Street Light Fund (STFL) manages and accounts for installation of residential and commercial streetlights throughout the county. The STLF also manages and accounts for recurring utility costs thereafter. Developers or property owners must petition the County to have streetlights installed. In certain instances, developers may also pay $60 per lot for residential lights or $100 per lot for commercial light installations. These initial fees are only charged to developers and not to individual homeowners.

When petitions are initiated by homeowners, a property owner verification form is completed. The petitioner is required to verify the identity of the persons signing the petition and confirm that the individual is the owner of the home noted on the petition. Regardless of the percentage of lots that are homeowner-owned, 75% of all property owners within a district must sign the petition. Upon receiving a completed petition, between 33-100% of the signatures are verified by contacting the property owners.

A public hearing is then held. Notice of this hearing is advertised and a mailer is sent to all property owners within the proposed district. If approved at this hearing, the petition is forwarded to the Board of Commissioners for final approval. Once approved, the Columbia County Tax Commissioner's office assesses the property owners within the district. If the petition is denied, the requestor is notified via email or mail.

After installation of lights, individual lot or homeowners are assessed an annual fee through their property taxes. These fees are also $60 per lot for residential lights or $100 per lot for commercial lights.

Testing

We obtained a PDF file maintained by Street Light Fund personnel showing all installations of streetlights. We picked a sample of fourteen installations/subdivisions installed during fiscal years 2021 and 2022. We traced each selection to a completed petition form from the developer or property owner. We traced each selection to installation approval by the County Commission. If there was an initial developer fee paid, we traced the payment to a daily cash receipt and entry into the general ledger. We then verified that the subdivision information was entered into the property tax system so that annual, recurring assessments could be made by the Tax Commissioner thereafter.

We also performed the following analytical procedures: we compared the actual annual revenue generated and costs incurred; we recalculated streetlight annual revenues based on tax digest amounts; we compared the increase in lots per the tax digest to the increase in lots from the Street Light Fund's PDF file; and we compared the revenues generated initially and annually thereafter with the actual costs incurred initially and thereafter.

Results

- Of the fourteen installations we selected for testing, six were initiated by homeowners and eight were initiated by developers. In two of these six instances we noted that signatures represented less than 75% of the number of lots. The signatures on these petitions represented 61% and 72% of total lots.

- Of the six owner petitions we tested, we noted four instances when less than one third of the property owners were verified.

Recommendation

We recommend that management follow the established procedures for accepting petitions and verifying signatures or modify those polices.

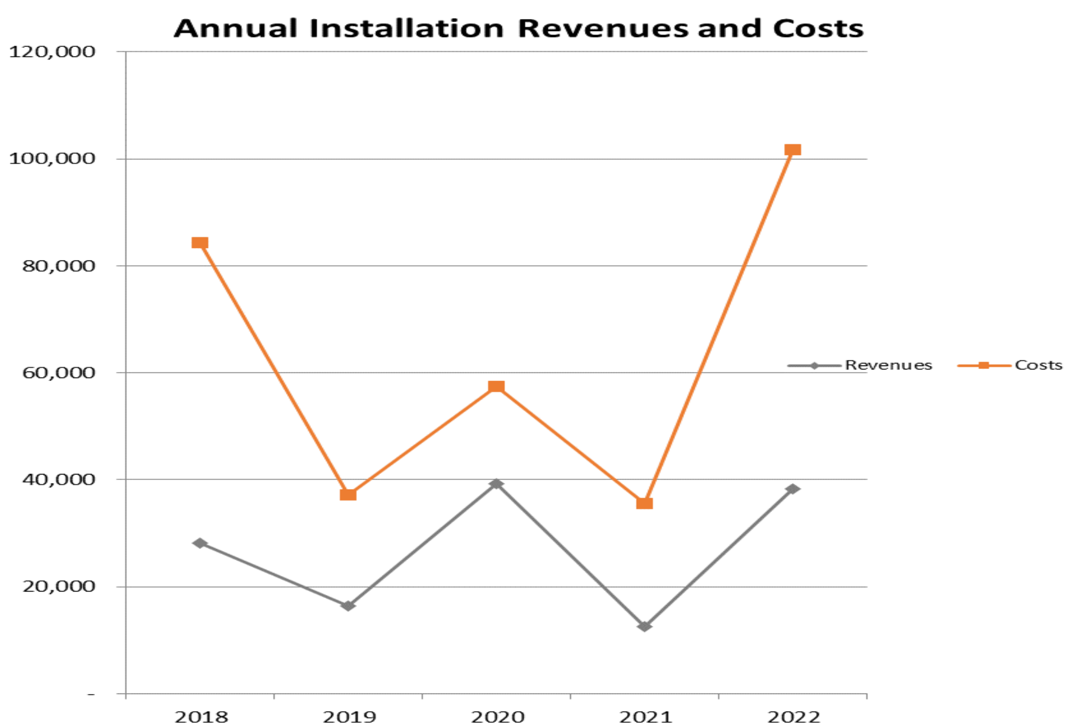
Management Responses

A public hearing was held for all proposed street light districts, and subsequently, the full commission voted to approve the districts at two (2) consecutive commission meetings. For future street light district petitions, staff will ensure that signatures meet the thresholds dictated in the street light procedure by requiring a manager check and confirm the petition requirements before presenting to the commission.

Staff is currently revising the street light procedure and will be presenting the new procedure to the commission in the near future. The new procedure will include a more formal signature verification process for the commission to consider.

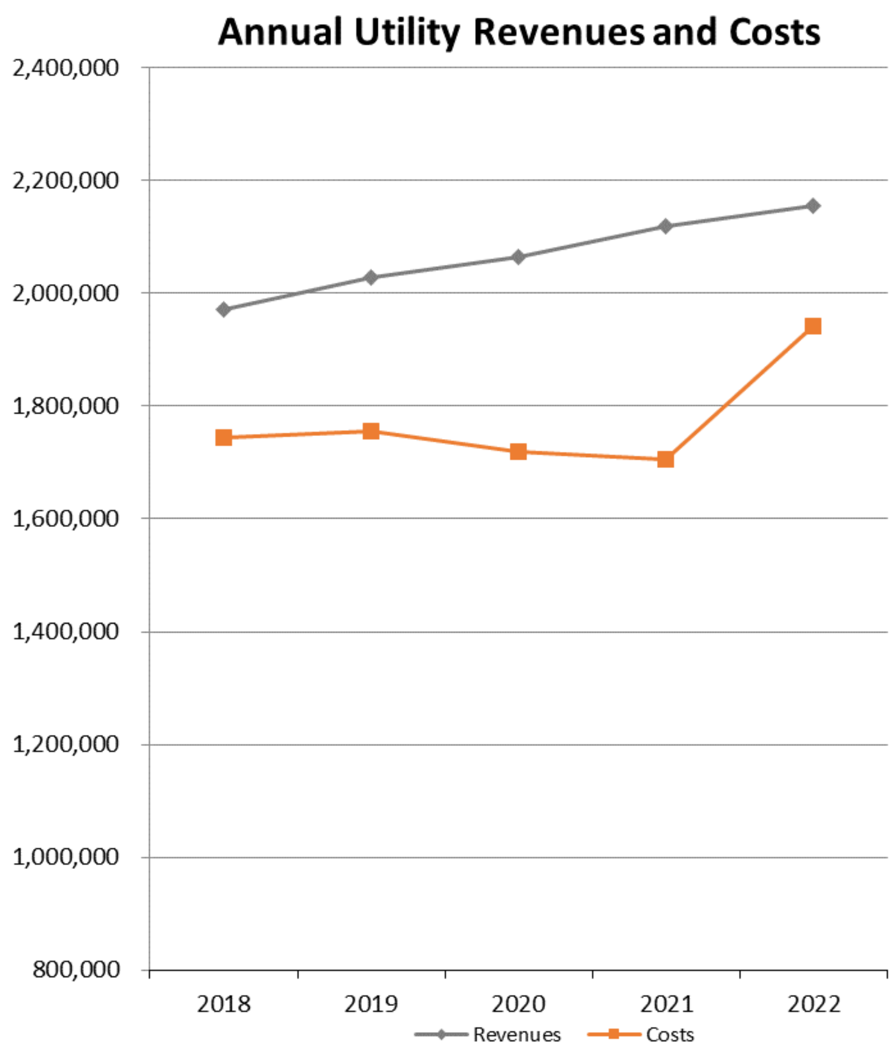
- ***Annual Installation Revenues and Costs***

Fiscal Year	**2018**	**2019**	**2020**	**2021**	**2022**
Developers' fees	$ 28,200	$ 16,440	$ 39,200	$ 12,540	$ 38,280
Installation costs	84,332	37,193	57,496	35,563	101,763
Net income (loss)	$ (56,132)	$ (20,753)	$ (18,269)	$ (23,023)	$ (63,483)



Annual Utility Revenues and Costs

Fiscal Year	**2018**	**2019**	**2020**	**2021**	**2022**
Revenues collected	$ 1,972,045	$ 2,027,205	$ 2,064,030	$ 2,118,680	$ 2,154,840
Utility costs	1,743,792	1,756,262	1,718,870	1,705,422	1,942,810
Net income	$ 228,253	$ 270,943	$ 345,160	$ 413,258	$ 212,031



- Our analytical procedures, applied to a sample of 17 streetlight districts, provided the following data:

A*verage Installation Revenues and Costs per Installation/Subdivision***

Developers' fees	$	2,795
Installation costs		8,247
Net loss	$	(5,632)

Average cost of installation per lot for our sample population was $158.24.

Estimated Average Annual Utility Costs per selected Installation/Subdivision

Tax assessments	$	3,487
Utility costs		3,722
Net loss	$	(235)

Average annual utility costs per lot for the most recent five years were $51. However, for the 17 streetlight districts we analyzed, projected annual assessments may not cover utility costs.

- We noted no exceptions in testing.

EXPENSE CYCLE

Background and Procedures
The Street Light Fund pays for the initial installation costs of streetlights and then pays for the recurring utility costs thereafter. Most invoices are approved and coded by Street Light Fund personnel; however, installation costs are approved by the County Commission when the developer or homeowner's petition is approved.

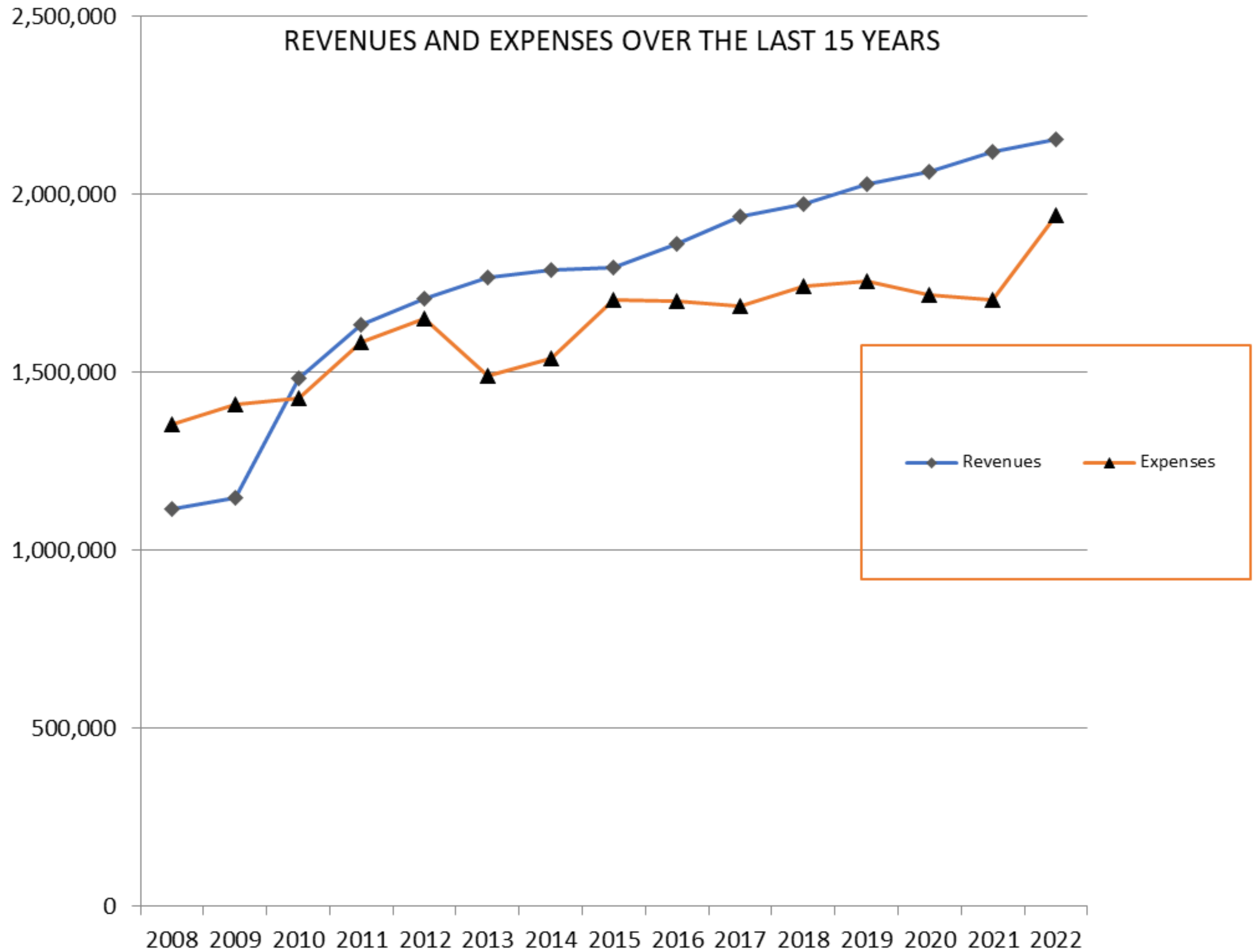
Testing
We selected all installation costs to trace to Georgia Power invoices. We compared the actual costs incurred to the initial estimate provided to the County Commissioners to determine if they were reasonably accurate. We viewed the cash disbursements and traced them to clearing on the bank statement.

We picked all recurring utility expenditures greater than $50,000 and traced them to Georgia Power invoices. We verified that they were approved and coded to the proper accounts by Street Light Fund personnel. We traced the cash disbursements to clearing on the bank statement. We also picked an additional 10 recurring utility expenditures and performed the same steps on these selections.

Results
- We noted no exceptions in testing.

SUPPLEMENTAL DATA

The following chart shows total revenues and expenses over 15 years of the street light fund's activity. During that time, the number of lots increased from 27,392 to 36,647.



SUPPLEMENTAL DATA

The following data projects the estimated revenues and expenses of the street light fund with no changes in current property tax rates with utility and installation costs rising 3.0%:

	ACTUAL					*PROJECTED*				
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
REVENUES										
Property taxes	$ 1,972,045	$ 2,027,205	$ 2,064,030	$ 2,118,680	$ 2,154,840	$ 2,244,540	$ 2,289,540	$ 2,335,440	$ 2,382,240	$ 2,430,000
Developer payments	28,200	16,440	39,200	12,540	38,280	26,932	26,678	28,726	26,631	29,450
EXPENSES										
Utility costs	1,743,792	1,756,262	1,718,870	1,705,422	1,942,810	2,045,058	2,152,174	2,265,672	2,384,433	2,510,261
Light installation	84,332	37,193	57,496	35,563	101,763	104,816	107,960	111,199	114,535	117,971
NET GAIN	$ 172,121	$ 250,190	$ 326,864	$ 390,235	$ 148,547	$ 121,598	$ 56,084	$ (12,705)	$ (90,097)	$ (168,783)
Property tax revenue per lot	60	60	60	60	60	60	60	60	60	60
Utility costs per light	15.05	14.90	14.35	13.85	15.33	15.79	16.26	16.75	17.25	17.77
# of lots	33,993	34,568	35,158	36,041	36,674	37,409	38,159	38,924	39,704	40,500
# of lights	9,654	9,820	9,979	10,260	10,561	10,793	11,030	11,272	11,519	11,772

ASSUMPTIONS:
1. Developer payments will remain constant at historical average from 2018-2022.
2. Utility costs will increase by 3% annually.
3. Light installation costs will increase by 3% annually.
4. Projected lot growth rate of 2.64% (based on historical average from 2018-2022).
5. Projected light growth rate of 2.10% (based on historical average from 2018-2022).
6. Fees and taxes remain unchanged.

Conclusion: Current property tax revenue per lot may not be sufficient to break even between 2025 and 2027.