

***Westmoreland County
Controller***

AUDITING DEPARTMENT

Jeffrey Balzer

County Controller

Audit of

**Bell Township Tax Collector
Angela Duffner**

**Financial Statements – Modified Cash Basis
For the period March 1, 2019 to February 29, 2020**

Prepared for

Westmoreland County
Board of Commissioners

Audit of

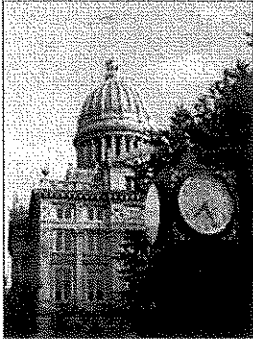
Bell Township Tax Collector
Angela Duffner

Presented by

Jeffrey Balzer
County Controller

And

Westmoreland County Auditing Department



Westmoreland County Controller's Office

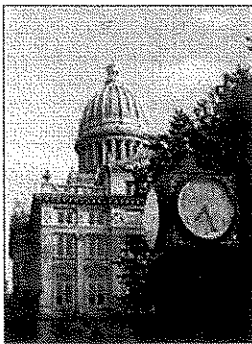
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Bell Township Tax Collector
Angela Duffner
Audit Distribution List
For the period March 1, 2019 to February 29, 2020

1. Angela Duffner, Bell Township Tax Collector
2. Board of Commissioners
3. Deborah Chiado, Director of Tax Office
4. Kiski Area School District, c/o Secretary
5. Bell Township, c/o Secretary



Westmoreland County Controller's Office

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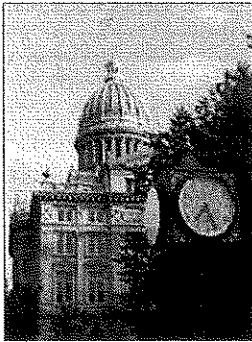
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Bell Township Tax Collector
For the period March 1, 2019 to February 29, 2020

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December 11, 2020

Angela Duffner
Bell Township Tax Collector
2324 Route 380
Saltsburg, PA 15681

Dear Ms. Duffner:

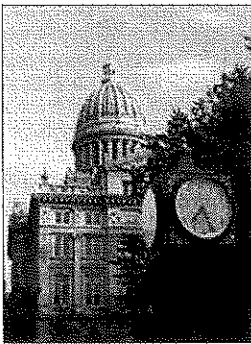
Transmitted herewith for your information is a copy of the audit of Westmoreland County Real Estate taxes processed and accounted for by your office, the purpose of which is to express an opinion on the fairness of the presentation of the financial statements for Westmoreland County Real Estate taxes for the period March 1, 2019 to February 29, 2020 for general taxes and for the period October 1, 2018 to September 30, 2019 for supplemental taxes.

In line with the policy of this office under which all official audit reports are considered to be public information, a report will be released to the news media or general public upon request.

If there are any questions you may have or comments you desire to make concerning this report, please do not hesitate to contact this office.

Sincerely,

Jeffrey Balzer
County Controller



Westmoreland County Controller's Office

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Jeffrey Balzer, Controller

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December 11, 2020

Independent Auditor's Report

Angela Duffner
Bell Township Tax Collector
2324 Route 380
Saltsburg, PA 15681

Dear Ms. Duffner:

We have audited the Statement of Balance Outstanding-Modified Cash Basis of the Bell Township Tax Collector for Westmoreland County General Real Estate taxes for the period ended February 29, 2020 and for Westmoreland County Supplemental taxes for the period ended September 30, 2019 and the Statement of Cash Receipts and Disbursements-Modified Cash Basis for the period March 1, 2019 to February 29, 2020 for general taxes and for the period October 1, 2018 to September 30, 2019 for supplemental taxes and the related notes to the financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bell Township Tax Collector's preparation and fair presentation of the financial statements 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 Bell Township 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all materials respects, for Westmoreland County Real Estate taxes, the Statement of Balance Outstanding-Modified Cash Basis of the Bell Township Tax Collector for the period ended February 29, 2020 for general taxes, and for the period ended September 30, 2019 for supplemental taxes, and the Cash Receipts and Disbursements-Modified Cash Basis for the period March 1, 2019 to February 29, 2020 for general taxes, and for the period October 1, 2018 to September 30, 2019 for supplemental taxes, on the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. These financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

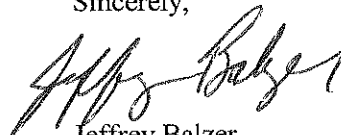
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of the Bell Township Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

As discussed in Note 1, the financial statements present only the Westmoreland County Real Estate supplemental taxes for the period ended September 30, 2019, and general taxes for the period ended February 29, 2020, and it is not intended to be a complete presentation of the tax collector's financial position or results of operation on the modified cash basis of accounting.

Sincerely,



Jeffrey Balzer
County Controller

Bell Township Tax Collector
 Angela Duffner
 Statement of Cash Receipts and Disbursements
 Modified Cash Basis
 For the period March 1, 2019 to February 29, 2020

Receipts:

General	\$ 398,324.85	
Total Receipts		398,324.85

Disbursements:

March	70,365.74	
April	268,719.16	
May	8,094.51	
June	26,720.95	
July	6,768.33	
August	-	
September	-	
October	4,360.32	
November	3,994.14	
December	9,301.70	
January	-	
February	-	
	<hr/>	
Total Disbursements		<u>398,324.85</u>
Balance Due		<u>\$ -</u>

Note: The accompanying notes are an integral part of the financial statements.

Bell Township Tax Collector
 Angela Duffner
 Statement of Balance Outstanding
 Modified Cash Basis
 For the period March 1, 2019 to February 29, 2020

Amount Charged on the Duplicate:

General	\$	436,329.21	
Total Amount Charged			436,329.21
Add: Surcharges		-	
Less: Exonerations		<u>(94.87)</u>	
Adjustment to the Duplicate			<u>(94.87)</u>
Total Available for Collection (Face)			436,234.34

Collections:

General		<u>398,324.85</u>	
Total Actual Amount Collected			398,324.85
Add: Discounts		6,978.69	
Less: Penalties		<u>(2,032.63)</u>	
Adjustments			<u>4,946.06</u>
Face Collections			<u>403,270.91</u>
Balance Outstanding (Face)			<u>\$ 32,963.43</u>

Note: The accompanying notes are an integral part of the financial statements.

Bell Township Tax Collector
 Angela Duffner
 Statement of Cash Receipts and Disbursements - Supplemental Taxes
 Modified Cash Basis
 For the Supplemental Duplicates issued October 1, 2018 to September 30, 2019

Receipts on Duplicates

Total Supplemental Receipts	\$ <u>1,282.95</u>	1,282.95
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Disbursements made on Duplicates

October 2018 - March 2019	-	
April	489.96	
May	-	
June	-	
July	-	
August	-	
September	56.26	
October	-	
November	96.12	
December	640.61	
January	-	
February	-	
	<u> </u>	
 Total Disbursements		 <u>1,282.95</u>

Balance Due	\$ <u> </u>	-
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Note: The accompanying notes are an integral part of the financial statements.

Bell Township Tax Collector
 Angela Duffner
 Statement of Balance Outstanding – Supplemental Taxes
 Modified Cash Basis
 For Supplemental Duplicates issued October 1, 2018 to September 30, 2019

Amount Charged on Duplicate:

Supplemental Taxes	\$	1,358.24
Less: Exonerations		<u> -</u>
 Total Available for Collection		 1,358.24

Collections on Duplicate:

Total Supplemental	<u>1,282.95</u>		1,282.95
 Add: Discounts	 11.15		
Less: Penalties	<u>(8.74)</u>		
 Adjustments to Collections		 <u>2.41</u>	
 Total Collected at Face			 <u>1,285.36</u>
 Balance Outstanding (Face)			 <u>\$ 72.88</u>

Note: The accompanying notes are an integral part of the financial statements.

Bell Township Tax Collector
Angela Duffner
Notes to the Financial Statements
For the period March 1, 2019 to February 29, 2020

Note # 1: Nature of Entity and Scope of Audit

The scope of our audit did not include a sufficient examination with respect to the financial statements and records for the preceding period to enable us to, and we do not, express an opinion on the consistency of application of accounting principles for the prior period. Also, the Tax Collector is responsible for collecting various local taxes, school taxes, etc., as well as Westmoreland County Real Estate Taxes. Our audit pertained only to the examination of Westmoreland County Real Estate Taxes and did not include a sufficient examination with respect to the overall function of the Tax Collector to enable us to, and we do not, express an opinion on the Tax Collector as a whole. The financial statements present only the Westmoreland County Real Estate General and Supplemental tax for the period ended February 29, 2020, and September 30, 2019, respectively, on the modified cash basis of accounting and is not intended to be a complete presentation of the tax collector's financial position or results of operation on the modified cash basis of accounting.

Note #2: Summary of Significant Accounting Policies

Basis of Accounting- The financial statements of the Tax Collector for Westmoreland County Real Estate Taxes are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Receipts, which include general taxes and supplemental taxes, are recorded when monies are actually received.

Disbursements, which only include payments to the Westmoreland County Treasurer's Office, are recorded when paid. The balance outstanding reflects the unpaid taxes which are turned over to the County at the end of the related tax year.

Note #3: Supplemental Taxes

Supplemental tax duplicates are issued on a monthly basis. The taxpayer is given two months from the date the duplicate is issued to pay the discount amount. The face period runs for the next two months, after which the item must be paid at the penalty amount. As a result, only those items appearing on duplicates issued from October 1, 2018 to September 30, 2019 were subject to being returned on the delinquent list to the County Tax Claim Bureau if they were not paid. The financial statements for Supplemental taxes presented in this report reflect this period.

Note #4: Cash

Deposits

All of the First National Bank deposits of the Bell Township Tax Collector are either insured or collateralized per Act 72 of the Commonwealth of Pennsylvania. Deposits collateralized per Act 72 of the Commonwealth of Pennsylvania, dated August 6, 1971 (Act 72) are secured by pooled collateral as permitted by the Act.

At February 29, 2020, the Bell Township Tax Collector's First National Bank deposits had a carrying value of \$25.89 and a bank balance of \$87.10. The bank balance was covered by the federal depository insurance.

Bell Township Tax Collector
Angela Duffner
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

December 11, 2020

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bell Township Tax Collector, for the period ended February 29, 2020 and for the period March 1, 2019 to February 29, 2020 for the Westmoreland County General Taxes, and for the period ended September 30, 2019 and for the period October 1, 2018 to September 30, 2019 for Westmoreland County Supplemental Taxes, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bell Township Tax Collector's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bell Township Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bell Township 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 have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 financial statement(s) will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as items to be a material weaknesses.

- Item # 1: Timely Deposit of County Money
- Item # 5: Timely Remittance of County Money

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 the accompanying Schedule of Findings as items to be a significant deficiency.

- Item # 2: Depositing Intact
- Item # 3: Exonerations

Bell Township Tax Collector
Angela Duffner
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards
(Continued)

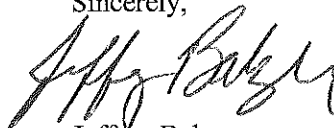
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bell Township Tax Collector's financial statement(s) are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items #1, #3, #4 and #5.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Jeffrey Balzer
County Controller

Bell Township Tax Collector
Angela Duffner
Schedule of Findings
For the Period March 1, 2019 to February 29, 2020

Item #1: Timely Deposit of County Money

Criteria:

Deposits should be made intact on each day that collections are received.

Condition/Cause:

We noted various instances where taxpayer receipts were deposited from three days up to seventeen days from the receipt date. For example, receipts dated March 18th were not deposited until March 29th. Receipts dated November 4th were not deposited until November 21st, and receipts dated December 31st were not deposited until January 6th. Additionally we noted two instances where the date on the receipt occurred before the deposit date, for example, a July 5th receipt was deposited July 3rd.

Effect:

Delays in deposit can result in delayed remittances to the County and increases the risk of loss or theft of tax receipts.

Recommendation:

We recommend that the tax collector deposit collections intact on a daily basis when collections are received.

Item #2: Depositing Intact

Criteria:

Bank deposits should be identifiable as to the breakdown of total cash and checks and all monies receipted should be deposited intact.

Condition/Cause:

We cannot determine if collections are deposited intact, in the form and amount in which they were receipted. The tax collector does not keep a copy of the deposit slip that she takes to the bank, nor does she obtain deposit receipts from the bank. Additionally, the receipts submitted were not marked cash or check

Effect:

Not depositing intact increases the risk of misappropriation or theft of taxpayer money and the inability to determine the true composition of the monies receipted.

Recommendation:

We recommend that the Tax Collector's daily deposits be comprised of the actual cash and checks received on that day, and then deposited intact. We also recommend that she retain copies of her deposit slips and obtain deposit receipts from the bank.

Bell Township Tax Collector
Angela Duffner
Schedule of Findings
For the period March 1, 2019 to February 29, 2020
(Continued)

Item #3: Exonerations

Criteria:

Surcharges and exonerations issued by the Tax Claim Bureau should all be posted to the Tax Collector's monthly remittance reports and submitted to the County.

Condition/Cause:

We noted that exonerations were not posted to the Tax Collector's monthly remittance reports.

Effect:

The monthly remittance reports to the County reflect incorrect balances due to unposted exonerations and surcharges. This results in a variance between the final run submitted to the Tax Claim Bureau and the Tax Collector's final monthly report.

Recommendation:

We recommend that the Tax Collector post exonerations and surcharges adjustments on the monthly remittance reports, as well as any other adjustments impacting the balance collectable.

Item #4: Receipting Procedures

Criteria:

Receipts should indicate the actual date paid, amount paid, and method of payment (cash, check or money order). This same information should be posted in the duplicate and on the daily deposit listing/receipts journal.

Condition/Cause:

We noted that many taxpayer receipts were not marked with the date, amount or method of payment. We also noted inconsistencies between the dates on receipt copies and the duplicate, with some items that were deposited before the date listed on the daily deposit listing/ receipt journal. Additionally, we noted that the daily deposit listing/receipts journal also did not list the actual date paid and payment method.

Effect:

This practice results in the inability to determine when payments were actually received and the inability to agree receipts to the duplicate and to bank deposits.

Recommendation:

We recommend that the tax collector mark every receipt with the date paid and the amount and method of payment. We also recommend that this same information be posted to the duplicate and to the daily deposit listing/receipts journal.

Bell Township Tax Collector
Angela Duffner
Schedule of Findings
For the period March 1, 2019 to February 29, 2020
(Continued)

Item #5: Timely Remittance of County Money

Criteria:

Per the Commissioners' Resolution #R-4-2018, "each collector of Westmoreland County Real Estate Taxes shall remit all taxes and other funds collected for the County no less frequently than every fifth business day during the discount period, face period and penalty period."

Condition/Cause:

We noted that collections were not remitted timely per the Commissioner's Resolution. Receipts from June 6th were not remitted until July 5th, receipts from October 1st were not remitted until October 15th and supplemental receipts from September 24th were not remitted until October 1st.

Effect:

This practice results in non-compliance with the Commissioners' Resolution. It also increases the risk of loss or theft of tax receipts.

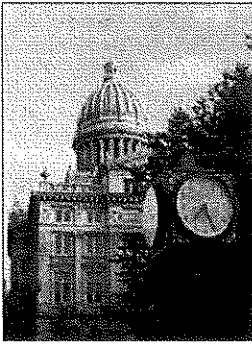
Recommendation:

We recommend that the Tax Collector comply with the Commissioners' Resolution on remittances.

Bell Township Tax Collector
 Angela Duffner
 Compliance with Prior Years' Findings
 For the period March 1, 2019 to February 29, 2020

At the completion of the 2018 annual audit, we made five recommendations for improving the Bell Township Tax Collector accounting procedures and internal controls. The following is the status of that recommendation.

		Recommendation Complied With:		
		<u>Yes</u>	<u>No</u>	<u>In Process</u>
Item #1:	Exonerations/ Surcharges		X	
Item #2:	Required Reports/ Batched Receipts	X		
Item #3:	Timely Deposit of County Money		X	
Item #4:	Timely Remittance of County Money		X	
Item #5:	Receipting Procedures		X	



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Controller's Note

Bell Township Tax Collector

For the Period March 1, 2019 to February 29, 2020

December 11, 2020

This report was released as a draft on December 1, 2020. The finding was reviewed with the tax collector on December 1, 2020. The Controller's Office requires a written response within ten days of receipt of this report from the Tax Collector. No response was received from the Tax Collector. This report is final effective December 11, 2020.