



CONTROLLER'S OFFICE

COUNTY OF BUCKS

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

December 30, 2015

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 Duplicates for the Bucks County real estate taxes of the Solebury Township Tax Collector, Robert Carr, 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

15-46
KSD/mkw

cc: Robert Carr, Solebury Township 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
ROBERT CARR
SOLEBURY TOWNSHIP TAX COLLECTOR
For the Period
January 16, 2012 through January 15, 2015

County of Bucks
Robert Carr
Solebury Township 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 Solebury Township Tax Collector (Tax Collector), for the tax years ended January 15, 2015, 2014 and 2013, 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.

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 the 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

December 14, 2015

15-46

County of Bucks
Solebury Township 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:

Carried Forward from Prior Year (See Note 3 to the Settlement of Duplicates):

2013 Tax Year - Interim Billings	\$	513
2012 Tax Year - Interim Billings		-

Total Carried Forward from Prior Year		\$ 513
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2014 Tax Year - Original Duplicate		5,644,495
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2014 Tax Year - Interim Billings Issued/Utilized by January 15, 2015		9,286
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Less: 2014 Tax Year - Credit Interim Adjustments Utilized Incorrectly		(182)
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2014 Tax Year - Adjusted Interim Billings		9,104
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2013 Tax Year - Interim Billings		83
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Total Amount the Tax Collector is Responsible to Collect		\$ 5,654,195
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Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	5,496,969
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Add: Discounts taken by Taxpayers		96,575
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Less: Penalties paid by Taxpayers		(23,991)
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Amount Collected at Face Value of Tax Bills		\$ 5,569,553
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Unpaid Taxes to be Liened as Reported to the County:

2014 Tax Year - Original Duplicate/Interim Billings		84,488
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2013 Tax Year - Interim Billings		149
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Total Unpaid Taxes before Lien Removals		84,637
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Less: Lien Removals from January 16, 2015 to December 14, 2015		(-)
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Net Unpaid Taxes to be Liened as Reported to the County		84,637
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Less: Refunds at Face Value made by Finance Department from January 16, 2014 to December 14, 2015		(-)
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Total Non-Lienables Carried Forward:

2014 Tax Year - Interim Billing		31
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Total Amount Reported by Tax Collector		\$ 5,654,221
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Variance - Net Amount Under/(Over) Reported to the County		\$ (26)
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See Notes to the Settlement of Duplicates.

County of Bucks
Solebury Township 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:

Total Carried Forward from Prior Year	\$ 292
2013 Tax Year - Original Duplicate	5,652,351
2013 Tax Year - Interim Billings	9,360
2012 Tax Year - Interim Billings	<u>2,056</u>
Total Amount the Tax Collector is Responsible to Collect	<u>\$ 5,664,059</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$ 5,496,299	
Add: Discounts taken by Taxpayers	95,330	
Less: Penalties paid by Taxpayers	<u>(22,671)</u>	
Amount Collected at Face Value of Tax Bills		\$ 5,568,958
Unpaid Taxes to be Liened as Reported to the County:		
2013 Tax Year - Original Duplicate/Interim Billings	94,312	
2012 Tax Year - Interim Billings	<u>276</u>	
Total Unpaid Taxes before Lien Removals	94,588	
Less: Lien Removals from January 16, 2014 to December 14, 2015	<u>(26)</u>	
Net Unpaid Taxes to be Liened as Reported to the County		94,562
Less: Refunds at Face Value made by Finance Department from January 16, 2013 to December 14, 2015		(-)
Non-Lienables Carried Forward:		
2013 Tax Year - Interim Billings	513	
2012 Tax Year - Interim Billings	<u>26</u>	
Total Non-Lienables Carried Forward		<u>539</u>
Total Amount Reported by Tax Collector		<u>\$ 5,664,059</u>
Variance - Net Amount Under/(Over) Reported to the County		<u>\$ -</u>

See Notes to the Settlement of Duplicates.

County of Bucks
Solebury Township 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:

Total Carried Forward from Prior Year	\$	325
2012 Tax Year - Original Duplicate		5,666,134
2012 Tax Year - Interim Billings		5,144
2011 Tax Year - Interim Billings		<u>420</u>
Total Amount the Tax Collector is Responsible to Collect	\$	<u>5,672,023</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	5,476,154
Add: Discounts taken by Taxpayers		96,146
Less: Penalties paid by Taxpayers		<u>(19,598)</u>
Amount Collected at Face Value of Tax Bills	\$	5,552,702
Unpaid Taxes to be Liened as Reported to the County:		
2012 Tax Year - Original Duplicate		119,022
2011 Tax Year - Interim Billings		<u>7</u>
Total Unpaid Taxes before Lien Removals		119,029
Less: Lien Removals from January 16, 2013 to December 14, 2015		<u>(-)</u>
Net Unpaid Taxes to be Liened as Reported to the County		119,029
Less: Refunds at Face Value made by Finance Department from January 16, 2012 to December 14, 2015		(-)
Total Non-Lienables Carried Forward:		
2012 Tax Year - Interim Billings		<u>292</u>
Total Amount Reported by Tax Collector	\$	<u>5,672,023</u>
Variance - Net Amount Under/(Over) Reported to the County	\$	<u>-</u>

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 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 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.

Continued...

NOTES TO THE SETTLEMENT OF DUPLICATES

1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

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 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 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

Except as described in Note 4.B., 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.

2. Net Amount Over Reported

As indicated on the accompanying Settlement of Duplicate for the tax year ended January 15, 2015, the Tax Collector over reported \$26 to the County. Additionally, although the accompanying Settlement of Duplicate for the tax year ended January 15, 2014 shows the Tax Collector settling, a reporting error was disclosed that resulted in a \$26 under reported condition. The specific cause of these variances are discussed further in the Report to Management.

Continued...

NOTES TO THE SETTLEMENT OF DUPLICATES

3. Non-Lienables Carried Forward

In general, the Total Non-Lienables Carried Forward amount reported on a Settlement of Duplicate from one tax year flows forward to the next tax year as the "Total Carried Forward from Prior Year" amount. However, the accompanying Settlement of Duplicates for the tax years ended January 15, 2015 and 2014 show a \$26 change from one year to the next. The specific cause of this variance is discussed further in the Report to Management.

4. Subsequent Events

Events subsequent to January 15, 2015 have been evaluated through December 14, 2015, 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 following items were noted:

A. Remittances to the County

The \$5,496,969 reported on the accompanying Settlement of Duplicate for the tax year ended January 15, 2015 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 \$5,471,283 as of the January 15, 2015 settlement date, which resulted in a variance of \$25,686. On January 20, 2015 and August 15, 2015, the Tax Collector forwarded an additional \$25,490 and \$196, respectively, to the County that was applicable to the tax year 2014 Original Duplicate/Interim Billings collections. After consideration of these additional disbursements, the Tax Collector's remittances equaled the amount reported.

B. Credit Interim Adjustments Issued and Utilized After January 15, 2015

As noted on the accompanying Settlement of Duplicate for the tax year ended January 15, 2015, two (2) credit interim adjustments applicable to tax year 2014 totaling \$182 were issued on January 16, 2015 and February 25, 2015. As the two (2) credit interim adjustments were issued to offset two (2) debit interim adjustments issued in the same amounts on November 14, 2014, the Tax Collector utilized the credits on the revised December 2014 MRTD sheet. In order to reflect the utilization of the two (2) credit interim adjustments that occurred subsequent to January 15, 2015, the 2014 Tax Year – Interim Billings amount of \$9,286 was reduced by \$182.



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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.

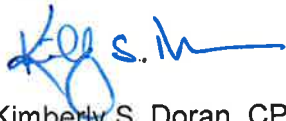
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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. of the Disbursements Analysis and F1. and F2. of the Compliance 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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Kimberly S. Doran, CPA, Acting Bucks County Controller
Doylestown, Pennsylvania

December 14, 2015
15-46

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 July 1, 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. Management has corrected all such misstatements. In addition, the misstatements detected as a result of audit procedures and corrected by the Tax Collector were immaterial to the applicable Settlement of Duplicates taken as a whole.

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 December 14, 2015.

Continued...

Solebury Township Tax Collector

REPORT TO MANAGEMENT

COVER LETTER

Purpose

In reviewing this report, it is important to remember that this letter addresses conditions that we believe should be brought to the attention of the Tax Collector, and accordingly, does not recite the 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 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 December 14, 2015. The Internal Control, Disbursements Analysis 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 December 14, 2015, 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 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 a one man operation except for my deputy opening and organizing the mail on occasion.

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 check book 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 May 2012 bank statement disclosed that the Tax Collector accepted the repayment of one (1) tax payment that was initially paid by check in the discount period but was returned by the bank as having non-sufficient funds. Since the repayment was received in the face period, the appropriate tax payment amount should have included an additional \$22, which represented the 2% discount. Consequently, the acceptance of this transaction by the Tax Collector resulted in a \$22 under submission of County real estate taxes.
- R1. 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.

Auditee's Response:

- F1. The monies from the NSF check were already remitted to the County in April as the NSF check came through after I remitted the monies. I no longer re-deposit NSF checks, so this is no longer an issue.

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 the following:
- Adequate documentation was not maintained to support the issuance of refund checks to taxpayers. Consequently, the auditors were unable to verify the propriety of the two (2) disbursement checks selected for review.
 - Refund checks were not always issued timely.
- R1. The Tax Collector should be reminded of the importance of maintaining appropriate documents to substantiate all disbursements from the tax account and of refunding duplicate/over payments to the proper recipients within a reasonable time period not to exceed thirty (30) days.
- F2. In one (1) instance, the Tax Collector reduced a remittance to the County in order to correct a duplicate real estate tax collection that was forwarded to the County in a prior month.
- R2. The Tax Collector should be reminded of the importance of following the County's established refund procedures.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Disbursements Analysis (Continued)

Auditee's Response:

- F1. I keep the backup for refunds in the Bank Reconciliation file. I was not aware of the County policy regarding refunds for duplicate payments that were remitted to the County and issued the refunds out of my account. I try not to accept duplicate payments but sometimes they are included in a check from a bank with multiple payments. In this case, I do not remit the monies to the County but issue a refund from my account. In one case, I looked at the original deposit and had made a note that Item #124 was a duplicate payment included in a check from a financial services company and I was forced to deposit the check. I did not remit the duplicate payment to the County but returned it to the property owner.
- F2. I hold all refunds for over-payments until I have completely reconciled my account after a tax period (discount, face, penalty) and I am confident there are no errors for the overpayments.

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*, *Municipal Records Retention Manual* and County policies, we reviewed MRTD sheets, tax notices, disbursement practices and other appropriate documentation.

- F1. A review of a sample of debit and credit interim adjustments issued to the Tax Collector disclosed the following conditions:
- Interim tax notices were not issued by the Tax Collector in a timely manner in 100% of the fourteen (14) applicable tax notices examined.
 - One (1) adjusted tax notice lacked an issuance date and showed incorrect payment due dates for each of the three (3) collection periods resulting in an overpayment of \$18.
 - On one (1) adjusted tax notice, the discount amount was incorrectly calculated resulting in an underpayment and under remittance of County real estate tax collections and an overstatement of the discount amount by \$196. After auditor's inquiry and confirmation of the error by the Tax Collector, these funds were collected and remitted to the County in August 2015.
- R1. The Tax Collector should be reminded of the importance of issuing accurate interim tax notices in accordance with the guidelines established in the *Tax Collector's Manual*.
- 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.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Compliance (Continued)

- R2. The Tax Collector should strictly adhere to the requirements stated in Section TA-26 Tax Receipts of the *Municipal Records Retention Manual* regarding the proper retention of tax notices.
- F3. 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 timely to the County.
- R3. 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. For the past 11 years I have always issued interim bills every other month starting in January. I was not aware that the County now wants them issued 10 days after receiving all the information from the FTP site. I will now issue interim bills within a 10 day time period after I am notified that they are posted on the FTP site.
- F2. I keep all the files on the computer and can generate copies of the bills if there is a need to do so. In addition, I keep backup files on a flash drive and offsite.
- F3. On two occasion the remittances were not made when I thought they were. I discovered the errors when doing the bank reconciliations the next month and immediately disbursed the payment to the County.

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. Although we determined that the combined Settlement of Duplicate for the tax year ended January 15, 2015 was fairly presented, in all material respects, we noted the following variance within the individual settlements:

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Settlement of Duplicate (Continued)

Item to be Settled	Under/(Over) Reported to the County
2012 Tax Year – Interim Billings	\$ (26)
2013 Tax Year – Interim Billings	-
2014 Tax Year – Original Duplicate/Interim Billings	<u>-</u>
Variance – Net Amount Over Reported to the County	<u>\$ (26)</u>

Upon analyzing the net over reported variance, we believe the following condition was attributed to the variance:

Variance – Net Amount Over Reported to the County	\$ (26)	
Add: One (1) tax payment that was inappropriately reported on the September 2014 MRTD sheet	<u>26</u>	(a)
Unidentified Net Variance	<u>\$ -</u>	

(a) The Tax Collector accepted, reported and remitted on the September 2014 MRTD sheet the collection of a lost lien amount applicable to the 2013 tax year. The effect of this condition on the accompanying Settlement of Duplicate resulted in a \$26 overstatement to both the "Amount Collected from Taxpayers as Reported to the County" and the "Total Amount Reported by the Tax Collector" for the tax year ended January 15, 2015.

Additionally, although the accompanying Settlement of Duplicate for the tax year ended January 15, 2014 shows no variance, the Tax Collector inappropriately carried forward a 2012 Tax Year debit interim adjustment of \$26. Since the debit interim adjustment was issued in November 2012 and properly included in the "Total Non-Lienables Carried Forward" amount for the tax year ended January 15, 2013, the debit interim adjustment was not eligible to be carried forward again for the tax year ended January 15, 2014. The effect of this condition on the accompanying Settlement of Duplicate resulted in a \$26 overstatement of the "Total Non-Lienables Carried Forward" amount and the "Total Amount Reported by Tax Collector" and an understatement of the "Variance - Net Amount Under/(Over) Reported to the County" for the tax year ended January 15, 2014.

R1. It is the Tax Collector's responsibility to maintain accurate accounting records and to properly settle all duplicates to zero. This includes listing only eligible carried forward interim adjustment amounts.

Auditee's Response:

F1. When filing my liens for 2013 I made an error and filed a lien on a wrong parcel. Upon realizing this, I withdrew the lien and now had to collect it myself as a "lost lien." I collected the lost lien and asked the Finance Department

Continued...

Solebury Township Tax Collector

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Settlement of Duplicate (Continued)

how to record it. I was directed by Finance to revise the December Monthly Report and include this lost lien as one of the "Non-Lienables Carried Forward." I did as directed by Finance and now I am being told that it was improper to handle the payment this way. As I stated I was just following the direction from Finance as this is the department I report to.

EXIT CONFERENCE ATTENDANCE

An exit conference was held on December 3, 2015. Those in attendance were:

Solebury Township Tax Office

Robert Carr, Tax Collector

Controller's Office

Denise Rimby, CPA, Audit Supervisor
Barbara DiLemmo, Auditor

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