



# CONTROLLER'S OFFICE

COUNTY OF BUCKS

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

July 12, 2018

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

Re: Audit of Robert Carr, Solebury Township Tax Collector

Dear Chairman Loughery:

Enclosed is the report for the audit of the Settlement of Duplicate for the Bucks County real estate taxes of the Solebury Township Tax Collector, Robert Carr, for the tax year ended January 16, 2018. The January 16<sup>th</sup> date reflects the settlement date for the tax year included in the audit period. The section of the report titled Report to Management includes our findings and recommendations.

As a notation to this audit, Robert Carr ended his term as the Solebury Township Tax Collector on December 31, 2017. In accordance with the *Tax Collector's Manual*, the Tax Collector remains responsible for any duplicates and, if applicable, interim adjustments in his possession until the January 16, 2018 settlement date.

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,

Neale Dougherty  
Bucks County Controller

18-06  
ND/mkw

cc: Robert Carr, Former Solebury Township 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  
ROBERT CARR  
SOLEBURY TOWNSHIP TAX COLLECTOR  
For the Period  
January 16, 2017 through January 16, 2018  
(Tax Year 2017)

County of Bucks  
Robert Carr  
Solebury Township Tax Collector  
For the Period January 16, 2017 through January 16, 2018

TABLE OF CONTENTS

	Page(s)
<hr/> INDEPENDENT AUDITORS' REPORT	1-2
<hr/>	
SPECIAL-PURPOSE STATEMENT:	
Settlement of Duplicate – For the Tax Year Ended January 16, 2018 (Cash Basis)	3
Note to the Settlement of Duplicate	4-5
<hr/>	
REPORT ON SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES	6-7
<hr/>	
REPORT TO MANAGEMENT:	
Cover Letter	8-9
Findings and Recommendations	10-12
SUMMARY OF THE EXIT CONFERENCE	13



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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 Duplicate – cash basis, applicable to Bucks County (County) real estate taxes of the Solebury Township Tax Collector (Tax Collector), for the tax year ended January 16, 2018, and the related note to the Settlement of Duplicate.

### **Management's Responsibility for the Settlement of Duplicate**

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 Duplicate in accordance with the cash basis of accounting described in Note 1.D. 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 Duplicate that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Settlement of Duplicate 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 Duplicate is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Settlement of Duplicate. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Settlement of Duplicate, 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 Duplicate 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 Duplicate.

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

*Continued...*

## **Basis for Qualified Opinion**

All aspects of our receipts analysis testing could not be completed because the Tax Collector did not retain copies of the paid tax notices applicable to the audit period even though it is required under Section TA-26 Tax Receipts of the *Municipal Records Retention Manual*.

## **Qualified Opinion**

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the Settlement of Duplicate referred to in the first paragraph presents 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 year ended January 16, 2018, in accordance with the cash basis of accounting as described in Note 1.D.

## **Emphasis of Matter and Basis of Accounting**

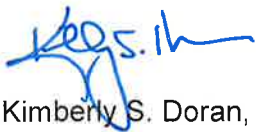
We draw attention to Note 1.C. to the Settlement of Duplicate, which describes that the settlement is prepared to present a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the reported collection, lien and non-lienable amounts, and is not 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 Duplicate, which describes the basis of accounting. The Settlement of Duplicate is 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, Bucks County Deputy Controller  
Doylestown, Pennsylvania

July 2, 2018  
18-06

County of Bucks  
Solebury Township Tax Collector

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

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Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

Total Carried Forward from the Prior Year	\$	1,673
2017 Tax Year - Tax Duplicate		5,659,415
2017 Tax Year - Interim Billings/Adjustments		<u>5,417</u>
Total Amount the Tax Collector is Responsible to Collect	\$	<u>5,666,505</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	5,503,163
Add: Discounts taken by Taxpayers		98,250
Less: Penalties paid by Taxpayers		<u>(19,428)</u>
Amount Collected at Face Value of Tax Bills	\$	5,581,985
Unpaid Taxes to be Liened as Reported to the County:		
2017 Tax Year - Tax Duplicate and Interim Billings/Adjustments		<u>84,520</u>
Total Unpaid Taxes before Lien Removals		84,520
Less: Lien Removals from January 17, 2018 to July 2, 2018		<u>( - )</u>
Net Unpaid Taxes to be Liened as Reported to the County		84,520
Less: Refunds at Face Value made by Finance Department from January 16, 2017 to July 2, 2018		( - )
Total Non-Lienables Carried Forward		<u>-</u>
Total Amount Reported by Tax Collector	\$	<u>5,666,505</u>
Variance - Net Amount Under/(Over) Reported to the County	\$	<u>-</u>

See Note to the Settlement of Duplicate.

NOTE TO THE SETTLEMENT OF DUPLICATE

**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 Duplicate. 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 Duplicate is 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 Duplicate does 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 15<sup>th</sup> (or by the next business day if the 15<sup>th</sup> 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, 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 Duplicate is primarily a summary of amounts reported on the MRTD sheets for the given tax year, the Settlement of Duplicate is prepared and presented on the same basis. Under the cash basis, the only asset recognized is

*Continued...*

NOTE TO THE SETTLEMENT OF DUPLICATE

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

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

cash, and no liabilities are recognized. Unless otherwise noted, the County portion of the real estate tax revenue collected and disbursed by the Tax Collector during a given tax year is presented on the accompanying Settlement of Duplicate 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 Duplicate. The cash basis of accounting is an acceptable basis of accounting for the Settlement of Duplicate.

**E. Amount to be Collected**

Upon successful settlement of a prior year tax duplicate, on February 1<sup>st</sup> 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 Duplicate represent the total tax duplicate plus and/or minus all applicable interim billings/adjustments issued for the period indicated.

**H. Date of Management's Review**

The Tax Collector has evaluated subsequent events through July 2, 2018, the date on which the Settlement of Duplicate was available to be issued. No events have taken place that affect the Settlement of Duplicate or require disclosure.

Robert Carr completed his term as the Solebury Township Tax Collector on December 31, 2017.





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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 Duplicate, for the tax year ended January 16, 2018, 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 Duplicate, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Furthermore, as stated in the sixth paragraph of the Independent Auditors' Report, the Tax Collector did not retain copies of the paid tax notices as required, which prohibited us from evaluating aspects of the Tax Collector's internal controls. 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.

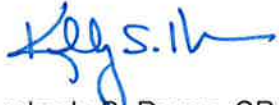
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Tax Collector's Settlement of Duplicate 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 and F1. – F2. of the Compliance sections of the Report to Management to be significant deficiencies.

*Continued...*

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 Duplicate 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 2, 2018  
18-06

REPORT TO MANAGEMENT

COVER LETTER

We have audited the Settlement of Duplicate, applicable to County real estate taxes of the Tax Collector, for the tax year ended January 16, 2018. 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 February 9, 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 Duplicate. 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 Duplicate 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 Duplicate 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 2, 2018.

*Continued...*

Solebury Township 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 certain 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.

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Legend:

F – Finding

R – Recommendation

The Tax Collector's Office consisted of one (1) Tax Collector and one (1) Deputy 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 2, 2018. The Internal Control and Compliance 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 2, 2018, on the Tax Collector's Settlement of Duplicate.

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 the small size of the office staff limits the extent of separation of duties, certain steps should be taken to separate incompatible duties. 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 transaction.

Auditee's Response:

- F1. With only 4000 parcels I am basically one man operation except for my deputy opening and organizing the payments on occasion.

Disbursements Analysis

As a part of the audit, we reviewed a sample of the disbursements from the tax account to determine the adequacy of the supporting documentation and the propriety of the check.

- F1. An analysis of the Tax Collector's refund procedures disclosed that two (2) refund checks were not issued timely.
- R1. Since the Tax Collector is no longer in office, no recommendation is required.

*Continued...*

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Disbursements Analysis (Continued)

Auditee's Response:

- F1. I do not process refunds normally until after the Face period. Sometimes, I will miss a refund due to the vast amount of work for the School taxes in July and August.

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 August 2017 MRTD sheet disclosed that the Tax Collector reported and remitted one (1) discount payment in the penalty period. Further inquiry disclosed that the initial payment was received in April 2017 during the discount collection period but the check was at the higher penalty amount. In lieu of processing the check at the discount amount and issuing a refund for the difference, the Tax Collector returned the check to the taxpayer with a request for another check at the discount amount. However, the replacement check did not arrive until August 2017 at which time the Tax Collector processed the check using March 23, 2017 as the payment date. The payment was reported and remitted on the August 2017 MRTD sheet. Since the payment was not remitted to the County until the penalty period, an additional \$197 from the Tax Collector's personal funds should have been included with the August remittance, which represented the difference between the discount payment amount received and the penalty amount of the applicable tax bill. Consequently, this condition resulted in a \$197 under submission of County real estate taxes.
- R1. The Finance Department will contact the Tax Collector for further direction on the resolution of the discount payment accepted during the penalty collection period.
- F2. Based on the requirements outlined in Section TA-26 Tax Receipts of the *Municipal Records Retention Manual*, copies of paid tax bills or notices must be retained for two (2) years. The Tax Collector did not retain any tax notices applicable to the audit period. Consequently, the auditors were unable to verify, conclusively, certain aspects of the receipts analysis testing.
- R2. Since the Tax Collector is no longer in office, no recommendation is required.
- F3. A review of a sample of debit and credit interim adjustments issued to the Tax Collector disclosed that two (2) adjusted tax notices reflected incorrect payment due dates for each of the three (3) collection periods.
- R3. Since the Tax Collector collected and remitted these adjusted tax notice payments at the proper amounts and the Tax Collector is no longer in office, no recommendation is required.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Compliance (Continued)

F4. As a part of the audit, disbursements made by the Tax Collector to the County were reviewed in order to determine whether the Tax Collector was remitting real estate tax collections to the County in compliance with the *Local Tax Collection Law* and the guidelines issued by the Finance Department. This review revealed the following conditions:

- Three (3) interim payments processed and deposited in January 2017 were not remitted to the County until February 27, 2017. This practice is not in compliance with Section 25 of the *Local Tax Collection Law*, which states, "The collector shall pay over on or before the tenth day of each month...all monies collected as taxes during the previous month..."
- Based on the requirements outlined in the *Local Tax Collection Law* and the guidelines issued by the Finance Department, an analysis of disbursements/wire transfers made by the Tax Collector to the County disclosed that County real estate tax revenue was not always forwarded to the County in a timely manner.

R4. Since the Tax Collector is no longer in office, no recommendation is required.

Auditee's Response:

- F1. The taxpayer originally paid the taxes April at discount. I sent the check back and asked for the correct amount as they had paid the Penalty amount. Unfortunately, they did not get the return check until August as they were out of town for three months. He believed that they should only have to pay at the discount amount since they sent the payment in April. I agreed with him.
- F2. I do retain the Interim Tax bills for at least two years. Interim tax notices are retained in an excel file and a copy of the original tax bill. The regular tax bills are kept on the database. I believe that we should all be going paperless just like the County is doing now. These findings were not mailed to me, instead they were just emailed.
- F3. Auditee did not respond.
- F4. I overlooked making the wire transfers of \$180.22 in January. I normally would have realized that when I do the monthly report but we do not submit a monthly report in January anymore. January and February are done together at one time in March.

SUMMARY OF THE EXIT CONFERENCE

An exit conference was not held. The Tax Collector chose to respond by email, which was received on July 2, 2018.