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November 17, 2014

Terrell County Board of Commissioners
P. O. Box 525
Dawson, Georgia 39842

Gentlemen:

In planning and performing our audit of the financial statements of Terrell County, Georgia for the year ended September 30, 2014, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, we noted certain matters that came to our attention involving the internal control and its operation in regards to the Terrell County Tax Commissioner. The matters we noted are as follows:

- (1) At September 30, 2014, the tax commissioner had \$ 207,963.79 in funds that had not been properly posted and therefore the tax commissioner did not know to which taxing authority that this money should be properly disbursed to. These funds were in the following bank accounts:

Bank of Dawson Tax Account	\$ 139,890.59
Bank of Terrell Tax Account	34,337.68
Bank of Dawson Tag Account	<u>33,735.52</u>
 Total	 <u>207,963.79</u>

Instead of checking and reconciling the computer postings in order to find out to this money should be properly disbursed to, the tax commissioner simply paid Terrell County the remaining funds in the Bank of Terrell Tax Account and the Bank of Dawson Tag Account on October 21, 2014 in the amounts of \$ 34,337.68 and \$ 33,735.52. She then prorated the remaining amount of \$ 139,890.59 in the Bank of Dawson Tax Account based on the current millage rate. This resulted in payments of \$ 654.56 to the State of Georgia, \$ 64,625.71 to Terrell County, and \$ 74,610.32 to the Terrell County School System. This action has resulted in overpayments to some entities and underpayments to others at the final audit.

The tax commissioner should check and reconcile the computer postings monthly in order to find why she has excess funds so that these funds can be properly disbursed to the appropriate taxing authorities.

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- (2) The tax commissioner received a check in the amount of \$ 14,157.77 for 11 tax bills from a taxpayer and the tax bills were stamped "paid" in January, 2014. However, this check was not deposited until February, 2014 and was subsequently returned by the bank for insufficient funds in March, 2014. In addition, these tax bills were posted as paid and therefore paid out to the taxing authorities, even though the check had been returned and no funds were available in the bank to pay these amounts.

This check was never redeposited and the tax commissioner has never collected on this returned check. The only attempt by the tax commissioner to collect on this returned check was a form letter issued by the tax commissioner to the taxpayer in May, 2014. This check was subsequently turned over to the Sheriff's Department on November 10, 2014 for collection, or a full 7 months after it was returned by the bank. The tax commissioner should have better procedures in collecting returned checks and not waiting so long to collect on returned checks.

- (3) The delinquent tax collections from the sheriff's office for the years 2013 and prior have not been posted in the computer system as paid for the period August, 2013 through September, 2014. This presents problems for people contacting the tax commissioner's office in regards to the status of back year taxes being paid or not. The tax commissioner realizes these taxes have not been posted, but explains she has not had time to post these collections.
- (4) The tax commissioner maintains 7 checking accounts and has not performed monthly bank reconciliations on these accounts. Monthly bank reconciliations should be performed on these accounts. Bank reconciliations would identify any excess money not being paid out such as the amounts listed in item 1 and also identify any shortages presented in item 2.

If there are any questions regarding the above, please contact.

Respectfully submitted,

Garland, Williams & Associates

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