



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Beaufort County
Beaufort County, South Carolina

We have applied the procedures described below, as agreed to by Beaufort County (the County) to assist the County in evaluating its internal controls and processes in place related to its accounting for property tax transactions for the following months of tax year 2009: December 2009, January 2010, February 2010, March 2010 and April 2010.

Our engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified user of this report, which is Beaufort County. Consequently, we 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.

We obtained a listing of the County's property tax collections from Manatron for the following periods: December 1, 2009 - December 15, 2009; December 16, 2009 - December 31, 2009; January 1, 2010 - January 15, 2010; January 16, 2010 - January 31, 2010; February 1, 2010 - February 28, 2010; March 1, 2010 - March 15, 2010; March 16, 2010 - March 31, 2010 and April 1, 2010 - April 30, 2010. From each listing, we selected a random sample of thirty property transactions for real property, twenty transactions for personal property and ten transactions for automobiles. Within the real property category, we selected ten transactions each for primary residences, non-primary residences and mobile homes. Within the personal property category, we selected ten transactions each for furniture and fixtures and watercraft. In the aggregate, we selected a sample of 480 property tax collections. For each ten-item sample, we applied the procedures described below:

AGREED UPON PROCEDURE #1

For each transaction, we compared the information (parcel number, district number, property type, class code, mills, appraised value, capped value, taxable value, and tax amount) listed on the tax bill to Manatron.

FINDINGS

The mill apportionment listed on the tax bill was not in agreement with the mill apportionment listed on Manatron as follows:

Real property

- No findings were noted as a result of this procedure.

Personal property

- Furniture and fixtures - two transactions
- No findings were noted as a result of this procedure on watercraft.

AGREED UPON PROCEDURE #1 (Continued)

Automobiles

- Three transactions

MANAGEMENT RESPONSE

Assessor's office

The mill apportionment per the tax bill did not agree with the mill apportionment per Manatron due to appeals. There are no recommendations for changes as the timing of closure of appeals to production of tax bills cannot be improved.

Auditor's office

The Auditor's office did not provide a management response related to these findings as of the date of this report.

AGREED UPON PROCEDURE #2

For each transaction, we performed the following related to the taxpayer's ownership of the property:

Real property

- For mobile homes, we obtained a copy of the "Bill of Sale," "Title," and "Licensing Application" and compared it to the tax bill.
- For 4% and 6% real properties, we compared the taxpayer's name, address, parcel number and description of the property listed on the tax bill to a copy of the "Deed."

Personal property

- For furniture and fixtures, we compared the taxpayer's name, address and description of the property listed on the tax bill to a "Personal Property Return."
- For watercraft, we compared the taxpayer's name, address and description of the property listed on the tax bill to the "Schedule of Registered Watercraft" provided by the Department of Natural Resources.

Automobiles

- For automobiles, we compared the taxpayer's name, address, vehicle identification number and description of the property listed on the tax bill to the "Affidavit of Sale" provided by the South Carolina Department of Motor Vehicles (SCDMV).

FINDINGS

Real Property

Copies of "Deeds," "Bills of Sale," "Title Applications," and "Licensing Applications" were not maintained on file at the County Assessor's office as follows:

- Mobile homes - Fifty-five properties were missing copies of the taxpayer's "Bill of Sale," fifty-four properties were missing copies of the "Title Application," and thirty properties were missing copies of the "Licensing Application."
- 4% properties - Three properties were missing a copy of the "Deed."
- 6% properties - Five properties were missing of copy of the "Deed."

AGREED UPON PROCEDURE #2 (Continued)

Personal property

- Thirty-one “Personal Property Returns” (Forms PR-26 or PT-100) were not maintained on file for furniture and fixtures.
- Three watercraft properties were not registered with the SCDMV as they were not listed on the “Schedule of Registered Watercraft” received from the SCDMV.

Automobiles

- “Affidavits of Sale” were not maintained on file for eighty automobiles.

MANAGEMENT RESPONSE

Assessor’s office

The Repository for Beaufort County “Deeds” is with the Register of Deeds. The Assessor’s office maintains copies of deeds on an “as needed” basis.

For a number of years, the Assessor’s office was able to access the SCDMV database for title verification and mobile home serial numbers. The Assessor’s office has a pending application to the SCDMV to renew the access to its database. However, older mobile home records will often have little or no information available.

Typically, a “Bill of Sale” is not provided, except for dealer sale invoices. Mobile home permits are issued by the Building Codes department for four reasons: moving a mobile home to another location within the County, change of ownership, new mobile home added to the County, and moving a mobile home out of the County. A major problem exists related to compliance with getting permits. Mobile homes are often sold and titled through the SCDMV; however the new owner fails to register the mobile home with the County.

Under current administration, every effort is made to ensure necessary documentation is provided and the Assessor’s office will often notify owners the necessity of registering the mobile home with the Building Codes department. Mobile home documentation received by the Assessor’s office represents what is submitted via applications for mobile home permits to the Building Codes department.

Auditor’s office

The Auditor's office did not provide a management response related to these findings as of the date of this report.

AGREED UPON PROCEDURE #3

For each property, we performed the following related to the value of property tax assessment:

- For all real properties, we compared the appraised value listed on the County Assessor’s property valuation system to the market value listed on the “Assessment Notice.”
- For furniture and fixtures, we compared the appraised value listed on the tax bill to the taxpayer’s signed personal property return.
- For watercraft, we compared the appraised value listed on the tax bill to the blue book value listed in the “ABOS Marine Blue Book.”
- For automobiles, we compared the appraised value listed on the tax bill to the “Assessment Guide” provided by the SCDMV.

AGREED UPON PROCEDURE #3 (Continued)

FINDINGS

Real property

- No findings were noted as a result of this procedure.

Personal property

- Furniture and fixtures - Thirty-one transactions had differences in the appraised value listed on the tax bill and the one listed on the personal property return due to missing personal property returns. Without the personal property return, this procedure could not be satisfied.
- Watercraft - forty-seven transactions had differences in the appraised value listed on the tax bill and the one listed in the "ABOS Marine Blue Book."

Automobiles

- The appraised value per the tax bill did not agree with the appraised value per the "Assessment Guide" on eight selections.

MANAGEMENT RESPONSE

Auditor's office

The Auditor's office did not provide a management response related to these findings as of the date of this report.

AGREED UPON PROCEDURE #4

For real properties that increased in value from the previous tax year, we recalculated the capped value by multiplying the market value as of the end of the previous tax year by 1.15. Then, we compared the recalculation of the capped value to the capped value as reflected on the "Assessment Notice."

FINDINGS

The capped value listed on the "Assessment Notice" did not agree to the recalculated capped value of the properties as follows:

- 4% properties - Differences between the capped value per the "Assessment Notice" and the calculation of the capped value occurred on twenty-five of the seventy-three properties that had increases in market value.
- 6% properties - Differences between the capped value per the "Assessment Notice" and the calculation of the capped value occurred on twelve of the seventy-three properties that had increases in market value.
- No findings were noted as a result of this procedure on mobile homes.

MANAGEMENT RESPONSE

Assessor's office

The capping procedures were implemented by our software provider in accordance with procedures established by the South Carolina Department of Revenue (SCDOR). Rather than cap total value or cap land and building separately, the SCDOR directive was to calculate the capped value for each valuation line. This created "cap loss" and "cap gain" results that were then applied to other valuation lines. The end result after all calculations would equal a 15% increase from the base year value (2008). This was not always the case. In addition, rounding to the nearest 10 in value for each line value could affect the differences noted in the agreed-upon procedures. A detailed look at the cadastre would be necessary in order to explain these specifics. In addition, due to recent software conversion issues, certain valuation components such as detached garages did not calculate properly. These issues were reported to the software vendor. The Assessor's office staff developed "work-around" procedures to correct known capping errors. 2010 legislation changed the capping calculation from valuation line capping to capping the total value.

AGREED UPON PROCEDURE #5

For real properties that received the Homestead Exemption, we examined the "Application for Homestead Exemption" signed by the taxpayer and approved by the County Auditor and a copy of the taxpayer's driver's license.

FINDINGS

An "Application for Homestead Exemption" was not kept on file at the County Auditor's office as follows:

- 4% properties - An application was not provided for six of the twenty-five properties that received the Homestead Exemption.
- No findings were noted as a result of this procedure on mobile homes and 6% properties.

MANAGEMENT RESPONSE

Auditor's office

The Auditor's office did not provide a management response related to these findings as of the date of this report.

AGREED UPON PROCEDURE #6

For real properties that received the Homestead Exemption, we compared a copy of the taxpayer's driver's license to the "Application for Homestead Exemption" to determine if a driver's license copy was maintained for each application.

FINDINGS

A copy of the taxpayer's driver's license was not kept on file at the County Auditor's Office as follows:

- Mobile homes - A driver's license was not provided for all three properties that received the Homestead Exemption.
- 4% properties - A driver's license was not provided for fifteen of the twenty-five properties that received the Homestead Exemption.

MANAGEMENT RESPONSE

Auditor's office

The Auditor's office did not provide a management response related to these findings as of the date of this report.

AGREED UPON PROCEDURE #7

For real properties that received the Homestead Exemption, we compared the "Application for Homestead Exemption" to the exemption amount as reflected on the tax bill to determine if the exemption received was the lesser of \$50,000 or the gross appraised value.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #8

For each real property selection, we compared the market value, capped value and assessed value listed on the "Assessment Notice" to the tax bill.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #9

For each of the following property types selected, we recalculated the assessed value from information reflected on Manatron and compared it to the assessment ratio reflected on the tax bill.

FINDINGS

We noted differences between the recalculated assessed value and the assessed value reflected on the tax bill as follows:

Real property

- Mobile homes - There was one property with an assessment ratio of 4% in which the calculation of the assessed value did not agree to the assessed value listed on the tax bill.
- 4% properties - There were fourteen properties in which the calculation of the assessed value did not agree to the assessed value listed on the tax bill.
- 6% properties - There were four properties in which the calculation of the assessed value did not agree to the assessed value listed on the tax bill.

Personal property

- Furniture and fixtures - There were four properties in which the calculation of the assessed value did not agree to the assessed value listed on the tax bill.
- No findings were noted as a result of this procedure on watercraft.

Automobiles

- No findings were noted as a result of this procedure.

MANAGEMENT RESPONSE

Assessor's office

Some differences in assessed values per Manatron and the tax bill were due to rounding. In addition, "Special Assessment Ratio Applications" are accepted until taxes are due without penalty. Thus, a tax bill that is mailed in November with an assessment ratio of 6% is subject to change if the taxpayer timely filed the "Special Assessment Ratio Application" and was approved to receive the 4% ratio.

Auditor's office

The Auditor's office did not provide a management response related to these findings as of the date of this report.

AGREED UPON PROCEDURE #10

For all real properties classified as a legal residence, we attempted to observe the "Special Assessment Ratio Application" completed by the taxpayer and approved by the County Assessor.

FINDINGS

A "Special Assessment Ratio Application" was not kept on file at the County Assessor's office as follows:

- Mobile homes - A "Special Assessment Ratio Application" was not provided for five of the thirty-two properties classified as a legal residence.
- 4% Real properties - A "Special Assessment Ratio Application" was not provided for six properties.

MANAGEMENT RESPONSE

Assessor's office

The parcels related to the findings above have been owned by the same individuals for at least twenty years. There is no explanation why the "Special Assessment Ratio Application" for these individuals is not kept on file. Currently, all "Special Assessment Ratio Applications" are archived and retrievable.

AGREED UPON PROCEDURE #11

For all real properties classified as a legal residence, we compared the taxpayer's "Special Assessment Ratio Application" to a copy of his or her driver's license and vehicle registration.

FINDINGS

A copy of the taxpayer's driver's license and vehicle registration was not kept on file as follows:

- Mobile homes - A driver's license and vehicle registration was not provided for seventeen of the thirty-two properties classified as a legal residence.
- 4% Real properties - There were forty-three missing copies of both driver's licenses and vehicle registrations.

MANAGEMENT RESPONSE

Assessor's office

There is no explanation why these records could not be located. It appears this is related to Assessor's office operations and procedures of the past. Current Assessor's office procedures archive this information. It should be noted that under current state law, driver's license information is confidential in nature and as such must be handled accordingly.

AGREED UPON PROCEDURE #12

For each property selected, we compared the mills applied on the tax bill to the approved millage rate schedule for the applicable district as provided by the County Auditor's office.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #13

For each property selected, we footed the total taxes listed on the tax bill for accuracy.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #14

For each property selected, we recalculated the gross tax due by multiplying the assessed value by the total mills and dividing by one thousand. We compared the recalculation to the gross tax due as reflected on the tax bill.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #15

For each real property selected, we recalculated the stormwater fee (as applicable) by multiplying the applicable base rate by the number of equivalent single family units as provided by the County Assessor's office. We then compared the recalculation to the stormwater fee as reflected on the tax bill.

FINDINGS

The stormwater fee listed on the tax bill did not agree with the recalculated stormwater fee as follows:

- Mobile homes - When applying the base rates and impervious square footage to recalculate the stormwater fee, there were eleven properties in which the stormwater fees assessed on the tax bill did not agree with the recalculation.
- 4% properties - When applying the base rates and impervious square footage to recalculate the stormwater fee, there were six properties in which the stormwater fees assessed on the tax bill did not agree with the recalculation.
- 6% properties - When applying the base rates and impervious square footage to recalculate the stormwater fee, there were twenty-two properties in which the stormwater fees assessed on the tax bill did not agree with the recalculation.

MANAGEMENT RESPONSE

Stormwater Utility

For the mobile home findings, schedule submissions are checked against a list to make sure all schedules are submitted. Previous errors have been corrected as the County incorporated the new round of the Town of Hilton Head's stormwater rate increase. For the 4% and 6% property findings, the County's Stormwater Utility Department has worked with the County's Management Information Systems Department to develop another program that will determine a listing of class code changes that do not make it on the list of assessment changes. This has been implemented in this year's cycle and has added another 866 parcels for review. This will continue to be added to reviews of future assessment notices.

AGREED UPON PROCEDURE #16

For each property selected, we compared the balance due listed on the tax bill to supporting payment documentation (check, online transaction report, or credit/debit card receipt).

FINDINGS

The balance due per the tax bill did not agree with the form of payment as follows:

Real property

- Mobile homes - ten transactions
- 4% properties - thirteen transactions
- 6% properties - ten transactions

Personal property

- Furniture and fixtures - seven transactions
- Watercraft - six transactions

Automobiles

- One transaction

MANAGEMENT RESPONSE

Treasurer's office

The majority of the transactions listed above involved a situation where a taxpayer paid property taxes for multiple accounts with one form of payment. The tax bill that was provided was only for one account when the form of payment was for all accounts.

There were also situations related to 4% and 6% real properties in which the balance due per the tax bill could not be traced to the form of payment. These transactions included those payments received from financial institutions for the property taxes paid into an escrow account. The financial institutions issue a lump-sum payment to the Treasurer's office that includes multiple tax bills for several taxpayers.

The situations described above explained why the balance due per the tax bill could not be traced to the amount of payment. In order for this attribute to be satisfied, all applicable tax bills would need to be provided. In the future, if documentation is requested for one account and that account is included in a batch payment, all documentation supporting that batch payment will be provided.

AGREED UPON PROCEDURE #17

For all properties in which the related tax bill was paid by the taxpayer via check, we observed a copy of the check to determine if the back of it was stamped "For Deposit Only."

FINDINGS

Checks held at the County Treasurer's office were not stamped "For Deposit Only" as follows:

Real property

- Mobile homes - forty checks
- 4% properties - fifty-eight checks
- 6% properties - sixty checks

Personal property

- Furniture and fixtures - sixty-three checks
- Watercraft - forty-nine checks

Automobiles

- Forty-one checks

AGREED UPON PROCEDURE #17 (Continued)

MANAGEMENT RESPONSE

Treasurer's office

Currently, a procedure has been implemented that states all cashiers must manually stamp checks "For Deposit Only" upon receipt and before they are scanned into its online deposit system, which is an electronic deposit system set up with its financial institution. When a batch of checks is received at once, the Treasurer's office has set up an agreement with its financial institution that allows the financial institution to automatically stamp these checks "For Deposit Only" when they are scanned into the online deposit system.

AGREED UPON PROCEDURE #18

For each property selected in which the property taxes were paid in all forms of payment other than cash, we traced the amount of payment to a "Payment Receipt."

FINDINGS

The amount of payment could not be traced to a "Payment Receipt" as follows:

Real property

- Mobile homes - eight of fifty-five non-cash transactions
- 4% properties - nine of seventy-two non-cash transactions
- 6% properties - thirteen of seventy-six non-cash transactions

Personal property

- Furniture and fixtures - six of seventy-three non-cash transactions
- Watercraft - seven of seventy-two non-cash transactions

Automobiles

- Three of sixty-three non-cash transactions

MANAGEMENT RESPONSE

Treasurer's office

The transactions listed above involved a situation where a taxpayer paid property taxes for multiple accounts with one form of payment. A separate "Payment Receipt" is provided for each account. The "Payment Receipt" that was provided was only for one account when the form of payment was for all accounts.

The situation described above explained why the amount of payment could not be traced to the amount of the "Payment Receipt." In order for this attribute to be satisfied, all applicable "Payment Receipts" would need to be provided. In the future, if documentation is requested for one account and that account is included in a batch payment, all documentation supporting that batch payment will be provided.

AGREED UPON PROCEDURE #19

For each property selected, we traced the tax amount listed on the "Payment Receipt" to its inclusion in the applicable day's "Sessions Reconciliation Report."

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #20

For each property selected, we traced the total amount collected as listed on the "Sessions Reconciliation Report" to the journal entry posted to the general ledger.

FINDINGS

The amount shown as collected per the "Sessions Reconciliation Report" could not be traced to the journal entry as follows:

Real property

- Mobile homes - eighteen transactions
- 4% properties - sixteen transactions
- 6% properties - thirteen transactions

Personal property

- Furniture and fixtures - twenty-six transactions
- Watercraft - eighteen transactions

Automobiles

- Twenty transactions

MANAGEMENT RESPONSE

Treasurer's office

In the case of cash and check deposits, there could be overpayments which would result in refunds. Also, if the cashier erroneously notes a payment by type in the system, the individual amounts on the "Session Reconciliation" for checks, cash or credit cards would not agree with the amount per the journal entry, but the total collected for the day would balance.

AGREED UPON PROCEDURE #21

For each property selected, we traced the journal entry posted to the general ledger to the deposit listed on the applicable bank statement.

FINDINGS

The amount of the journal entry could not be traced to the deposit amount listed on the bank statement as follows:

Real property

- Mobile homes - four transactions
- 4% properties - six transactions
- 6% properties - four transactions

AGREED UPON PROCEDURE #21 (Continued)

FINDINGS (continued)

Personal property

- Furniture and fixtures - seven transactions
- Watercraft - two transactions

Automobiles

- Seven transactions

MANAGEMENT RESPONSE

Treasurer's office

There are several reasons the journal entry amounts did not agree to the deposit amount as reflected on the bank statement.

In the case of online payments, the bank combines the real property and automobile transactions for any given day by credit card type. It also combines the fees charged for online payments for real property and automobile transactions by credit card type. At least once a week, the bank combines more than one day's payments together by credit card type. The same type of issue can happen on any day in which one of the cashiers has more than one credit card deposit. The bank combines that cashier's credit card deposits together by credit card type if they occur on the same day. The combining of credit card types can also occur on the last day of the month until the first day of the next month.

In the case of mortgage payments and "ACH" deposits, the amount deposited will not agree to the amount per the "Sessions Reconciliation" because of items that have to be posted separately by another party or if there are refunds or exceptions that have to be researched before posting. If this happens, these collections are posted in another session.

AGREED UPON PROCEDURE #22

For each real property selected located within a Tax Increment Financing (TIF) district, we traced the property's inclusion on the "TIF Reconciliation" prepared by the Chief Financial Officer (CFO) and agreed the total due to or due from the TIF district to the journal entry posted to the general ledger.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #23

For each real property that was included on the "TIF Reconciliation," we traced the amount of the journal entry for the applicable "TIF Reconciliation" to an authorized "Request for Payment" and a copy of a cancelled check.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #24

For each real property that was included on the "TIF Reconciliation," we traced the copy of the cancelled check to the applicable bank statement.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #25

For each real property selected, we traced the property's inclusion on the corresponding municipality's "Stormwater Fee Reconciliation" (as applicable) prepared by the CFO and agreed the total for that municipality (less a 5% County management fee) to the journal entry posted to the general ledger.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #26

For each real property that was included on the "Stormwater Fee Reconciliation," we traced the amount of the journal entry for the applicable "Stormwater Fee Reconciliation" to an authorized "Request for Payment" and a copy of a cancelled check.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #27

For each real property that was included on the "Stormwater Fee Reconciliation," we traced the copy of the cancelled check to the applicable bank statement.

FINDINGS

No findings were noted as a result of this procedure.

AGREED UPON PROCEDURE #28

We compared the date of collection for all sample items per the "Sessions Reconciliation Report" to the date the collection was posted to the general ledger to see if collections were posted within five business days.

FINDINGS

This procedure could not be performed on transactions where the journal entry was not provided. These transactions were included within the distribution periods as follows:

- December 15, 2009 - five transactions
- December 31, 2010 - one transaction
- March 31, 2010 - two transactions

AGREED UPON PROCEDURE #28 (Continued)

We noted more than five days passed between property tax collections and postings to the general ledger as follows:

Distribution Period	Journal Entry Number	Collection Date per Manatron	Collection Date per the General Ledger	Lag Time in Days
December 15, 2009	2010-6-1098	12/8/2009	1/25/2010	48
	2010-6-1112	12/14/2009	1/26/2010	43
	2010-6-1160	12/10/2009	2/3/2010	55
	2010-6-1163	12/9/2009	2/3/2010	56
	2010-6-1165	12/3/2009	2/3/2010	62
	2010-6-1190	12/11/2009	2/16/2010	67
	2010-6-0962	12/11/2009	1/22/2010	42
	2010-6-0964	12/15/2009	1/22/2010	38
	2010-6-0971	12/7/2009	1/22/2010	46
	2010-6-1111	12/12/2009	1/26/2010	45
	2010-3-1112	12/14/2009	1/26/2010	43
December 31, 2009	2010-6-1115	12/19/2009	1/26/2010	38
	2010-6-1119	12/23/2009	1/26/2010	34
	2010-6-1123	12/29/2009	1/27/2010	29
	2010-6-1124	12/30/2009	1/27/2010	28
	2010-6-1129	12/31/2009	1/27/2010	27
	2010-6-1126	12/31/2009	1/27/2010	27
	2010-6-1125	12/31/2009	1/27/2010	27
	2010-6-1117	12/21/2009	1/26/2010	36
	2010-6-1114	12/17/2009	1/26/2010	40
	2010-6-1178	12/31/2009	2/10/2010	41
	2010-6-1112	12/14/2009	1/26/2010	43
	2010-6-1121	12/28/2009	1/26/2010	29
	2010-6-1174	12/31/2009	2/8/2010	39
	2010-6-1164	12/31/2009	2/3/2010	34
	2010-6-1118	12/22/2009	1/26/2010	35
	2010-6-1188	12/28/2009	2/16/2010	50
	2010-6-1128	12/31/2009	1/27/2010	27

AGREED UPON PROCEDURE #28 (Continued)

Distribution Period	Journal Entry Number	Collection Date per Manatron	Collection Date per the General Ledger	Lag Time in Days
January 15, 2010	2010-7-0540	1/5/2010	2/8/2010	34
	2010-7-1257	1/6/2010	3/1/2010	54
	2010-7-0542	1/8/2010	2/8/2010	31
	2010-7-1242	1/12/2010	2/28/2010	47
	2010-7-0932	1/14/2010	2/18/2010	35
	2010-7-0964	1/15/2010	2/19/2010	35
	2010-7-0959	1/15/2010	2/19/2010	35
	2010-7-0966	1/16/2010	2/19/2010	34
	2010-7-0958	1/14/2010	2/19/2010	36
	2010-7-0963	1/15/2010	2/19/2010	35
	2010-7-1275	1/14/2010	3/11/2010	56
	2010-7-0960	1/15/2010	2/19/2010	35
	2010-7-0598	1/11/2010	2/10/2010	30
	2010-7-1274	1/29/2010	3/11/2010	41
	2010-7-1252	1/12/2010	2/28/2010	47
	2010-7-0541	1/7/2010	2/8/2010	32
	2010-7-0969	1/20/2010	2/19/2010	30
	2010-7-1220	1/26/2010	2/26/2010	31
	2010-7-1273	1/12/2010	3/11/2010	58
	January 31, 2010	2010-7-0966	1/16/2010	2/19/2010
2010-7-1174		1/19/2010	2/24/2010	36
2010-7-0969		1/20/2010	2/19/2010	30
2010-7-1220		1/26/2010	2/26/2010	31
2010-7-1222		1/28/2010	2/26/2010	29
2010-8-0952		2/11/2010	3/15/2010	32
2010-7-1250		1/29/2010	2/28/2010	30
2010-8-0432		2/1/2010	3/1/2010	28
2010-7-1271		1/29/2010	3/5/2010	35
2010-7-1181		1/22/2010	2/24/2010	33
2010-7-0955		1/25/2010	2/19/2010	25
2010-8-0652		2/10/2010	3/8/2010	26
2010-7-0968		1/18/2010	2/19/2010	32
2010-7-1178		1/21/2010	2/24/2010	34
2010-7-1198		1/27/2010	2/24/2010	28
2010-7-1279		1/16/2010	3/14/2010	57
2010-8-0453		2/2/2010	3/1/2010	27

AGREED UPON PROCEDURE #28 (Continued)

Distribution Period	Journal Entry Number	Collection Date per Manatron	Collection Date per the General Ledger	Lag Time in Days	
February 28, 2010	2010-8-0432	2/1/2010	3/1/2010	28	
	2010-8-0952	2/11/2010	3/15/2010	32	
	2010-8-0953	2/12/2010	3/15/2010	31	
	2010-8-1060	2/16/2010	3/17/2010	29	
	2010-8-1062	2/17/2010	3/17/2010	28	
	2010-8-1064	2/18/2010	3/17/2010	27	
	2010-8-1307	2/23/2010	3/24/2010	29	
	2010-8-1310	2/25/2010	3/25/2010	28	
	2010-9-0685	3/1/2010	4/5/2010	35	
	2010-8-0454	2/3/2010	3/1/2010	26	
	2010-8-1063	2/18/2010	3/17/2010	27	
	2010-8-1340	2/18/2010	4/5/2010	46	
	2010-8-0456	2/5/2010	3/1/2010	24	
	2010-8-0628	2/8/2010	3/5/2010	25	
	2010-8-0973	2/1/2010	3/15/2010	42	
	2010-8-0652	2/10/2010	3/8/2010	26	
	2010-8-1306	2/22/2010	3/24/2010	30	
	2010-8-1314	2/26/2010	3/29/2010	31	
	2010-8-0452	2/1/2010	3/1/2010	28	
	2010-8-0453	2/2/2010	3/1/2010	27	
	2010-8-1059	2/15/2010	3/17/2010	30	
	2010-8-0647	2/9/2010	3/8/2010	27	
	2010-8-1308	2/24/2010	3/24/2010	28	
	2010-8-1341	2/4/2010	4/5/2010	60	
	March 15, 2010	2010-9-0685	3/1/2010	4/5/2010	35
		2010-9-0687	3/2/2010	4/5/2010	34
		2010-9-0688	3/3/2010	4/5/2010	33
		2010-9-0757	3/9/2010	4/6/2010	28
2010-9-0887		3/10/2010	4/8/2010	29	
2010-9-1058		3/12/2010	4/13/2010	32	
2010-9-1410		3/15/2010	4/20/2010	36	
2010-9-0756		3/8/2010	4/6/2010	29	
2010-9-0686		3/1/2010	4/5/2010	35	
2010-9-0691		3/5/2010	4/5/2010	31	
2010-9-0894		3/11/2010	4/8/2010	28	
2010-9-0759		3/8/2010	4/6/2010	29	
2010-9-0878		3/4/2010	4/8/2010	35	
2010-9-1421		3/5/2010	4/20/2010	46	
2010-9-0687		3/2/2010	4/5/2010	34	

AGREED UPON PROCEDURE #28 (Continued)

Distribution Period	Journal Entry Number	Collection Date per Manatron	Collection Date per the General Ledger	Lag Time in Days
March 31, 2010	2010-9-1097	3/17/2010	4/13/2010	27
	2010-9-1203	3/24/2010	4/15/2010	22
	2010-9-1225	3/26/2010	4/15/2010	20
	2010-9-1230	3/29/2010	4/15/2010	17
	2010-9-1237	3/30/2010	4/15/2010	16
	2010-9-1354	3/31/2010	4/19/2010	19
	2010-9-1100	3/19/2010	4/13/2010	25
	2010-9-1060	3/16/2010	4/13/2010	28
	2010-9-1098	3/18/2010	4/13/2010	26
	2010-9-1467	3/31/2010	4/21/2010	21
	2010-9-1206	3/25/2010	4/15/2010	21
	2010-9-1202	3/23/2010	4/15/2010	23
	2010-9-1644	3/19/2010	5/7/2010	49
	2010-9-1104	3/22/2010	4/13/2010	22
	2010-9-1646	3/22/2010	5/10/2010	49
April 30, 2010	2010-10-1405	4/28/2010	5/19/2010	21
	2010-10-1099	4/14/2010	5/13/2010	29
	2010-10-1312	4/26/2010	5/18/2010	22
	2010-10-1029	4/13/2010	5/12/2010	29
	2010-10-0968	4/6/2010	5/11/2010	35
	2010-10-1444	4/30/2010	5/20/2010	20
	2010-10-1406	4/29/2010	5/19/2010	20
	2010-10-1223	4/19/2010	5/17/2010	28
	2010-10-1282	4/21/2010	5/18/2010	27
	2010-9-0221	4/2/2010	4/22/2010	20
	2010-10-1314	4/27/2010	5/18/2010	21
	2010-10-1206	4/22/2010	5/18/2010	26
	2010-10-1156	4/16/2010	5/14/2010	28
	2010-10-1225	4/20/2010	5/17/2010	27
	2010-10-0969	4/7/2010	5/11/2010	34
	2010-10-1025	4/9/2010	5/12/2010	33
	2010-10-1027	4/12/2010	5/12/2010	30
	2010-10-0220	4/1/2010	4/22/2010	21
	2010-10-1667	4/29/2010	6/2/2010	34
	2010-10-1304	4/23/2010	5/18/2010	25

AGREED UPON PROCEDURE #28 (Continued)

MANAGEMENT RESPONSE

Treasurer's office

The "Sessions Reconciliations" are performed manually. It also takes a couple of days for the tellers at the Town of Bluffton and Town of Hilton Head Island offices to submit their "Sessions Reconciliations." The Tax Operation Manager within the County Treasurer's office compiles all "Sessions Reconciliations" before they are submitted to the Fiscal Technician within the County Treasurer's office. At this time, each "Session Reconciliation" is reviewed by the Fiscal Technician. Then, deposit receipts received from the bank are attached to the "Sessions Reconciliation." The Fiscal Technician prepares a spreadsheet that identifies all collections by type and by teller. Finally, a journal entry is prepared. Some of these timing issues related to back-dating payments, in which the Treasurer's office uses the postmark date for payments that are submitted via mail so the taxpayer's payment will not be incorrectly classified as delinquent.

In the future, all back-dated payments will be posted as of the last Sunday in the month the payment is due in order to identify this issue for audit purposes. The Treasurer's office is also planning to meet with Management Information Systems (MIS) and the Chief Financial Officer to determine if Manatron can post to the general ledger instead of performing this function manually.

AGREED UPON PROCEDURE #29

For each distribution period selected, we compared the batch collections as reflected on Manatron that included our sampled property transactions to the general ledger.

FINDINGS

We noted differences for the five property types selected in eight periods as reflected below.

<u>Distribution Period</u>	<u>Property Type</u>	<u>Collections Per Manatron</u>	<u>Collections Per General Ledger</u>	<u>Difference (\$)</u>	<u>Difference (%)</u>
December 15, 2009	Personal	\$ 29,086,324	\$ 28,373,978	\$ 712,346	2.51%
	Mobile Homes	17,373,246	16,912,474	460,772	2.72%
	4% Real Property	11,801,912	11,510,081	291,831	2.54%
	6% Real Property	22,258,264	21,731,514	526,750	2.42%
	Automobiles	<u>351,830</u>	<u>338,603</u>	<u>13,227</u>	<u>3.91%</u>
			<u>80,871,576</u>	<u>78,866,650</u>	<u>2,004,926</u>
December 31, 2009	Personal	73,094,049	79,242,659	(6,148,610)	7.76%
	Mobile Homes	45,964,661	44,003,750	1,960,911	4.46%
	4% Real Property	25,683,371	31,469,819	(5,786,448)	18.39%
	6% Real Property	72,222,592	70,161,731	2,060,861	2.94%
	Automobiles	<u>362,104</u>	<u>305,747</u>	<u>56,357</u>	<u>18.43%</u>
			<u>217,326,777</u>	<u>225,183,706</u>	<u>(7,856,929)</u>
January 15, 2010	Personal	79,186,421	77,144,067	2,042,354	2.65%
	Mobile Homes	58,248,411	56,834,186	1,414,225	2.49%
	4% Real Property	42,600,977	41,300,799	1,300,178	3.15%
	6% Real Property	59,833,015	58,395,705	1,437,310	2.46%
	Automobiles	<u>190,615</u>	<u>164,931</u>	<u>25,684</u>	<u>15.57%</u>
			<u>240,059,439</u>	<u>233,839,688</u>	<u>6,219,751</u>

AGREED UPON PROCEDURE #29 (Continued)

<u>Distribution Period</u>	<u>Property Type</u>	<u>Collections Per Manatron</u>	<u>Collections Per General Ledger</u>	<u>Difference (\$)</u>	<u>Difference (%)</u>
January 31, 2010	Personal	2,096,808	1,381,480	715,328	51.78%
	Mobile Homes	1,032,976	969,256	63,720	6.57%
	4% Real Property	726,194	573,015	153,179	26.73%
	6% Real Property	1,921,369	1,417,245	504,124	35.57%
	Automobiles	<u>427,828</u>	<u>378,532</u>	<u>49,296</u>	<u>13.02%</u>
		<u>6,205,175</u>	<u>4,719,528</u>	<u>1,485,647</u>	<u>31.48%</u>
February 28, 2010	Personal	3,517,021	3,503,567	13,454	0.38%
	Mobile Homes	2,482,058	2,319,175	162,883	7.02%
	4% Real Property	2,563,780	2,619,126	(55,346)	2.11%
	6% Real Property	3,313,307	3,315,735	(2,428)	0.07%
	Automobiles	<u>455,603</u>	<u>440,340</u>	<u>15,263</u>	<u>3.47%</u>
		<u>12,331,769</u>	<u>12,197,943</u>	<u>133,826</u>	<u>1.10%</u>
March 15, 2010	Personal	1,315,221	1,525,697	(210,476)	13.80%
	Mobile Homes	1,596,012	1,576,782	19,230	1.22%
	4% Real Property	1,067,344	1,085,452	(18,108)	1.67%
	6% Real Property	1,523,966	1,523,821	145	0.01%
	Automobiles	<u>419,044</u>	<u>393,793</u>	<u>25,251</u>	<u>6.41%</u>
		<u>5,921,587</u>	<u>6,105,545</u>	<u>(183,958)</u>	<u>3.01%</u>
March 31, 2010	Personal	2,087,759	1,711,549	376,210	21.98%
	Mobile Homes	1,829,931	1,536,599	293,332	19.09%
	4% Real Property	1,739,827	1,616,118	123,709	7.65%
	6% Real Property	2,126,202	1,747,089	379,113	21.70%
	Automobiles	<u>441,184</u>	<u>430,593</u>	<u>10,591</u>	<u>2.46%</u>
		<u>8,224,903</u>	<u>7,041,948</u>	<u>1,182,955</u>	<u>16.80%</u>
April 30, 2010	Personal	1,641,711	767,487	874,224	113.91%
	Mobile Homes	1,023,014	752,675	270,339	35.92%
	4% Real Property	638,902	588,565	50,337	8.55%
	6% Real Property	1,321,164	917,983	403,181	43.92%
	Automobiles	<u>382,006</u>	<u>343,332</u>	<u>38,674</u>	<u>11.26%</u>
		<u>5,006,797</u>	<u>3,370,042</u>	<u>1,636,755</u>	<u>48.57%</u>
Totals	Personal	192,025,314	193,650,484	(1,625,170)	0.84%
	Mobile Homes	129,550,309	124,904,897	4,645,412	3.72%
	4% Real Property	86,822,307	90,762,975	(3,940,668)	4.34%
	6% Real Property	164,519,879	159,210,823	5,309,056	3.33%
	Automobiles	<u>3,030,214</u>	<u>2,795,871</u>	<u>234,343</u>	<u>8.38%</u>
		<u>\$ 575,948,023</u>	<u>\$ 571,325,050</u>	<u>\$ 4,622,973</u>	<u>0.81%</u>

AGREED UPON PROCEDURE #29 (Continued)

MANAGEMENT RESPONSE

Treasurer's office

The collections per Manatron and the collections per the general ledger will most likely never be totally the same. The reason for this is because of back-dating tax payments whenever the payment comes in after a particular due date. There could be multiple reasons for this.

There have been several months whenever there have been problems in sending out the automobile tax bills in a timely manner due to Manatron issues. The State of South Carolina (the State) designates the amount of days the County has to allow a taxpayer to pay his or her automobile taxes and if the tax bills go out late, the time period for accepting payment extends to what the State allows. This means if the Treasurer's office did not back-date to the month of the tag, the taxpayer would get penalized at the SCDMV when getting his or her sticker and registration, even though he or she would not be at fault.

In the case of personal, real, and mobile homes in the time periods selected, we have a voluminous amount of mail, online and walk-in payments. The walk-in customers have first priority in their taxes being posted. The online payments are done electronically within around twenty-four hours of being paid. However, some of the mail payments have to be back-dated because State law indicates the Treasurer's office has to go by the postmark date of the payments until they become delinquent. For example, if the Treasurer's office receives a payment via mail in January that is postmarked on or before December 31, it has to back-date the payment into December per State law.

After reviewing the analysis above, the Treasurer's office feels this is simply a timing issue that is unavoidable.

AGREED UPON PROCEDURE #30

For each distribution period selected, we identified the taxing entity the property belonged to and obtained the fund balance from the general ledger. We compared the taxing entity's fund balance to the amount of the tax distribution as reflected on the applicable bank statement.

FINDINGS

Tax distributions made to the taxing entities did not agree with the taxing entities' fund balance prior to the tax distribution. See the table below for a summary of these differences that applied to the sample. **See Attachment A.**

MANAGEMENT RESPONSE

Treasurer's office

There was one occasion during fiscal year 2010, where one municipality's tax revenue amount was posted to the wrong general ledger fund and a correction was made after it was discovered. Also, there are occasions where sometimes other revenues could be posted during a month after the distribution for that month is performed. Also, for any month's tax revenue, the tax revenue is not wired to the municipality until the next month. As such, the tax revenue is not posted until the next month.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on Beaufort County's analysis of its internal controls and processes in place related to accounting for property tax transactions. 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.

Beaufort County's responses to our findings as presented above were not audited by us. We performed no procedures related to these responses and accordingly, we do not express an opinion on them.

This report is solely for the information and use of Beaufort County and is not intended to be and should not be used by anyone other than that specified party.

Elliott Davis, LLC

Columbia, South Carolina
October 26, 2010

BEAUFORT COUNTY
 AGREED-UPON PROCEDURES REPORT

Distribution Period	Taxing Entity	Fund Balance Prior to Distribution	First Distribution Amount of Distribution	Fund Balance After Distribution	Fund Balance Prior to Distribution	Second Distribution Amount of Distribution	Fund Balance After Distribution	Fund Balance Prior to Distribution	Third Distribution Amount of Distribution	Fund Balance After Distribution
December 15, 2009	Town of Port Royal	\$ 221,999	\$ 221,999	\$ -	\$ -	\$ 24,507	\$ (24,507)	\$ -	\$ -	\$ -
	City of Beaufort	618,113	617,640	473	-	-	-	-	-	-
	Town of Hilton Head Island	2,284,162	2,283,581	581	-	-	-	-	-	-
	Town of Bluffton	410,594	409,022	1,572	26,079	24,507	1,572	-	-	-
		\$ 3,534,868	\$ 3,532,242	\$ 2,626	\$ 26,079	\$ 49,014	\$ (22,935)	\$ -	\$ -	\$ -
December 31, 2009	Town of Port Royal	\$ 981,679	\$ 782,587	\$ 199,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	City of Beaufort	2,350,982	153,845	2,197,137	2,197,137	1,798,623	398,514	199,092	34,445	164,647
	Town of Hilton Head Island	10,662,536	7,619,048	3,043,488	3,043,488	450,701	2,592,787	-	-	-
	Town of Bluffton	2,010,220	2,003,832	6,388	-	-	-	-	-	-
		\$ 16,005,417	\$ 10,559,312	\$ 5,446,105	\$ 5,240,625	\$ 2,249,324	\$ 2,991,301	\$ 199,092	\$ 34,445	\$ 164,647
January 15, 2010	Town of Port Royal	\$ 164,647	\$ 160,601	\$ 4,046	\$ 766,605	\$ 164,647	\$ 601,958	\$ -	\$ -	\$ -
	City of Beaufort	398,513	370,391	28,122	-	-	-	-	-	-
	Town of Hilton Head Island	2,592,787	2,425,919	166,868	7,817,223	2,592,247	5,224,976	-	-	-
	Town of Bluffton	1,913,413	52,924	1,860,489	-	-	-	-	-	-
		\$ 5,080,279	\$ 3,020,561	\$ 2,059,718	\$ 8,583,828	\$ 2,756,894	\$ 5,826,934	\$ -	\$ -	\$ -
January 31, 2010	Town of Port Royal	\$ 36,254	\$ 36,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	City of Beaufort	2,720,966	398,157	2,322,809	1,235,639	1,178,708	56,931	43,779	43,779	-
	Town of Hilton Head Island	3,272,725	3,013,829	258,896	201,917	201,564	353	-	-	-
	Town of Bluffton	112,583	112,569	14	1,861,194	1,748,610	112,584	-	-	-
		\$ 6,142,528	\$ 3,560,809	\$ 2,581,719	\$ 3,298,750	\$ 3,128,882	\$ 169,868	\$ 43,779	\$ 43,779	\$ -
February 28, 2010	Town of Port Royal	\$ 40,126	\$ 40,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	City of Beaufort	39,078	39,078	-	-	-	-	-	-	-
	Town of Hilton Head Island	342,028	341,675	353	-	-	-	-	-	-
	Town of Bluffton	119,531	119,517	14	-	-	-	-	-	-
		\$ 540,763	\$ 540,396	\$ 367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
March 15, 2010	Town of Port Royal	\$ 36,082	\$ 36,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	City of Beaufort	111,004	111,004	-	-	-	-	-	-	-
	Town of Hilton Head Island	185,868	185,515	353	-	-	-	-	-	-
	Town of Bluffton	56,407	56,393	14	-	-	-	-	-	-
		\$ 389,361	\$ 388,994	\$ 367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
March 31, 2010	Town of Port Royal	\$ 18,302	\$ 18,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	City of Beaufort	39,709	39,709	-	-	-	-	-	-	-
	Town of Hilton Head Island	100,513	100,200	313	-	-	-	-	-	-
	Town of Bluffton	138,342	138,328	14	-	-	-	-	-	-
		\$ 296,866	\$ 296,539	\$ 327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
April 30, 2010	Town of Port Royal	\$ 3,357	\$ 3,357	\$ -	\$ 26,467	\$ 26,467	\$ -	\$ -	\$ -	\$ -
	City of Beaufort	14,328	14,328	-	-	-	-	-	-	-
	Town of Hilton Head Island	167,871	132,724	35,147	-	-	-	-	-	-
	Town of Bluffton	7,532	7,532	-	51,053	51,053	-	-	-	-
		\$ 193,088	\$ 157,941	\$ 35,147	\$ 77,520	\$ 77,520	\$ -	\$ -	\$ -	\$ -
		\$ 32,183,170	\$ 22,056,794	\$ 10,126,376	\$ 17,256,802	\$ 8,261,634	\$ 8,965,168	\$ 242,871	\$ 78,224	\$ 164,647