

***Westmoreland County  
Controller***

**AUDITING DEPARTMENT**

**Jeffrey Balzer**

**County Controller**

Audit of

North Huntingdon Township Tax Collector  
Shelley Buchanan

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

Prepared for

Westmoreland County  
Board of Commissioners

Audit of

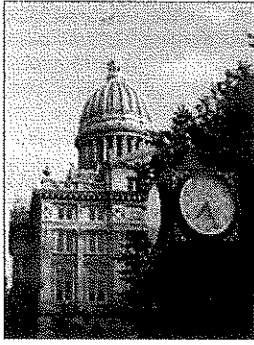
North Huntingdon Township Tax Collector  
Shelley Buchanan

Presented by

Jeffrey Balzer  
County Controller

And

Westmoreland County Auditing Department



## Westmoreland County Controller's Office

2 North Main St., Suite 111

Greensburg, PA 15601

Phone (724) 830-3115, Fax (724) 830-3134

*Jeffrey Balzer, Controller*

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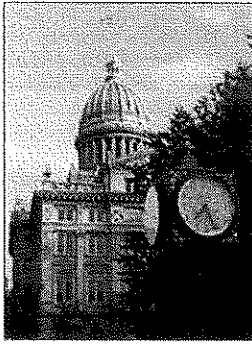
North Huntingdon Township Tax Collector

Shelley Buchanan

Audit Distribution List

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

1. Shelley Buchanan, North Huntingdon Township Tax Collector
2. Board of Commissioners
3. Deborah Chiado, Director of Tax Office
4. Norwin School District, c/o Secretary
5. North Huntingdon Township, c/o Secretary



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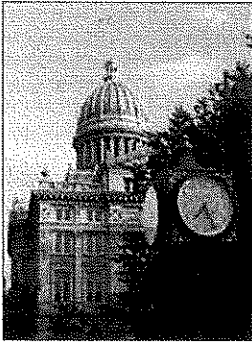
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North Huntingdon Township Tax Collector  
For the period March 1, 2019 to February 29, 2020

## Table of Contents

Transmittal Letter .....	1
Independent Auditor's Report .....	2
Financial Statements – Modified Cash Basis:	
Statement of Cash Receipts and Disbursements – General Taxes March 1, 2019 to February 29, 2020 .....	4
Statement of Balance Outstanding – General Taxes March 1, 2019 to February 29, 2020 .....	5
Statement of Cash Receipts and Disbursements – Supplemental Taxes October 1, 2018 to September 30, 2019 .....	6
Statement of Balance Outstanding – Supplemental Taxes October 1, 2018 to September 30, 2019 .....	7
Notes to the Financial Statements .....	8
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 <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11
Compliance with Prior Year Findings .....	13
Tax Collector's Response .....	14



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October 20, 2020

Shelley Buchanan  
North Huntingdon Township Tax Collector  
11279 Center Highway  
North Huntingdon, PA 15642

Dear Ms. Buchanan:

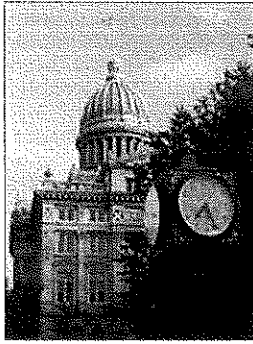
Transmitted herewith for your information is a copy of the audit of Westmoreland County Real Estate taxes processed and accounted for by your office, the purpose of which is to express an opinion on the fairness of the presentation of the financial statements for Westmoreland County Real Estate taxes 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

2 North Main St., Suite 111  
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October 20, 2020

### ***Independent Auditor's Report***

Shelley Buchanan  
North Huntingdon Township Tax Collector  
11279 Center Highway  
North Huntingdon, PA 15642

Dear Ms. Buchanan:

We have audited the Statement of Balance Outstanding-Modified Cash Basis of the North Huntingdon 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 North Huntingdon 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 North Huntingdon 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 North Huntingdon 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.

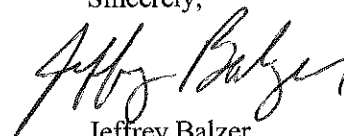
***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020 on our consideration of North Huntingdon 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

North Huntingdon Township Tax Collector  
 Shelley Buchanan  
 Statement of Cash Receipts and Disbursements  
 Modified Cash Basis  
 For the period March 1, 2019 to February 29, 2020

Receipts:

General	\$ 7,903,625.91	
Total Receipts		7,903,625.91

Disbursements:

March	1,336,404.75	
April	5,895,482.50	
May	97,284.50	
June	373,359.11	
July	30,108.64	
August	19,368.97	
September	13,667.13	
October	20,498.65	
November	22,544.20	
December	94,907.46	
January	-	
February	-	
Total Disbursements		<u>7,903,625.91</u>
Balance Due		<u>\$ -</u>

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



North Huntingdon Township Tax Collector  
 Shelley Buchanan  
 Statement of Balance Outstanding  
 Modified Cash Basis  
 For the period March 1, 2019 to February 29, 2020

Amount Charged on the Duplicate:

General	\$ 8,230,512.18	
Total Amount Charged		8,230,512.18
Add: Surcharges	2,258.52	
Less: Exonerations	<u>(2,436.94)</u>	
Adjustment to the Duplicate		<u>(178.42)</u>
Total Available for Collection (Face)		8,230,333.76

Collections:

General	7,903,625.91	
Less: Overpayment	(84.34)	
Less: Refund Due	<u>(271.32)</u>	
Total Actual Amount Collected		7,903,270.25
Add: Discounts	147,122.28	
Less: Penalties	<u>(17,644.97)</u>	
Adjustments		<u>129,477.31</u>
Face Collections		<u>8,032,747.56</u>
Balance Outstanding (Face)		<u>\$ 197,586.20</u>

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

North Huntingdon Township Tax Collector  
 Shelley Buchanan  
 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	\$	35,175.18	
			35,175.18

Disbursements made on Duplicates

October 2018 to March 2019		4,951.84	
April		7,636.45	
May		3,349.50	
June		4,732.01	
July		2,514.62	
August		4,436.01	
September		2,583.03	
October		660.20	
November		2,690.68	
December		1,620.84	
January		-	
February		-	
 Total Disbursements			 <u>35,175.18</u>
 Balance Due			 \$ <u><u>-</u></u>

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

North Huntingdon Township Tax Collector  
 Shelley Buchanan  
 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	\$ 37,107.35	
Less: Exonerations	<u>                  -</u>	
 Total Available for Collection		 37,107.35

Collections on Duplicate:

Total Supplemental	35,175.18		
		35,175.18	
 Add: Discounts	 506.13		
Less: Penalties	<u>(433.65)</u>		
 Adjustments		 <u>72.48</u>	
 Face Collections			 <u>35,247.66</u>
 Balance Outstanding (Face)			 <u>\$ 1,859.69</u>

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

North Huntingdon Township Tax Collector  
Shelley Buchanan  
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 North Huntingdon 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 North Huntingdon Township Tax Collector's First National Bank deposits had a carrying value of \$283.77 and a bank balance of \$359.78. The bank balance was covered by the federal depository insurance.

North Huntingdon Township Tax Collector  
Shelley Buchanan  
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*

October 20, 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 North Huntingdon 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 October 20, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the North Huntingdon 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 North Huntingdon Township Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Huntingdon Township Tax Collector's internal control.

*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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiencies in internal control, described in the accompanying Schedule of Findings as items that we consider to be a significant deficiencies.

- Item #1: Timely Remittance of County Money
- Item# 2: Exonerations and Surcharges
- Item #3: Ending Bank Balance

North Huntingdon Township Tax Collector  
Shelley Buchanan  
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 North Huntingdon 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 and #2.

- Item #1: Timely Remittance of County Money
- Item #2: Exonerations and Surcharges

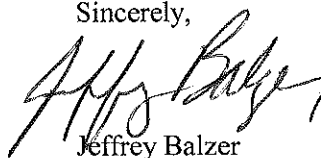
**North Huntingdon Tax Collector's Response to Finding**

North Huntingdon Township Tax Collector's response to the findings identified in our audit is described in the accompanying Management Response on page 14. North Huntingdon Township Tax Collector's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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

North Huntingdon Township Tax Collector  
Shelley Buchanan  
Schedule of Findings  
For the period March 1, 2019 to February 29, 2020

Item #1: 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 delays between the initial receipt date of every month and the respective remittance to the County of the monies received. For example, the remittance on June 26<sup>th</sup> included receipts from June 11<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup>. The remittance on October 18<sup>th</sup> included receipts from October 3<sup>rd</sup>, 8<sup>th</sup> and 9<sup>th</sup> and also the remittance on January 8<sup>th</sup> included receipts from December 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup>.

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.

Item #2: Exonerations and Surcharges

Criteria:

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

Condition/Cause:

We noted one exoneration issued was not posted to the Tax Collector's monthly remittance report and therefore, was not reflected accurately in the Tax Collector's records.

Effect:

The taxpayer was due a refund since he had paid based on the full assessment.

Recommendation:

We recommend that the Tax Collector post exonerations and surcharge adjustments on the monthly remittance reports. Additionally, we recommend the Tax Collector send a letter to the Tax Claim Bureau so the refund can be issued for map #54-04-05-0-036.

*Note: Tax Collector issued an email to Tax Claim Bureau requesting they issue a refund for the exoneration while the audit was in process.*

North Huntingdon Township Tax Collector  
Shelley Buchanan  
Schedule of Findings (Continued)  
For the period March 1, 2019 to February 29, 2020

Item #3: Ending Bank Balance

Criteria:

The bank balance at year end should be identifiable as to the source of the funds and to whom they are payable.

Condition/Cause:

At February 29, 2020, we noted an ending balance of \$359.78, of which \$210.34 is unidentified.

Effect:

This results in improper accumulation of taxpayer monies and unidentifiable payees.

Recommendation:

We recommend the Tax Collector escheat all unidentified funds to the Pennsylvania Treasury Department Unclaimed Property Division.



North Huntingdon Township Tax Collector  
 Shelley Buchanan  
 Compliance with Prior Years' Findings  
 For the period March 1, 2019 to February 29, 2020

At the completion of the 2018 audit, we made four recommendations for improving the North Huntingdon Township Tax Collector's accounting procedures and internal controls. The following is the status of that recommendations.

	Recommendation Complied with:		
	<u>Yes</u>	<u>No</u>	<u>In Process</u>
Item #1: Surcharges and Exonerations		X	
Item #2: Unidentified Bank Balance		X	
Item #3: Timely Remittance of County Money		X	
Item #4: Balance Outstanding/Unidentified Adjustment	X		



**Shelley Buchanan, Tax Collector  
North Huntingdon Township**

October 18, 2020

Jeffrey Balzer, Controller  
Westmoreland County  
2 North Main Street Ste 111  
Greensburg, PA 15601

REF: Response to audit letter of 10/16/2020 for tax period 3/1/19 – 2/29/20

Dear Mr. Balzer:

This letter is in response to your letter of 10/16/20 requiring my attention to the following:

**Item #1: Timely Remittance of County Money:**

Commissioners Resolution R-4-2018

Your audit cited the following untimely remittance of tax funds:

6/26 – I was on vacation the week before.

10/18 – We were finalizing discount payments that were paid 9/30 for Norwin School Tax which delayed reporting of Township/County Tax.

1/8 – We were processing and verifying reporting for the end of the year to be submitted to Westmoreland County Tax Claims.

**Item #2: Exonerations and Surcharges:**

As per footnote on page 11 of Westmoreland County Audit Report – A refund letter was sent to the Tax Claim Bureau addressing the exoneration for map #54-04-05-005-0-036.

I report all Exonerations and Surcharges on the required monthly basis with my required monthly DCED Westmoreland County Report along with an excel spreadsheet of a year-to-date aforementioned changes.

**Item #3: Ending Bank Balance:**

Westmoreland County shows an unidentified ending Tax Collector bank account balance of \$210.34 as of the audit ending date of 2/29/20.

At the end of this year – 12/31/20, I will escheat all accumulated over/under tax payments (under \$5.00) plus all outstanding refund checks (with stale dates after 6 months) that remain in my First National Bank Tax Collector Account to Pennsylvania Treasury Department Unclaimed Property Division. Please note, I will retain a balance of \$150.00 which represents my own personal money used 18 years ago to open my Tax Collector Bank Account.

If you have any questions regarding this letter, please don't hesitate to call. Office 724-861-4624 or Cell 724-396-1054.

Sincerely,



Shelley Buchanan

Tax Collector