August 19, 2019

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 16, 2018, January 15, 2017 and January 15, 2016. The January 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 7:00 a.m. and 5:00 p.m.

Sincerely,

[Signature]

Neale Dougherty
Bucks County Controller

18-19

ND/mkw

cc: Denise Reid, Langhorne Manor Borough Tax Collector
Brian Hessenthaler, 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, 2015 through January 16, 2018
(Tax Years 2015, 2016 and 2017)
**County of Bucks**  
Denise Reid  
Langhorne Manor Borough Tax Collector  
For the Period January 16, 2015 through January 16, 2018

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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 16, 2018, January 15, 2017 and January 15, 2016, and the related notes 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 are 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.

Auditor's 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 the Tax Collector, for the tax years ended January 16, 2018, January 15, 2017 and January 15, 2016, 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.

Other Matters

Although the Tax Collector filed MRTD sheets with the County’s Finance Department that resulted in the accompanying Settlement of Duplicates for the three (3) tax years under audit, the Tax Collector did not prepare monthly bank reconciliations or provide detailed compositions of the adjusted bank statement balances stated at $46,125, $70,291 and $34,406 as of January 16, 2018, January 15, 2017 and January 15, 2016, respectively. Based on the importance of these analyses, the auditors were unable to draw a conclusion as to whether the Tax Collector accurately accounted for all funds deposited into the bank account used for the collection and disbursement of County real estate taxes. Due to the importance of the reconciliations and the compositions, the auditors performed additional procedures in an attempt to identify potential bank account discrepancies as of December 31, 2017, 2016 and 2015 and to account for the remaining funds in the bank account as of the aforementioned settlement dates for these three (3) tax years. The results of these procedures are discussed under F1 - F5. of the Cash – Bank Analysis section of the Report to Management.

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, Bucks County Deputy Controller
Doylestown, Pennsylvania

July 25, 2019
18-19
County of Bucks  
Langhorne Manor Borough Tax Collector

Settlement of Duplicate  
For the Tax Year Ended January 16, 2018  
Tax Year 2017  
(Cash Basis)

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

2017 Tax Year - Tax Duplicate $ 242,409
2017 Tax Year - Interim Billings/Adjustments 3,538
Total Amount the Tax Collector is Responsible to Collect $ 245,947

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County $ 235,429
Add: Discounts taken by Taxpayers 4,362
Less: Penalties paid by Taxpayers (503)

Amount Collected at Face Value of Tax Bills $ 239,288

Unpaid Taxes to be Liened as Reported to the County:

2017 Tax Year - Tax Duplicate and Interim Billings/Adjustments 6,354

Total Unpaid Taxes before Lien Removals 6,354
Less: Lien Removals from January 17, 2018 to July 25, 2019 ( - )

Net Unpaid Taxes to be Liened as Reported to the County 6,354
Less: Refunds at Face Value made by Finance Department from January 16, 2017 to July 25, 2019 (- )

Total Non-Lienables Carried Forward -

Total Amount Reported by Tax Collector $ 245,642

Variance - Net Amount Under/(Over) Reported to the County $ 305

See Notes to the Settlement of Duplicates.
Amount the Tax Collector is Responsible to Collect

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Tax Year - Tax Duplicate</td>
<td>$242,606</td>
</tr>
<tr>
<td>2016 Tax Year - Interim Billings/Adjustments</td>
<td>242</td>
</tr>
<tr>
<td><strong>Total Amount the Tax Collector is Responsible to Collect</strong></td>
<td><strong>$242,848</strong></td>
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</table>

Amount Reported by Tax Collector

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Amount Collected from Taxpayers as Reported to the County</td>
<td>$235,963</td>
</tr>
<tr>
<td>Add: Discounts taken by Taxpayers</td>
<td>4,321</td>
</tr>
<tr>
<td>Less: Penalties paid by Taxpayers</td>
<td>(875)</td>
</tr>
<tr>
<td><strong>Amount Collected at Face Value of Tax Bills</strong></td>
<td><strong>$239,409</strong></td>
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Unpaid Taxes to be Liened as Reported to the County:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Tax Year - Tax Duplicate and Interim Billings/Adjustments</td>
<td>3,439</td>
</tr>
<tr>
<td><strong>Total Unpaid Taxes before Lien Removals</strong></td>
<td><strong>3,439</strong></td>
</tr>
<tr>
<td>Less: Lien Removals from January 16, 2017 to July 25, 2019</td>
<td>( - )</td>
</tr>
<tr>
<td><strong>Net Unpaid Taxes to be Liened as Reported to the County</strong></td>
<td><strong>3,439</strong></td>
</tr>
<tr>
<td>Less: Refunds at Face Value made by Finance Department from January 16, 2016 to July 25, 2019</td>
<td>( - )</td>
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<tr>
<td><strong>Total Non-Lienables Carried Forward</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total Amount Reported by Tax Collector</strong></td>
<td><strong>$242,848</strong></td>
</tr>
<tr>
<td><strong>Variance - Net Amount Under/(Over) Reported to the County</strong></td>
<td><strong>-</strong></td>
</tr>
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</table>

See Notes to the Settlement of Duplicates.
County of Bucks  
Langhorne Manor Borough Tax Collector  

Settlement of Duplicate  
For the Tax Year Ended January 15, 2016  
Tax Year 2015  
(Cash Basis)

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

- 2015 Tax Year - Tax Duplicate $242,500
- 2015 Tax Year - Interim Billings/Adjustments 62

Total Amount the Tax Collector is Responsible to Collect $242,562

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County $235,935
Add: Discounts taken by Taxpayers 4,283
Less: Penalties paid by Taxpayers (482)

Amount Collected at Face Value of Tax Bills $239,736

Unpaid Taxes to be Liened as Reported to the County:

- 2015 Tax Year - Tax Duplicate and Interim Billings/Adjustments 2,826

Total Unpaid Taxes before Lien Removals 2,826
Less: Lien Removals from January 16, 2016 to July 25, 2019 ( - )

Net Unpaid Taxes to be Liened as Reported to the County 2,826

Less: Refunds at Face Value made by Finance Department from January 16, 2015 to July 25, 2019 ( - )

Total Non-Lienables Carried Forward  -

Total Amount Reported by Tax Collector $242,562

Variance - Net Amount Under/(Over) Reported to the County $ -

See Notes to the Settlement of Duplicates.
NOTES 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 (or by the next business day if the 15th falls on a weekend or legal holiday) 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, liened 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 primarily 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 the cash basis, the only asset recognized is cash, and no liabilities are recognized. Unless otherwise noted, the County portion of

Continued…
1. **Summary of Significant Accounting Policies (Continued)**

D. **Basis of Accounting (Continued)**

the real estate tax revenue collected and disbursed by the Tax Collector during a given tax year is presented on the accompanying Settlement of Duplicates as the "Amount Collected from Taxpayers as Reported to the County". 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 tax 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 tax duplicate, the County may issue, throughout the year, interim billings/adjustments. Therefore, the total amount of County real estate taxes to be collected in a tax year is the tax duplicate amount plus and/or minus any interim billing/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. **Tax Duplicate and Interim Billings/Adjustments**

The Tax Duplicate and Interim Billing/Adjustment amounts presented under the “Amount the Tax Collector is Responsible to Collect” on the accompanying Settlement of Duplicates represent the total tax duplicate plus and/or minus all applicable interim billings/adjustments issued for the period indicated.

2. **Net Amount Under Reported**

As indicated on the accompanying Settlement of Duplicate for the tax year ended January 16, 2018, the Tax Collector under reported $305 to the County. The specific cause of this variance is discussed further in the Report to Management.
NOTES TO THE SETTLEMENT OF DUPLICATES

3. Remittances to the County

The amounts reported on the accompanying Settlement of Duplicates for the tax years ended January 15, 2017 and 2016 as "Amount Collected from Taxpayers as Reported to the County" are derived from the MRTD sheets submitted by the Tax Collector to the County. A comparison of the amounts reported to be collected to the amounts actually disbursed to the County disclosed the following:

- A comparison of the $235,963 reported as collected on the Settlement of Duplicate for the tax year ended January 15, 2017 to the amount actually disbursed disclosed that the Tax Collector actually disbursed $227,983 as of January 15, 2017, which resulted in an initial under submission of tax collections of $7,980. On January 19, 2017 and February 17, 2017, the Tax Collector forwarded additional funds totaling $7,980 that was applicable to the 2016 Tax Year - Tax Duplicate/Interim Billings collections. After consideration of these additional disbursements, the Tax Collector’s remittances equaled the amount reported.

- A comparison of the $235,935 reported as collected on the Settlement of Duplicate for the tax year ended January 15, 2016 to the amount actually disbursed disclosed that the Tax Collector actually disbursed $235,014 as of January 15, 2016, which resulted in an initial under submission of tax collections of $921. On February 3, 2016, the Tax Collector forwarded an additional $921 to the County that was applicable to the 2015 Tax Year - Tax Duplicate/Interim Billings collections. After consideration of this additional disbursement, the Tax Collector’s remittances equaled the amount reported.

4. Subsequent Events

Events subsequent to January 16, 2018 have been evaluated by the Tax Collector through July 25, 2019, the date the special-purpose statements were available to be issued, to determine whether they should be disclosed to keep the special-purpose statements from being misleading. The $235,429 reported on the accompanying Settlement of Duplicate for the tax year ended January 16, 2018, as the “Amount Collected from Taxpayers as Reported to the County” is derived from the MRTD sheets submitted by the Tax Collector to the County. A comparison of the amount reported to be collected to the amount actually disbursed to the County disclosed that the Tax Collector actually disbursed $229,545 as of the January 16, 2018 settlement date, which resulted in an initial under submission of tax collections of $5,884. On January 23, 2018 and April 17, 2018, the Tax Collector forwarded additional funds totaling $5,884 that was applicable to the 2017 Tax Year - Tax Duplicate/Interim Billings collections. After consideration of these additional disbursements, the Tax Collector’s remittances equaled the amount reported.
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 16, 2018, January 15, 2017 and January 15, 2016, 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. Furthermore, as stated in the Other Matters paragraph of the Independent Auditors' Report, the inability of the Tax Collector to provide monthly bank reconciliations and detailed documentation to support the adjusted bank statement balances of $46,125, $70,291 and $34,406 as of the January 16, 2018, January 15, 2017 and January 15, 2016 settlement dates, respectively, prohibited us from completing our evaluation on aspects of the Tax Collector's control environment. 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's 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. - F5. of the

Continued…
Cash – Bank Analysis, F1. of the Receipts Analysis, F4. of the Compliance and F1. of the Settlement of Duplicate sections of the Report to Management to be significant deficiencies.

The Tax Collector’s written response to the findings identified in our audit and presented in the Report to Management was not subjected to the audit procedures applied in the audit of the Settlement of Duplicates and, accordingly, we express no opinion on it.

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, Bucks County Deputy Controller
Doylestown, Pennsylvania

July 25, 2019
18-19
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 16, 2018, January 15, 2017 and January 15, 2016. 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 June 20, 2018. 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

As indicated in the Other Matters paragraph of the Independent Auditors’ Report, additional procedures were performed by the auditors in an effort to reconcile the bank account based on the Tax Collector’s records and to account for the adjusted bank statement balances as of the January 16, 2018, January 15, 2017 and January 15, 2016 settlement dates for the 2017, 2016 and 2015 tax years, respectively. These additional procedures lead to significant delays in the completion of the audit and the issuance of this report.

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 were not trivial applicable to the Settlement of Duplicates for the tax years ended January 15, 2017 and January 15, 2016. However, the Settlement of Duplicate section of the Report to Management provides details of the uncorrected misstatement to the Settlement of Duplicate for the tax year ended January 16, 2018. Management has determined that the effect of the uncorrected misstatement is immaterial, both individually and in the aggregate, to the Settlement of Duplicate taken as a whole for that tax year.

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

Continued…
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 July 25, 2019.

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 other 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

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.
Langhorne Manor Borough Tax Collector

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 July 25, 2019. The Internal Control, Cash – Bank Analysis, Receipts Analysis, Compliance 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 July 25, 2019, on the Tax Collector’s Settlement of Duplicates.

Internal Control

A review of the internal control environment disclosed the following:

F1. It was determined that the Tax Collector was the sole individual responsible for all functions and transactions applicable to the collection of County real estate taxes.

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:

See page 19.

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.

F1. The Tax Collector did not prepare written monthly bank reconciliations for any months during the audit period. 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

Continued…
Cash – Bank Analysis (Continued)

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, 2017, December 31, 2016 or December 31, 2015 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 $14 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 audit 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, inaccurate running checkbook balances were maintained due to the following issues:

- Transactions clearing the bank account were not always entered into the checkbook.
- Transactions entered into the checkbook that were not in agreement with the bank statement were left unresolved.
- Check dates recorded in the checkbook were not always in agreement with the actual dates entered on the checks.
- Check amounts entered in the checkbook did not always list the applicable check number and/or payee.

The accumulation of these discrepancies resulted in twenty-five (25) identified checkbook errors totaling $2,209 as of the December 31, 2017 bank reconciliation prepared by the auditors.

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, and 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. It is imperative that the Tax Collector address these identified variances as soon as possible.

F4. As previously reported, we attempted to prepare a bank reconciliation as of December 31, 2017. An analysis of the resulting outstanding check list disclosed that four (4) checks totaling $1,186 and dating back as far as June 15, 2015, were included in the reconciliation even though the checks had exceeded the three (3) year dormancy period required in the Pennsylvania Unclaimed Property Law.

Continued…
FINDINGS AND RECOMMENDATIONS

Cash – Bank Analysis (Continued)

R4. The Tax Collector should take the appropriate action to comply with the *Pennsylvania Unclaimed Property Law*. Additionally, in order to remain in compliance, 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.

F5. In order to determine whether the Tax Collector maintained adequate accounting records to support the source of funds that made up the $46,125, $70,291 and $34,409 adjusted bank statement balances as of January 16, 2018, January 15, 2017 and January 15, 2016, respectively, we inquired as to the composition of these balances. Although requested, the Tax Collector did not provide documentation to support these balances. Given the significance of the unaccounted for funds in the bank account as of the three (3) settlement dates, the auditors attempted to prepare the compositions based on the Tax Collector’s records. These additional audit procedures disclosed the following:

- The auditor-prepared compositions resulted in undetermined portions of the adjusted bank statement balances of $(326), $216 and $86, respectively.

- The auditor-prepared composition as of January 16, 2018 included a $1,500 partial payment that was deposited in September 2017 but not applied or refunded to the taxpayer.

R5. If this condition still exists, the Tax Collector should immediately take the necessary steps to determine the composition of the bank statement balance. Additionally, the Tax Collector should be reminded of the importance of refunding deposited partial payments to the taxpayer within a reasonable time period not to exceed thirty (30) days.

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 was not reversed by the bank or reimbursed by the Tax Collector as of the audit fieldwork date.

R6. All bank service charge fees should be offset either through a reversal by the bank or a reimbursement by the Tax Collector using personal funds within a reasonable time period not to exceed sixty (60) days.

Auditee’s Response:

See page 19.

Continued...
Receipts Analysis

As a part of the audit, we reviewed a sample of paid tax notices and deposits to determine whether payments were properly recorded and deposited intact and in a timely manner.

F1. An analysis of a sample of debit interim adjustments disclosed that neither the interim tax notice nor the receipt information applicable to the interim tax notice payment could be traced to the Tax Collector’s records in 33% of the nine (9) debit interim adjustments examined. Consequently, the auditors were unable to verify the source of these payments.

R1. The Tax Collector should be reminded of the importance of maintaining all documentation that supports the billing and subsequent collection and deposit of County real estate taxes.

Auditee’s Response:

See page 19.

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. A review of the debit and credit interim adjustments, which are issued by the Board of Assessment, disclosed the following conditions:

- The interim tax notices were not issued in a timely manner in 100% of the seven (7) applicable debit interim adjustments examined.

- An adjusted tax notice applicable to a credit interim adjustment was not prepared when one should have been.

- The Tax Collector was untimely in notifying the Finance Department of a refund due to affected taxpayers in 50% of the four (4) applicable credit interim adjustments examined.

R1. The Tax Collector should be reminded of the importance of properly accounting for all interim adjustments. This would include issuing interim/adjusted tax notices in accordance with the guidelines established in the Tax Collector's Manual and timely notifying the Finance Department of refunds due to affected taxpayers.

F2. Our analysis of the MRTD sheets submitted to the County revealed the following conditions:

- In 68% of the twenty-five (25) applicable months examined, the final disbursement of real estate tax collections for a given month did not occur until after the tenth day of the following month or after the January 15th settlement date.

Continued…
FINDINGS AND RECOMMENDATIONS

Compliance (Continued)

- Disbursements/wire transfers of County real estate tax revenue were not always forwarded timely to the County based on the requirements outlined in the Local Tax Collection Law and the guidelines issued by the Finance Department.

R2. 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.

F3. During the audit period, the Tax Collector did not have a deputy Tax Collector in place as required under the amended Section 22 (Deputy Tax Collectors) of the Local Tax Collection Law.

R3. If this condition still exists, the Tax Collector should take the necessary steps to have an appropriate person approved to serve as a deputy.

F4. The Tax Collector did not retain the postmarked envelopes for tax payments postmarked by the end of the face period but received in August 2016 and December 2017. Consequently, we were unable to verify three (3) tax payments processed at the face amount. Absent this required justification for the acceptance of the County real estate tax payments at the face amount, the potential lost County real estate tax revenue was $267.

R4. The Tax Collector should retain the delivery envelopes for all tax payments received in a current collection period but postmarked on or before the end of the previous collection period. The envelopes should be attached to the applicable paid tax bills. Implementation of this procedure will provide the necessary documentation to substantiate discount payments reported in the face period and face payments reported in the penalty period. The Finance Department will contact the Tax Collector for further direction on the resolution of the lost revenue.

Auditee’s Response:

See page 20.

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 interim adjustments, including lienable and non-lienable amounts.

F1. Although we determined that the combined Settlement of Duplicate for the tax year ended January 16, 2018 was fairly presented, in all material respects, we noted the following variances within the individual settlements:

<table>
<thead>
<tr>
<th>Item to be Settled</th>
<th>Under/(Over) Reported to the County</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Tax Year – Interim Billings/ Adjustments</td>
<td>$ 305</td>
</tr>
<tr>
<td>2017 Tax Year – Tax Duplicate</td>
<td>-</td>
</tr>
<tr>
<td>Variance – Net Amount Under Reported to the County</td>
<td>$ 305</td>
</tr>
</tbody>
</table>

Continued...
Settlement of Duplicate (Continued)

Upon analyzing the net under reported variance, we believe that the following condition attributed to the variance:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variance – Net Amount Under Reported to the County</td>
<td>$ 305</td>
</tr>
<tr>
<td>Less: Debit Interim Billing Applicable to the 2017 Tax Year Not Included in the Total Non-Lienables Carried Forward</td>
<td>(305)</td>
</tr>
<tr>
<td>Net Amount Under/(Over) Reported to the County</td>
<td></td>
</tr>
</tbody>
</table>

(a) The Tax Collector reported one (1) debit interim adjustment applicable to the 2017 Tax Year – Interim Billings/Adjustments in January 2018. Since this interim was issued in November 2017 for the tax year ended January 16, 2018, it was included in the “Total Amount the Tax Collector is Responsible to Collect” on the applicable accompanying Settlement of Duplicate. However, since the Tax Collector did not recognize and report the utilization of this debit interim adjustment until the following tax year, the $305 is not included in the “Total Amount Reported by Tax Collector” on the accompanying Settlement of Duplicate for the tax year ended January 16, 2018. The untimely reporting of the debit interim adjustment resulted in a $305 understatement of the “Total Non-Lienables Carried Forward” amount and the “Total Amount Reported by Tax Collector”.

R1. According to VIII. Tax Duplicate section of the Tax Collector's Manual, interim tax notices must be sent "...within 10 days after receipt of the duplicate addition". It is the Tax Collector’s responsibility to ensure compliance to this requirement and to settle all duplicates to zero. Since the Tax Collector reported this debit interim adjustment in the following tax year, no amended MRTD sheet is required to be filed with the County.

Auditee’s Response:

See page 20.
July 22, 2019

Denise Rimby, CPA
Controller’s Office
55 East Court Street
Doylestown, PA 18901

Dear Ms. Rimby:

I would like to respond to the Audit findings for January 16, 2015 through January 16, 2018.

I do acknowledge that over the past 20 plus years as tax collector I have had a few issues that have accumulated causing difficulty in balancing correctly, fortunately my Settlement of Duplicates present fairly. I also acknowledge that some of my accounting practices could use more care, over the past few years I have unfortunately had more responsibilities added to my schedule which make it more difficult to keep up with this part-time position.

Please find the response to the finding listed:

Internal Control – Tax collecting for a small boro does not afford additional staff, unfortunately I am not able to divide duties. I have tried numerous times to appoint a Deputy but I was unable to get it approved in my Borough and they did not offer any suggestions. I will again approach them on the subject.

Cash/Bank Analysis – Because of the cumulative discrepancies over the years I have not been able to prepare the bank reconciliations. Moving forward I will be sure to keep a more detailed and correct up to date checkbook balance. I will also locate any outstanding checks or funds and remit them to the proper entity.

Receipts Analysis – The process of receiving interim bills have changed over the last few years. I receive very few interims throughout the year, so I rarely receive reports, now I must log onto a web site to find these interims and if I miss the reports there is not a check and balance system to alert me. I will make a habit of checking the site more frequently.
Compliance – As stated in Receipts Analysis I often do not see the debit or credit interim adjustments; I will make a habit of checking the site monthly. I will also be sure to submit my payments in a timelier manner; I am in the habit of holding money until all checks have cleared since I do not have addition funds in the account to cover any returned checks, because of my smaller boro there are weeks that I do not receive any funds. As noted in Cas/Bank Analysis I received a $40,00 overdraft fee because a taxpayer sent me an nsf check which caused my check to the Neshaminy School District to be returned nsf, I now hold the money until all checks are cleared, unless I have additional funds to cover such an event. Sometimes this will take more than 10 days for a check to be returned. Also, it is difficult when I travel for work or have any type of vacation or family emergency because I do not have anyone to assume the responsibilities in my absence. With elderly parents and a son in the military this happens more frequently now.

Settlement of Duplicate – The settlement was fairly presented, the issue with the Interim Billing relates back to my need to check the website more frequently for debits or credits.

In closing I would like to thank the Controller’s office for their professionalism and assistance in helping me with a corrective action plan.

Sincerely,

Denise Reid
Tax Collector, Langhorne Manor Borough
SUMMARY OF THE EXIT CONFERENCE

An exit conference was held via conference call on July 17, 2019. Those participating in the conference call were:

_Langhorne Manor Borough Tax Office_
Denise Reid, Tax Collector

_Controller’s Office_
Denise Rimby, CPA, Audit Supervisor
Michael S. Adams, Auditor

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