



CONTROLLER'S OFFICE

COUNTY OF BUCKS

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

May 22, 2017

Commissioner Charles H. Martin, Chairman
County of Bucks
Commissioners' Office
55 East Court Street
Doylestown, PA 18901

Re: Audit of Cheryl Lowe, Yardley Borough Tax Collector

Dear Chairman Martin:

Enclosed is the report for the audit of the Settlement of Duplicates for the Bucks County real estate taxes of the Yardley Borough Tax Collector, Cheryl Lowe, for the tax years ended January 15, 2016 and 2015. The January 15th dates reflect the settlement dates for the two tax years included in the audit period. The section of the report titled Report to Management includes our findings and recommendations.

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

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

Should you have any questions regarding this audit, please call us at (215) 348-6556 between 7:00 a.m. and 5:00 p.m.

Sincerely,

Michael J. Gallagher
Bucks County Controller

16-37
MJG/mkw

cc: Cheryl Lowe, Yardley Borough Tax Collector
Brian Hessenthaler, CPA, Chief Operating Officer, Commissioners' Office, County of Bucks
David P. Boscola, Director, Finance Department, County of Bucks

COUNTY OF BUCKS
CHERYL LOWE
YARDLEY BOROUGH TAX COLLECTOR
For the Period
January 16, 2014 through January 15, 2016

County of Bucks
Cheryl Lowe
Yardley Borough Tax Collector
For the Period January 16, 2014 through January 15, 2016

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INDEPENDENT AUDITORS' REPORT

To Commissioner Charles H. Martin, 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 Yardley Borough Tax Collector (Tax Collector), for the tax years ended January 15, 2016 and 2015, and the related notes to the Settlement of Duplicates.

Management's Responsibility for the Settlement of Duplicates

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

Auditor's Responsibility

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

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

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

Continued...

Opinion

In our opinion, the Settlement of Duplicates referred to in the first paragraph present fairly, in all material respects, the total amount the Tax Collector is responsible to collect and the total amount reported by the Tax Collector, for the tax years ended January 15, 2016 and 2015, in accordance with the cash basis of accounting as described in Note 1.D.

Emphasis of Matter and Basis of Accounting

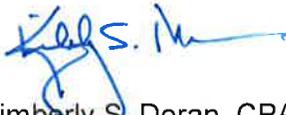
We draw attention to Note 1.C. to the Settlement of Duplicates, which describes that the settlement is prepared to present a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the reported collection, liened and non-lienable amounts, and is not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

May 8, 2017
16-37

County of Bucks
Yardley Borough Tax Collector

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

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

Total Carried Forward from Prior Year	\$	1,020
2015 Tax Year - Original Duplicate		713,744
2015 Tax Year - Interim Billings		7,085
2014 Tax Year - Interim Billings		487
2013 Tax Year - Interim Billings		<u>67</u>

Total Amount the Tax Collector is Responsible to Collect \$ 722,403

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	699,098
Add: Discounts taken by Taxpayers		12,244
Less: Penalties paid by Taxpayers		<u>(2,513)</u>
Amount Collected at Face Value of Tax Bills	\$	708,829
Unpaid Taxes to be Liened as Reported to the County:		
2015 Tax Year - Original Duplicate/Interim Billings		13,424
2014 Tax Year - Interim Billings		68
2013 Tax Year - Interim Billings		<u>67</u>
Total Unpaid Taxes before Lien Removals		13,559
Less: Lien Removals from January 16, 2016 to May 8, 2017		<u>(-)</u>
Net Unpaid Taxes to be Liened as Reported to the County		13,559
Less: Refunds at Face Value made by Finance Department from January 16, 2015 to May 8, 2017		(-)
Total Non-Lienables Carried Forward:		
2015 Tax Year - Interim Billings		<u>15</u>
Total Amount Reported by Tax Collector	\$	<u>722,403</u>
Variance - Net Amount Under/(Over) Reported to the County	\$	<u>-</u>

See Notes to the Settlement of Duplicates.

County of Bucks
Yardley Borough Tax Collector

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

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

Total Carried Forward from Prior Year	\$	647
2014 Tax Year - Original Duplicate		711,473
2014 Tax Year - Interim Billings		<u>3,516</u>
Total Amount the Tax Collector is Responsible to Collect	\$	<u>715,636</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	671,367
Add: Discounts taken by Taxpayers		11,655
Less: Penalties paid by Taxpayers		<u>(2,991)</u>
Amount Collected at Face Value of Tax Bills	\$	680,031
Unpaid Taxes to be Liened as Reported to the County:		
2014 Tax Year - Original Duplicate/Interim Billings		34,130
2013 Tax Year - Interim Billings		<u>455</u>
Total Unpaid Taxes before Lien Removals		34,585
Less: Lien Removals from January 16, 2015 to May 8, 2017		<u>(-)</u>
Net Unpaid Taxes to be Liened as Reported to the County		34,585
Less: Refunds at Face Value made by Finance Department from January 16, 2014 to May 8, 2017		(-)
Total Non-Lienables Carried Forward:		
2014 Tax Year - Interim Billings		<u>1,020</u>
Total Amount Reported by Tax Collector	\$	<u>715,636</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. Unless otherwise noted, the County portion of

Continued...

NOTES TO THE SETTLEMENT OF DUPLICATES

2. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

the real estate tax revenue collected and disbursed by the Tax Collector during a given tax year is presented on the accompanying Settlement of Duplicates as the "Amount Collected from Taxpayers as Reported to the County". The cash basis differs from U.S. generally accepted accounting principles primarily because the effects of accounts receivable and accounts payable are not reflected in the accompanying Settlement of Duplicates. The cash basis of accounting is an acceptable basis of accounting for the Settlement of Duplicates.

E. Amount to be Collected

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

F. Cash

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

G. Original Duplicate/Interim Billings

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

2. Remittances to the County

The \$671,367 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 \$670,971 actually collected disclosed a \$396 overstatement of the reported amount as of the January 15, 2015 settlement date. As further discussed in the Report to Management section, this variance is directly related to the premature application of a veteran's exempt status to a parcel. Since the error was discovered after the lien list was finalized, the parcel could not be added to the list. Therefore, the Tax Collector followed the established procedures by remitting personal funds to the County in February 2015 to account for the missed lien.

Continued...

NOTES TO THE SETTLEMENT OF DUPLICATES

3. Subsequent Events

Events subsequent to January 15, 2016 have been evaluated through May 8, 2017, the date the special-purpose statements were available to be issued, to determine whether events should be disclosed to keep the special-purpose statements from being misleading. The \$699,098 reported on the accompanying Settlement of Duplicate for the tax year ended January 15, 2016, 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 \$698,543 actually collected disclosed a \$555 overstatement of the reported amount as of the January 15, 2016 settlement date. Although the Tax Collector remitted the reported amount by January 15, 2016, the Tax Collector's bank account was short \$555 until the additional funds were paid by the taxpayer in February 2016. The specific cause of this variance is discussed further in the Report to Management.



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REPORT ON SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To Commissioner Charles H. Martin, 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, 2016 and 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 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.

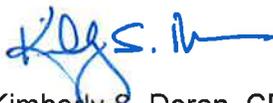
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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 section, F1.-F3. of the Compliance section and F1. of the Settlement of Duplicate section of the Report to Management to be significant deficiencies.

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

Continued...

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

May 8, 2017
16-37

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, 2016 and 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 August 25, 2016. Professional standards also require that we communicate the following information related to our audit.

Audit Findings Overview

Qualitative Aspects of Accounting Practices

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. As a result of the audit procedures, we did not detect any misstatements that were not trivial applicable to the Settlement of Duplicate for the tax year ended January 15, 2015. However, the Settlement of Duplicate section of the Report to Management provides details of the uncorrected misstatements to the Settlement of Duplicate for the tax year ended January 15, 2016. Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate to the Settlement of Duplicate taken as a whole for that tax year.

Disagreements with the Tax Collector

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

Continued...

Yardley Borough Tax Collector

REPORT TO MANAGEMENT

COVER LETTER

Representations from the Tax Collector

We have requested certain representations from the Tax Collector that are included in the management representation letter dated May 8, 2017.

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 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 May 8, 2017. The Internal Control, Compliance and Settlement of Duplicate sections of the Report to Management detail the significant deficiencies noted in the Tax Collector's control environment and our recommendations for improvement. The Report to Management does not affect our "Independent Auditors' Report" dated May 8, 2017, on the Tax Collector's Settlement of Duplicates.

Internal Control

A review of the internal control environment disclosed the following:

- F1. Although the Tax Collector deputized an individual, it is our understanding that this procedure was solely for emergency purposes and that the deputy performed no functions related to daily activities of the Tax Collector's office during the audit period. Based on the preceding information, it was determined that the Tax Collector was the sole individual responsible for all functions and transactions applicable to the collection of County real estate taxes.
- R1. Although a one-person staff does not afford the Tax Collector the opportunity to separate incompatible duties, audit guidance requires the reporting of such a condition. The basic premise to any internal control structure is that no one (1) individual should have access to both physical assets and the related accounting records or to all phases of a transaction.

Auditee's Response:

- F1. I am aware of this finding.

Cash - Bank Analysis

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

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Cash - Bank Analysis (Continued)

- F1. The analysis of the service charges assessed to the former Citizens bank account utilized for County real estate tax activities disclosed that there was \$24 of unreimbursed charges that had accumulated during a prior audit period that were not reversed by the bank or reimbursed by the Tax Collector as of the date the bank account was closed. In addition, an additional \$10 service charge remains unreimbursed applicable to the Tax Collector's current Penn Community Bank Account.
- R1. To rectify this condition, the Tax Collector should make a \$34 deposit of personal funds to reimburse the current bank account for the total accumulated unreimbursed service charges.

Auditee's Response:

- F1. I have deposited \$34.00 to cover the unreimbursed bank charges. 5/3/17

Cash Receipts Analysis

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

- F1. An analysis of a sample of County real estate tax payments revealed that 14% of the forty-three (43) applicable payments examined were not deposited by the next business day.
- R1. All tax payments should be processed, posted, reconciled and deposited intact on the day of payment or by the next business day.

Auditee's Response:

- F1. I will make every effort to deposit payments by the next business day.

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 a credit interim adjustment stemming from a court stipulation disclosed that the adjustment was not addressed by the Tax Collector until an inquiry was made by the auditor. Consequently, the refund resulting from this credit interim adjustment was not issued to the affected taxpayer in a timely manner.
- R1. The Tax Collector should be reminded of the importance of returning applicable credit interim adjustment sheets to the Finance Department within ten (10) business days to insure that the taxpayers are receiving refunds in a timely manner.
- F2. In reviewing the Tax Collector's 2015 payment records, it was noted that partial payments were accepted by the Tax Collector throughout the tax year for the payment of County real estate taxes.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Compliance (Continued)

- R2. In accordance with Section X of the *Tax Collector's Manual*, unless authorized by the local taxing authority, the Tax Collector is not permitted to accept partial payments. At this time, the County has not authorized the acceptance of partial payments.
- F3. In following through with the acceptance of a partial payment, a review of the December 2015 payment detail disclosed seven (7) additional parcels with payment dates of January 5, 2016 with a total face amount of \$6,898. Since the Tax Collector did not retain postmarked envelopes to support payment dates on or before December 31, 2015, the acceptance of these payments at the penalty amount is considered inappropriate as these parcels should have been included on the Tax Collector's lien list. Consequently, the effect of this condition on the accompanying Settlement of Duplicate for the tax year ended January 15, 2016 resulted in an overstatement to the "Amount Collected at Face Value of Tax Bills" and an understatement of the "Net Unpaid Taxes to be Liened" by \$6,898.
- R3. It is the Tax Collector's responsibility to maintain adequate documentation to support the acceptance of tax payments made after December 31st, which would include postmarked envelopes. Furthermore, the Tax Collector should be reminded of the guidelines stated in the November 28, 2013 memorandum from the Bucks County Tax Claim Bureau, which states "...real estate taxes remaining unpaid to your office as end of day December 31..." must be reported to the Tax Claim Bureau.
- 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 that the final disbursement of real estate tax collections for a given month did not occur until after the tenth day of the following month in 10% of the twenty-one (21) months examined.
- R4. The Tax Collector should be reminded of the importance of remitting funds to the County in compliance with Section 25 of the *Local Tax Collection Law*, which states that "The collector shall pay over on or before the tenth day of each month... all monies collected as taxes during the previous month..."
- F5. A review of the June 2014 MRTD sheet disclosed that the Tax Collector accepted and reported a tax payment made at the discount amount in the face period. Since this payment was received in the face period, the appropriate tax payment amount should have included an additional \$6, which represented the 2% discount. Consequently, the acceptance of this transaction by the Tax Collector resulted in a \$6 under submission of County real estate taxes.
- R5. The Tax Collector should be reminded of the importance of insuring that the amount of a real estate tax payment is appropriate for the period in which it was collected.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Compliance (Continued)

Auditee's Response:

F1. I agree with the statements.

F2. and F3.

I understand that I am not to accept partial payments, and will keep documentation to support acceptance of payments after the due date.

F4. I will turn over receipts by the 10th of the month.

F5. I agree with the statements.

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. As indicated in Note 3 to the Settlement of Duplicates, the amount of County real estate taxes remitted to the County for the tax year ended January 15, 2016 was initially \$555 more than the amount collected. Further review disclosed that the cause of this discrepancy was a result of the Tax Collector accepting three (3) discount payments from the same taxpayer during the penalty period then subsequently reporting and remitting the penalty amount to the County. Since at the time of the remittance the Tax Collector had not collected the penalty amount, the additional \$555 was paid from the collections for other taxing districts. In February 2016, the additional funds were reimbursed to the Tax Collector and deposited in the bank account.
- R1. The acceptance of discount payments during the penalty period is in effect the acceptance of partial payments, which is not an appropriate practice for the collection of County real estate taxes. As such, the Tax Collector should be reminded that the amount of a County real estate tax payment accepted and recorded should be appropriate for the period in which it is received.
- F2. A review of debit and credit interim adjustments, which are issued by the Board of Assessment, revealed that the Tax Collector erroneously reported the utilization of a credit interim adjustment that could not be supported by the Board of Assessment's records. Further inquiry disclosed that a veteran's exemption status was inappropriately applied to the effected parcel for tax year ended January 15, 2015 when in fact the parcel should have been liened. As discussed in Note 2 to the Settlement of Duplicates, this condition was not discovered until after the liens were finalized. Since the parcel could not be added to the lien list, the Tax Collector remitted personal funds to the County in February 2015 to account for this missed lien and revised the December 2014 MRTD sheet to reflect this transaction. Given the proper reporting of this transaction, there was no effect on the "Total Amount Reported by Tax Collector" on the accompany Settlement of Duplicate for the tax year ended January 15, 2015.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Settlement of Duplicate (Continued)

R2. Since the Tax Collector identified the error and followed the established correction procedure, no recommendation is required.

Auditee's Response:

F1. In agreement.

EXIT CONFERENCE ATTENDANCE

An exit conference was held via conference call on April 28, 2017. Those participating in the conference call were:

Yardley Borough Tax Office

Cheryl Lowe, Tax Collector

Controller's Office

Denise Rimby, CPA, Audit Supervisor

Amy Hall, Senior Auditor

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