



CONTROLLER'S OFFICE

COUNTY OF BUCKS

Administration Building

55 East Court Street, Doylestown, PA 18901-4318

(215) 348-6435 • Fax (215) 348-6107

March 29, 2016

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

Re: Audit of Jennifer Crocus, Former Silverdale Borough Tax Collector

Dear Chairman Loughery:

Enclosed is the report for the audit of the Conditional Settlement of Duplicate for the Bucks County real estate taxes of the former Silverdale Borough Tax Collector, Jennifer Crocus, for the period January 16, 2015 through June 26, 2015. The June 26th date reflects the settlement date for the partial 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, Jennifer Crocus resigned from her term of office as the Silverdale Borough Tax Collector on June 26, 2015. As per the agreement reached between the taxing districts and the Tax Collector, the Tax Collector was responsible for the tax year 2015 original duplicate and the applicable interim adjustments in her possession until her resignation date of June 26, 2015. All unpaid original duplicate and interim amounts were then carried forward to the newly appointed Tax Collector, who was responsible for the carried forward amount and, if applicable, additional interim adjustments.

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,

Kimberly S. Doran, CPA
Acting Bucks County Controller

15-49
KSD/mkw

cc: Jennifer Crocus, Former Silverdale Borough Tax Collector
Brian Hesselthaler, CPA, Chief Operating Officer, Commissioners' Office, County of Bucks
David P. Boscola, Director, Finance Department, County of Bucks

COUNTY OF BUCKS
JENNIFER CROCUS
SILVERDALE BOROUGH TAX COLLECTOR

For the Period
January 16, 2015 through June 26, 2015

County of Bucks
Jennifer Crocus
Silverdale Borough Tax Collector
For the Period January 16, 2015 through June 26, 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 Conditional Settlement of Duplicate – cash basis, applicable to Bucks County (County) real estate taxes of the Silverdale Borough Tax Collector (Tax Collector), for the period January 16, 2015 through June 26, 2015, and the related notes to the Conditional Settlement of Duplicate.

Management's Responsibility for the Conditional Settlement of Duplicate

The Tax Collector is responsible for the preparation and fair presentation of the Monthly Report to Taxing Districts (MRTD) sheets, which is the basis for the preparation of the Conditional Settlement of Duplicate 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 Conditional Settlement of Duplicate 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 Conditional 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 Conditional 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 Conditional Settlement of Duplicate is free from material misstatement.

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

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 Conditional 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 period January 16, 2015 through June 26, 2015, in accordance with the cash basis of accounting as described in Note 1.D.

Emphasis of Matter and Basis of Accounting

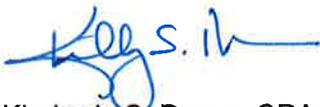
We draw attention to Note 1.C. to the Conditional Settlement of Duplicate, which describes that the settlement is prepared to present a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the reported collection and carried forward amounts, and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

We also draw attention to Note 1.D. to the Conditional Settlement of Duplicate, which describes the basis of accounting. The Conditional 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, Acting Bucks County Controller
Doylestown, Pennsylvania

March 16, 2016
15-49

County of Bucks
Silverdale Borough Tax Collector

Conditional Settlement of Duplicate
For the Period January 16, 2015 through June 26, 2015
Partial Tax Year 2015
(Cash Basis)

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

Total Carried Forward from Prior Year	\$	79
2015 Tax Year - Original Duplicate		216,619
2015 Tax Year - Interim Billings		<u>132</u>

Total Amount the Tax Collector is Responsible to Collect \$ 216,830

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	202,093
Add: Discounts taken by Taxpayers		3,963
Less: Penalties paid by Taxpayers		<u>(-)</u>
Amount Collected at Face Value of Tax Bills	\$	206,056
Less: Refunds at Face Value made by Finance Department from January 16, 2015 to March 16, 2016		(-)
Total Amount Carried Forward to New Tax Collector:		
2015 Tax Year - Original Duplicate/Interim Billings		<u>10,774</u>
Total Amount Reported by Tax Collector	\$	<u>216,830</u>
Variance - Net Amount Under/(Over) Reported to the County	\$	<u>-</u>

See Notes to the Conditional Settlement of Duplicate.

NOTES TO THE CONDITIONAL 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 Conditional 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 Conditional 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 unpaid taxes carried forward to the new Tax Collector. The Conditional 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 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 Conditional Settlement of Duplicate presents a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the collection and carried forward 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 Conditional Settlement of Duplicate is an accumulation of information reported on the MRTD sheets for the partial tax year.

Since the audit period ending date reflects the resignation date of the Tax Collector and not the settlement date of the applicable tax year, the accompanying Settlement of Duplicate for the period January 16, 2015 through June 26, 2015 includes the term "Conditional." If at January 15, 2016 it is determined that the status of a parcel(s) was inappropriately recorded by the Tax Collector, the Tax Collector would remain responsible for the correction of any information turned over to the County or the newly appointed Tax Collector.

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

Continued...

NOTES TO THE CONDITIONAL SETTLEMENT OF DUPLICATE

1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

accompanying Conditional Settlement of Duplicate is primarily a summary of amounts reported on the MRTD sheets for the partial tax year, the Conditional Settlement of Duplicate is 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 the real estate tax revenue collected and disbursed by the Tax Collector during the partial tax year is presented on the accompanying Conditional 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 Conditional Settlement of Duplicate. The cash basis of accounting is an acceptable basis of accounting for the Conditional Settlement of Duplicate.

E. Amount to be Collected

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

F. Cash

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

G. Original Duplicate/Interim Billings

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

H. Total Amount Carried Forward to New Tax Collector

The "Total Amount Carried Forward to New Tax Collector" on the accompanying Conditional Settlement of Duplicate for the period January 16, 2015 through June 26, 2015 is derived from the Balance Forward to New Tax Collector List submitted by the Tax Collector. If the parcels associated with this carried forward amount are not paid by December 31, 2015, the unpaid parcels would be lienable on the January 15, 2016 settlement date.

Continued...

NOTES TO THE CONDITIONAL SETTLEMENT OF DUPLICATE

1. Summary of Significant Accounting Policies (Continued)

I. Completion of Term

Jennifer Crocus resigned from her term of office as the Silverdale Borough Tax Collector on June 26, 2015. As per an agreement between the taxing districts and the Tax Collector, the Tax Collector was responsible for the tax year 2015 original duplicate and the applicable interim adjustments in her possession until the June 26, 2015 resignation date.

2. Subsequent Event - Remittances to the County

Events subsequent to June 26, 2015 have been evaluated through March 16, 2016, the date the special-purpose statement was available to be issued, to determine whether they should be disclosed to keep the special-purpose statement from being misleading. The \$202,093 reported on the accompanying Conditional Settlement of Duplicate 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 \$198,063 as of June 26, 2015, which resulted in a variance of \$4,030. In July 2015, the Tax Collector forwarded an additional \$4,030 to the County that was applicable to the 2015 Tax Year – Original Duplicate/Interim Billings collections. After consideration of this additional disbursement, the Tax Collector's remittances equaled the amount reported.



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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 Conditional Settlement of Duplicate, for the period January 16, 2015 through June 26, 2015, 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 Conditional Settlement of Duplicate, 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 a certain deficiency in internal control that we consider to be a significant deficiency.

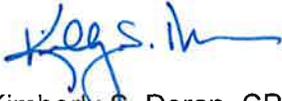
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination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

Continued...

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 audit procedures applied in the audit of the Conditional Settlement of Duplicate and, accordingly, we express no opinion on them.

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

March 16, 2016
15-49

REPORT TO MANAGEMENT

COVER LETTER

We have audited the Conditional Settlement of Duplicate, applicable to County real estate taxes of the Tax Collector, for the period January 16, 2015 through June 26, 2015. 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 30, 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 Conditional 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 Conditional Settlement of Duplicate in the proper period.

The Conditional 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 Conditional 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 March 16, 2016.

Continued...

Silverdale Borough Tax Collector

REPORT TO MANAGEMENT

COVER LETTER

Purpose

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

Report Distribution

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REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Legend:

F – Finding

R – Recommendation

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

During our audit, we became aware of a significant deficiency in internal control that has been identified as such in the separate report titled "Report on Significant Deficiencies and Material Weaknesses" dated March 16, 2016. The Internal Control section of the Report to Management details the significant deficiency noted in the Tax Collector's control environment and our recommendation for improvement. The Report to Management does not affect our "Independent Auditors' Report" dated March 16, 2016, on the Tax Collector's Conditional 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 a one-person staff does not afford the Tax Collector the opportunity to separate incompatible duties, audit guidance requires the reporting of such a condition. The basic premise to any internal control structure is that no one (1) individual should have access to both physical assets and the related accounting records or to all phases of a transaction.

Auditee's Response:

- F1. It is not economically feasible for the Silverdale Boro tax collector to pay another person for the purpose of tax collector functions.

Cash Receipts Analysis

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

- F1. The Tax Collector obtained tax payments from the post office box once a week. This procedure resulted in the untimely processing and depositing of real estate tax payments.
- R1. Since the Tax Collector is no longer in office, no recommendation is required.

Auditee's Response:

- F1. I go to the post office once a week during the non-busy times. During the last weeks of April and August, I went twice a week. My schedule did not allow to go make deposits every day, so I picked mail at the post office the day before I could make a deposit.

EXIT CONFERENCE ATTENDANCE

An exit conference was not held. The Tax Collector chose to respond by electronic mail, which was received on March 16, 2016.