



CONTROLLER'S OFFICE

COUNTY OF BUCKS

Administration Building
55 East Court Street, Doylestown, PA 18901-4318
(215) 348-6435 • Fax (215) 348-6107

February 1, 2016

Commissioner Robert G. Loughery, Chairman
County of Bucks
Commissioners' Office
55 East Court Street
Doylestown, PA 18901

Re: Audit of Denise Reid, Langhorne Manor Borough Tax Collector

Dear Chairman Loughery:

Enclosed is the report for the audit of the Settlement of Duplicates for the Bucks County real estate taxes of the Langhorne Manor Borough Tax Collector, Denise Reid, for the tax years ended January 15, 2015, 2014 and 2013. The January 15th dates reflect the settlement dates for the three tax years included in the audit period. The section of the report titled Report to Management includes our findings and recommendations.

This examination was made in order to ascertain that Bucks County real estate tax collections were properly processed, that adequate and accurate financial records were maintained by the Tax Collector to reflect compliance to the *Tax Collector's Manual*, the *Local Tax Collection Law* and County policies and that the said collections were properly forwarded to the County. The audit was conducted in accordance with U.S. generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We express our appreciation for the courtesies extended to our auditors and acknowledge the cooperative assistance we received from the Tax Collector.

Should you have any questions regarding this audit, please call us at (215) 348-6556 between 7:30 a.m. and 4:00 p.m.

Sincerely,

Kimberly S. Doran, CPA
Acting Bucks County Controller

15-30
KSD/mkw

cc: Denise Reid, Langhorne Manor Borough Tax Collector
Brian Hesselthaler, CPA, Chief Operating Officer, Commissioners' Office, County of Bucks
David P. Boscola, Director, Finance Department, County of Bucks

COUNTY OF BUCKS
DENISE REID
LANGHORNE MANOR BOROUGH TAX COLLECTOR
For the Period
January 16, 2012 through January 15, 2015

County of Bucks
Denise Reid
Langhorne Manor Borough Tax Collector
For the Period January 16, 2012 through January 15, 2015

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INDEPENDENT AUDITORS' REPORT

To Commissioner Robert G. Loughery, Chairman
County of Bucks
Commissioners' Office
55 East Court Street
Doylestown, PA 18901

We have audited the accompanying Settlement of Duplicates – cash basis, applicable to Bucks County (County) real estate taxes of the Langhorne Manor Borough Tax Collector (Tax Collector), for the tax years ended January 15, 2015, 2014 and 2013, and the related note to the Settlement of Duplicates.

Management's Responsibility for the Settlement of Duplicates

The Tax Collector is responsible for the preparation and fair presentation of the Monthly Report to Taxing Districts (MRTD) sheets, which is the basis for the preparation of the Settlement of Duplicates in accordance with the cash basis of accounting described in Note 1.D. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the Settlement of Duplicates in the circumstances. The Tax Collector is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Settlement of Duplicates that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Settlement of Duplicates based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Settlement of Duplicates are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Settlement of Duplicates. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Settlement of Duplicates, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Tax Collector's preparation and fair presentation of the Settlement of Duplicates in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Tax Collector, if any, as well as evaluating the overall presentation of the Settlement of Duplicates.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued...

Opinion

In our opinion, the Settlement of Duplicates referred to in the first paragraph present fairly, in all material respects, the total amount the Tax Collector is responsible to collect and the total amount reported by Tax Collector, for the tax years ended January 15, 2015, 2014 and 2013, in accordance with the cash basis of accounting as described in Note 1.D.

Emphasis of Matter and Basis of Accounting

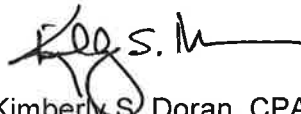
We draw attention to Note 1.C. to the Settlement of Duplicates, which describes that the settlement is prepared to present a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the reported collection, liened and non-lienable amounts, and is not intended to be a complete presentation of the Tax Collector's financial activities. The County has accepted the Settlement of Duplicate format as a means for presenting this reconciliation.

We also draw attention to Note 1.D. to the Settlement of Duplicates, which describes the basis of accounting. The Settlement of Duplicates are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.

Our opinion is not modified with respect to either matter.

Restriction on Use

This report is intended solely for the information and use of the Tax Collector and the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Kimberly S. Doran, CPA, Acting Bucks County Controller
Doylestown, Pennsylvania

January 21, 2016
15-30

County of Bucks
Langhorne Manor Borough Tax Collector

Settlement of Duplicate
For the Tax Year Ended January 15, 2015
Tax Year 2014
(Cash Basis)

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

Total Carried Forward from Prior Year	\$	1,269
2014 Tax Year - Original Duplicate		<u>245,071</u>
Total Amount the Tax Collector is Responsible to Collect	\$	<u>246,340</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	237,993
Add: Discounts taken by Taxpayers		4,337
Less: Penalties paid by Taxpayers		<u>(909)</u>
Amount Collected at Face Value of Tax Bills	\$	241,421
Unpaid Taxes to be Liened as Reported to the County:		
2014 Tax Year - Original Duplicate		4,614
2013 Tax Year - Interim Billings		<u>305</u>
Total Unpaid Taxes before Lien Removals		4,919
Less: Lien Removals from January 16, 2015 to January 21, 2016		<u>(-)</u>
Net Unpaid Taxes to be Liened as Reported to the County		4,919
Less: Refunds at Face Value made by Finance Department from January 16, 2014 to January 21, 2016		(-)
Total Non-Lienables Carried Forward		<u>-</u>
Total Amount Reported by Tax Collector	\$	<u>246,340</u>
Variance - Net Amount Under/(Over) Reported to the County	\$	<u>-</u>

See Note to the Settlement of Duplicates.

County of Bucks
Langhorne Manor Borough Tax Collector

Settlement of Duplicate
For the Tax Year Ended January 15, 2014
Tax Year 2013
(Cash Basis)

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

2013 Tax Year - Original Duplicate	\$ 243,233
2013 Tax Year - Interim Billings	<u>1,269</u>
Total Amount the Tax Collector is Responsible to Collect	<u>\$ 244,502</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$ 234,004
Add: Discounts taken by Taxpayers	4,224
Less: Penalties paid by Taxpayers	<u>(651)</u>
Amount Collected at Face Value of Tax Bills	\$ 237,577
Unpaid Taxes to be Liened as Reported to the County:	
2013 Tax Year - Original Duplicate/Interim Billings	<u>5,656</u>
Total Unpaid Taxes before Lien Removals	5,656
Less: Lien Removals from January 16, 2014 to January 21, 2016	<u>(-)</u>
Net Unpaid Taxes to be Liened as Reported to the County	5,656
Less: Refunds at Face Value made by Finance Department from January 16, 2013 to January 21, 2016	(-)
Total Non-Lienables Carried Forward:	
2013 Tax Year - Interim Billings	<u>1,269</u>
Total Amount Reported by Tax Collector	<u>\$ 244,502</u>
Variance - Net Amount Under/(Over) Reported to the County	<u>\$ -</u>

See Note to the Settlement of Duplicates.

County of Bucks
Langhorne Manor Borough Tax Collector

Settlement of Duplicate
For the Tax Year Ended January 15, 2013
Tax Year 2012
(Cash Basis)

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

2012 Tax Year - Original Duplicate \$ 243,681

Total Amount the Tax Collector is Responsible to Collect \$ 243,681

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$ 235,810	
Add: Discounts taken by Taxpayers	4,245	
Less: Penalties paid by Taxpayers	<u>(733)</u>	
Amount Collected at Face Value of Tax Bills		\$ 239,322
Unpaid Taxes to be Liened as Reported to the County:		
2012 Tax Year - Original Duplicate	<u>4,359</u>	
Total Unpaid Taxes before Lien Removals	4,359	
Less: Lien Removals from January 16, 2013 to January 21, 2016	<u>(-)</u>	
Net Unpaid Taxes to be Liened as Reported to the County		4,359
Less: Refunds at Face Value made by Finance Department from January 16, 2012 to January 21, 2016		(-)
Total Non-Lienables Carried Forward		<u>-</u>
Total Amount Reported by Tax Collector		\$ <u>243,681</u>
Variance - Net Amount Under/(Over) Reported to the County		\$ <u>-</u>

See Note to the Settlement of Duplicates.

NOTE TO THE SETTLEMENT OF DUPLICATES

1. Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Tax Collector and the County are presented below to assist the reader in understanding the Settlement of Duplicates. The accounting principles and practices are presented in conformity with a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A. Nature of Operations

The Tax Collector is an elected official designated to collect County real estate taxes as well as other taxes. In this jurisdiction, the Tax Collector is an elected official that serves a four (4) year term.

B. Reporting Entity

The accompanying Settlement of Duplicates are presented from only the financial transactions/records directly related to the County real estate taxes handled by the Tax Collector. The financial transactions consist primarily of real estate taxes collected, discounts taken and penalties paid. The Settlement of Duplicates do not present the financial activities of the Tax Collector or the County taken as a whole.

C. Basis of Presentation

The County requires Tax Collectors to settle County real estate taxes on or before January 15th of the succeeding year. As such, the County accepted the Settlement of Duplicate format to reflect the activities associated with the settlement of County real estate tax duplicates in the Tax Collector's possession during the period under audit. Specifically, the Settlement of Duplicate presents a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the collection, lien and non-lienable amounts reported by the Tax Collector.

Section 25 (Collection and Payment Over of Taxes) of the *Local Tax Collection Law* requires the Tax Collector to report the monthly real estate tax activities to the County on a standardized form commonly known as the MRTD sheet. Except for the "Refunds at Face Value made by Finance Department" amount, the amounts presented under the "Amount Reported by Tax Collector" section of the Settlement of Duplicate is an accumulation of information reported on the MRTD sheets for the given tax year.

D. Basis of Accounting

The Tax Collector prepares the required MRTD sheets in accordance with the financial reporting provisions prescribed by the Pennsylvania Department of Community and Economic Development, which is essentially the cash basis of accounting. Since the accompanying Settlement of Duplicates are summaries of amounts reported on the MRTD sheets for the given tax years, the Settlement of Duplicates are prepared and presented on the same basis. Under that basis, the only asset recognized is cash, and

Continued...

NOTE TO THE SETTLEMENT OF DUPLICATES

1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

no liabilities are recognized. All transactions are recognized as either collections, liens, refunds or non-lienable carried forward amounts. The cash basis differs from U.S. generally accepted accounting principles primarily because the effects of accounts receivable and accounts payable are not reflected in the accompanying Settlement of Duplicates. The cash basis of accounting is an acceptable basis of accounting for the Settlement of Duplicates.

E. Amount to be Collected

Upon successful settlement of a prior year duplicate, on February 1st of each year the County issues to the Tax Collector the current year's tax duplicate, which represents County real estate taxes to be collected. In addition to the duplicate, the County may issue, throughout the year, interim adjustments. Therefore, the total amount of County real estate taxes to be collected in a tax year is the duplicate amount plus and/or minus any interim adjustment amounts.

F. Cash

Deposits in the banking institutions are insured by the Federal Deposit Insurance Corporation and/or are fully collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly.

G. Original Duplicate/Interim Billings

The Original Duplicate/Interim Billings amounts presented under the "Amount the Tax Collector is Responsible to Collect" on the accompanying Settlement of Duplicates represent the total original duplicate plus and/or minus all applicable interim adjustments issued for the period indicated.

H. Date of Management's Review

The Tax Collector has evaluated subsequent events through January 21, 2016, the date on which the Settlement of Duplicates were available to be issued. No events have taken place that affect the Settlement of Duplicates or require disclosure.



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REPORT ON SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To Commissioner Robert G. Loughery, Chairman
County of Bucks
Commissioners' Office
55 East Court Street
Doylestown, PA 18901

In planning and performing our audit of the Settlement of Duplicates, for the tax years ended January 15, 2015, 2014 and 2013, in accordance with U.S. generally accepted auditing standards, we considered the Tax Collector's internal control over the financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Settlement of Duplicates, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

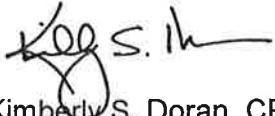
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Tax Collector's Settlement of Duplicates will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in F1. of the Internal Control, F1. - F3. of the Cash - Bank Analysis and F1. of the Settlement of Duplicate sections of the Report to Management to be significant deficiencies.

The Tax Collector's written responses to the findings identified in our audit and presented in the Report to Management were not subjected to the auditing procedures applied in the audit of the Settlement of Duplicates and, accordingly, we express no opinion on them.

Continued...

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Handwritten signature of Kimberly S. Doran in black ink.

Kimberly S. Doran, CPA, Acting Bucks County Controller
Doylestown, Pennsylvania

January 21, 2016
15-30

REPORT TO MANAGEMENT

COVER LETTER

We have audited the Settlement of Duplicates, applicable to County real estate taxes of the Tax Collector, for the tax years ended January 15, 2015, 2014 and 2013. Professional standards require that we provide the Tax Collector with information about our responsibilities under U.S. generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the Tax Collector dated April 22, 2015. Professional standards also require that we communicate the following information related to our audit.

Audit Findings Overview

Qualitative Aspects of Accounting Practices

The Tax Collector is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Tax Collector are described in Note 1 to the Settlement of Duplicates. No new accounting policies were adopted and the application of existing policies was not changed during the audit period. We noted no transactions entered into by the Tax Collector during the audit period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Settlement of Duplicates in the proper period.

The Settlement of Duplicate disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with the Tax Collector in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. As a result of the audit procedures, we did not detect any misstatements that required correction by management.

Disagreements with the Tax Collector

For purposes of this letter, a disagreement with the Tax Collector is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Settlement of Duplicates or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Representations from the Tax Collector

We have requested certain representations from the Tax Collector that are included in the management representation letter dated January 21, 2016.

Continued...

Langhorne Manor Borough Tax Collector

REPORT TO MANAGEMENT

COVER LETTER

Purpose

In reviewing this report, it is important to remember that this letter addresses those conditions that we believe should be brought to the attention of the Tax Collector, and accordingly, does not recite the many sound controls that presently exist. Furthermore, our suggestions should not be construed as a criticism of or a reflection on the integrity of the Tax Collector.

Report Distribution

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REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Legend:

F – Finding

R – Recommendation

The Tax Collector's Office consisted of one (1) Tax Collector.

During our audit, we became aware of significant deficiencies in internal control that have been identified as such in the separate report titled "Report on Significant Deficiencies and Material Weaknesses" dated January 21, 2016. The Internal Control, Cash – Bank Analysis and Settlement of Duplicate sections of the Report to Management detail the significant deficiencies noted in the Tax Collector's control environment and our recommendations for improvement. The Report to Management does not affect our "Independent Auditors' Report" dated January 21, 2016, on the Tax Collector's Settlement of Duplicates.

Internal Control

A review of the internal control environment disclosed the following:

- F1. A review of the financial transactions recorded and the procedures performed by the Tax Collector revealed that there was a general lack of segregation of duties among the authorization, execution and recording of the County real estate tax transactions and the related assets.
- R1. Although a one-person staff does not afford the Tax Collector the opportunity to separate incompatible duties, audit guidance requires the reporting of such a condition. The basic premise to any internal control structure is that no one (1) individual should have access to both physical assets and the related accounting records or to all phases of a transaction.

Auditee's Response:

- F1. Due to the small size of our Borough it is not financially possible to have more than a one-person staff and to segregate duties.

Cash – Bank Analysis

Included within the audit were procedures to verify, through random selection of monthly bank statements, that the Tax Collector made only appropriate disbursements, maintained up-to-date checkbook balances, prepared monthly bank reconciliations and utilized the account for only tax collection activities.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Cash – Bank Analysis (Continued)

- F1. A review of the December 31, 2013 and 2012 bank reconciliations prepared by the Tax Collector disclosed that the reconciliations included unidentified variances and/or were not properly reconciled. Furthermore, the Tax Collector did not prepare written monthly bank reconciliations for the months of June 2014 through December 2014. Consequently, the auditors were unable to draw any conclusions about the Tax Collector's ability to reconcile the bank account balance to the tax collection records for the audit period.
- R1. On a monthly basis, the Tax Collector should prepare written bank reconciliations listing deposits-in-transit, outstanding checks, adjustments and reconciling items. In order to provide up-to-date bank balance information, all deposits, disbursements and adjustments should be posted to the checkbook daily. Furthermore, the maintenance of an up-to-date checkbook balance will provide the Tax Collector with a basis for determining deposits-in-transit, outstanding checks and other reconciling items.
- F2. Since the Tax Collector did not prepare the December 31, 2014 bank reconciliation and did not properly prepare the December 31, 2013 and 2012 bank reconciliations, we attempted to prepare these bank reconciliations listing all known adjustments/incorrect postings to the checkbook. Based on the identified adjustments/mispostings, all three (3) bank reconciliations resulted in a \$15 variance between the net cash balance per the bank statement and the adjusted running checkbook balance maintained by the Tax Collector.
- R2. If this condition still exists, the Tax Collector should immediately take the necessary steps to identify the source of this variance.
- F3. Included within the review of the bank reconciliation were procedures to verify the completeness of the checkbook and the accuracy of the running balance. This review disclosed that although the Tax Collector maintained a checkbook during the audit period, the following issues were noted:
- Transaction dates and payees were not always entered into the checkbook.
 - During the audit period, inaccurate running checkbook balances were maintained due to undetected math errors, unrecorded bank service fees, unrecorded returned deposit items and uncorrected discrepancies between posted deposit/check amounts verses bank statement amounts.
 - In three (3) instances, check dates recorded in the checkbook were not in agreement with the actual dates entered on the checks.
- R3. The Tax Collector should be reminded of the importance of maintaining an accurate, up-to-date checkbook showing all deposit, disbursement and adjustment dates, descriptions and amounts. Furthermore, the maintenance of an accurate checkbook and running balance would provide the Tax Collector with the basis for preparing monthly bank reconciliations.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Cash – Bank Analysis (Continued)

F4. As previously reported, we attempted to prepare a bank reconciliation as of December 31, 2014. An analysis of the resulting outstanding check list disclosed that six (6) checks listed were outstanding for more than six (6) months and another three (3) checks listed were never mailed to the intended parties. The original checks were still in the Tax Collector's possession.

R4. A monthly procedure should be established to remove any checks that are outstanding for more than six (6) months. After the Tax Collector has exhausted all efforts to contact the original payee(s), a check for the appropriate amount(s) should be forwarded to the appropriate taxing district(s) to be placed in an unclaimed funds account. A listing of the original payee(s) and corresponding amount(s) should be forwarded to the applicable taxing district(s) and a copy retained by the Tax Collector. Should someone make a claim against the unclaimed funds, the Tax Collector should request that each taxing district return the funds to the proper party.

Additionally, all checks should be mailed to the payee on the date prepared and entered into the checkbook or by the next business day.

F5. A review of the May 2014 bank statement disclosed that the Tax Collector accepted the repayment of one (1) tax payment that was initially paid by check in the prior collection period but was returned by the bank as having non-sufficient funds. Since the repayment of this payment was received in the face period, the appropriate tax payment amount should have included an additional \$14, which represented the 2% discount. Consequently, the acceptance of this transaction by the Tax Collector resulted in a \$14 under submission of County real estate taxes.

R5. The Tax Collector should be reminded of the importance of insuring that the amount of the real estate tax payment is appropriate for the period in which it was collected. In accordance with Section X of the *Tax Collector's Manual*, "Acceptance of a check from a taxpayer is at most only a conditional payment of taxes; the taxes are not considered fully paid until the check has cleared." Furthermore, the Tax Collector should contact the Finance Department for clarification on the policy for handling checks returned for insufficient funds.

F6. The analysis of the service charges assessed to the bank account utilized for County real estate tax activities disclosed that there was \$40 of unreimbursed charges that had accumulated during the prior audit period that were not reversed by the bank or reimbursed by the Tax Collector as of the audit fieldwork date.

R6. To rectify this condition, the Tax Collector should contact the bank to request the reversal of unreimbursed service charges.

Auditee's Response:

F1. Due to an ongoing and cumulative error on my part I have not been able to balance my checkbook or reconcile the bank statement.

F2. I will seek help to balance and find the \$15.00 variance.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Cash – Bank Analysis (Continued)

- F3. Once balanced I will be able to maintain a more accurate checkbook.
- F4. The three checks were mailed and again, once I balance I will more accurately be able to identify outstanding checks.
- F5. The NSF check was issued by an elderly taxpayer who made a mistake. I had a hard time explaining the issue to him and felt I would further confuse the situation if I asked him to add money. In the future I will adhere more closely to the policy.
- F6. I will ask the bank to reverse for the \$40.00 in charges. If they are not willing to reverse the charges I will deposit a private check in the amount of \$40.

Compliance

In order to determine whether the Tax Collector was in compliance with certain provisions of the *Tax Collector's Manual*, *Local Tax Collection Law* and County policies, we reviewed MRTD sheets, tax notices, disbursement practices and other appropriate documentation.

- F1. Based on the requirements outlined in the *Local Tax Collection Law* and the guidelines issued by the Finance Department, an analysis of disbursements made by the Tax Collector to the County disclosed that County real estate tax revenue was not always forwarded timely to the County.
- R1. The Tax Collector should strictly adhere to the requirements stated in Section 25 of the *Local Tax Collection Law* and the guidelines issued by the Finance Department regarding the timely submission of revenue.

Auditee's Response:

- F1. I will more closely adhere to the timely submission of revenue.

Settlement of Duplicate

In order to determine whether the Settlement of Duplicates were accurately presented, we reviewed the MRTD sheets submitted to the Finance Department. The review included a verification of the cash collected, discounts taken, penalties paid and debit and credit interims including lienable and non-lienable amounts.

- F1. An overall review of debit interim adjustments issued to the Tax Collector disclosed the following conditions:
 - The Tax Collector did not report timely the utilization of the debit interim adjustments on the MRTD sheets in 75% of the four (4) adjustments issued. The untimely reporting ranged from five (5) to seven (7) months late. Furthermore, when the debit interim adjustments were reported on the applicable MRTD sheets, 100% of the four (4) adjustments had no interim tax notice issued until three (3) months after the adjustments were reported.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Settlement of Duplicate (Continued)

- The interim tax notice was not issued by the Tax Collector in a timely manner in 100% of the four (4) debit interim adjustments issued.

R1. The Tax Collector should be reminded of the importance of timely recording the utilization of the debit interim adjustments on the MRTD sheet(s). Additionally, debit interim adjustments should not be reported as utilized until the Tax Collector has generated and mailed the interim tax notices to the affected taxpayers. The Tax Collector should be reminded of the importance of issuing interim tax notices in accordance with the guidelines established in Section VIII of the *Tax Collector's Manual*.

Auditee's Response:

- F1. I receive so few debits they are sometimes overlooked. I will check the FTP site more frequently and bill accordingly.

EXIT CONFERENCE ATTENDANCE

An exit conference was held via conference call on January 21, 2016. Those participating in the conference call were:

Langhorne Manor Borough Tax Collector

Denise Reid, Tax Collector

Controller's Office

Denise Rimby, CPA, Audit Supervisor
Amy Hall, Auditor

The results of the audit were presented and discussed in their entirety.