

***Westmoreland County
Controller***

AUDITING DEPARTMENT

Jeffrey Balzer

County Controller

Audit of

Ligonier Township Tax Collector
Salvatore Vella

Financial Statements – Modified Cash Basis
For the period March 1, 2020 to February 28, 2021

Prepared for

Westmoreland County
Board of Commissioners

Audit of

Ligonier Township Tax Collector
Salvatore Vella

Presented by

Jeffrey Balzer
County Controller

And

Westmoreland County Auditing Department



Westmoreland County Controller's Office

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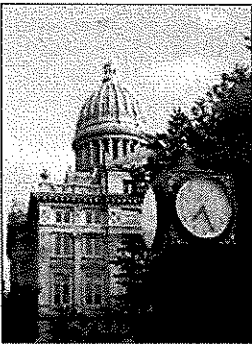
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Ligonier Township Tax Collector
Salvatore Vella
Audit Distribution List

For the period March 1, 2020 to February 28, 2021

1. Salvatore Vella, Ligonier Township Tax Collector
2. Board of Commissioners
3. Linda Kuchar, Acting Director of Tax Office
4. Ligonier Valley School District, c/o Secretary
5. Ligonier Township, c/o Secretary



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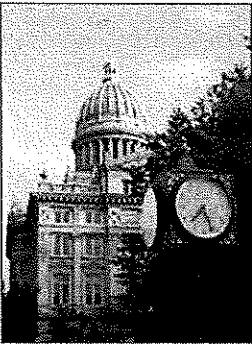
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Ligonier Township Tax Collector
For the period March 1, 2020 to February 28, 2021

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Jeffrey Balzer, Controller

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September 30, 2021

Salvatore Vella
Ligonier Township Tax Collector
187 State Route 271
Ligonier, PA 15658

Dear Mr. Vella:

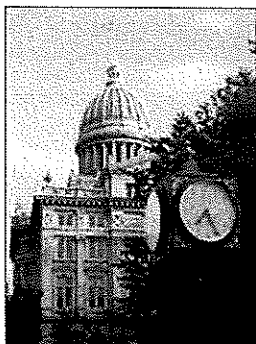
Transmitted herewith for your information is a copy of the audit of Westmoreland County Real Estate taxes processed and accounted for by your office, the purpose of which is to express an opinion on the fairness of the presentation of the financial statements for Westmoreland County Real Estate taxes for the period March 1, 2020 to February 28, 2021 for general taxes and for the period October 1, 2019 to September 30, 2020 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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September 30, 2021

Independent Auditor's Report

Salvatore Vella,
Ligonier Township Tax Collector
187 State Route 271
Ligonier, PA 15658

Dear Mr. Vella:

We have audited the Statement of Balance Outstanding-Modified Cash Basis of the Ligonier Township Tax Collector for Westmoreland County General Real Estate taxes for the period ended February 28, 2021 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, 2020 to February 28, 2021 for general taxes and for the period October 1, 2019 to September 30, 2020 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 Ligonier 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 Ligonier 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 Ligonier Township Tax Collector for the period ended February 28, 2021 for general taxes, and for the period ended September 30, 2020 for supplemental taxes, and the Cash Receipts and Disbursements-Modified Cash Basis for the period March 1, 2020 to February 28, 2021 for general taxes, and for the period October 1, 2019 to September 30, 2020 for supplemental taxes, on the modified cash basis of accounting as described in Note 2.

Basis of Accounting

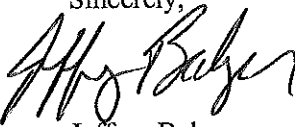
We draw attention to Note 2 of the financial statements, which describes the basis of accounting. These financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion 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 September 30, 2021 on our consideration of Ligonier 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, 2020, and general taxes for the period ended February 28, 2021, 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

Ligonier Township Tax Collector
 Salvatore Vella
 Statement of Cash Receipts and Disbursements
 Modified Cash Basis
 For the period March 1, 2020 to February 28, 2021

Receipts:

General	\$ 2,005,588.01	
Total Receipts		2,005,588.01

Disbursements:

March	442,623.57	
April	1,161,650.37	
May	159,820.23	
June	52,897.31	
July	50,592.38	
August	80,517.88	
September	4,927.88	
October	11,989.30	
November	8,288.50	
December	28,391.58	
January	-	
February	-	
	<hr/>	
Total Disbursements		<u>2,001,699.00</u>
Balance Due to Westmoreland County		<u>\$ 3,889.01</u>

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

Ligonier Township Tax Collector
 Salvatore Vella
 Statement of Balance Outstanding
 Modified Cash Basis
 For the period March 1, 2020 to February 28, 2021

Amount Charged on the Duplicate:

General	\$ 2,160,644.41	
Total Amount Charged		2,160,644.41
Add: Surcharges	-	
Less: Exonerations	<u>(1,908.96)</u>	
Adjustment to the Duplicate		<u>(1,908.96)</u>
Total Available for Collection (Face)		2,158,735.45

Collections:

General	2,005,588.01	
Total Actual Amount Collected		2,005,588.01
Add: Discounts	39,773.74	
Less: Penalties	<u>-</u>	
Adjustments		<u>39,773.74</u>
Face Collections		<u>2,045,361.75</u>
Balance Outstanding (Face)		<u>\$ 113,373.70</u>

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

Ligonier Township Tax Collector
 Salvatore Vella
 Statement of Cash Receipts and Disbursements - Supplemental Taxes
 Modified Cash Basis
 For the Supplemental Duplicates issued October 1, 2019 to September 30, 2020

Receipts on Duplicates

Total Supplemental Receipts	\$ <u>3,110.10</u>	3,110.10
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Disbursements made on Duplicates

October 2019 - March 2020	774.24	
April	1,018.33	
May	-	
June	-	
July	-	
August	-	
September	28.43	
October	1,333.14	
November	-	
December	-	
January	-	
February	<u>-</u>	
 Total Disbursements		 <u>3,154.14</u>
 Balance Due		 \$ <u><u>(44.04)</u></u>

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

Ligonier Township Tax Collector
 Salvatore Vella
 Statement of Balance Outstanding – Supplemental Taxes
 Modified Cash Basis
 For Supplemental Duplicates issued October 1, 2019 to September 30, 2020

Amount Charged on Duplicate:

Supplemental Taxes	\$	3,383.05	
Less: Exonerations		<u> -</u>	
 Total Available for Collection			 3,383.05

Collections on Duplicate:

Total Supplemental	3,110.10		
			3,110.10
 Add: Discounts	 62.86		
Less: Penalties	<u> (2.72)</u>		
 Adjustments to Collections		 <u> 60.14</u>	
 Total Collected at Face			 <u> 3,170.24</u>
 Balance Outstanding (Face)			 <u> \$ 212.81</u>

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

Ligonier Township Tax Collector
Salvatore Vella
Notes to the Financial Statements
For the period March 1, 2020 to February 28, 2021

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 28, 2021, and September 30, 2020, 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, 2019 to September 30, 2020 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 Somerset Trust and First National Bank deposits of the Ligonier 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 28, 2021, the Ligonier Township Tax Collector's Somerset Trust Bank deposits had a carrying value of \$1,959.64 and a bank balance of \$2,026.39 and the First National Bank deposits had a carrying value of \$100.00 and a bank balance of \$100.00. The bank balances were covered by the federal depository insurance.

Ligonier Township Tax Collector
Salvatore Vella
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

September 30, 2021

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 Ligonier Township Tax Collector, for the period ended February 28, 2021 and for the period March 1, 2020 to February 28, 2021 for the Westmoreland County General Taxes, and for the period ended September 30, 2020 and for the period October 1, 2019 to September 30, 2020 for Westmoreland County Supplemental Taxes, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ligonier Township Tax Collector's internal control over financial reporting (internal control) as a basis for designing 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 Ligonier Township Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ligonier 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 deficiencies described in the accompanying Schedule of Findings as items to be material weaknesses.

- Item # 3: Balance due per Tax Receipts versus Remittances
- Item # 5: Balance Outstanding Variance
- Item # 6: Adjustments to the Final Run
- Item # 7: Surcharges and Exonerations

Ligonier Township Tax Collector
Salvatore Vella
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)

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 the accompanying Schedule of Findings as items to be significant deficiencies.

- Item # 1: Timely Remittances
- Item # 2: Required Reports
- Item # 4: Balancing Issues & Accurate Records
- Item # 8: Remittance Report Information

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ligonier 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 financial statements. 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, #2, and #8.

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

Ligonier Township Tax Collector
Salvatore Vella
Schedule of Findings
For the period March 1, 2020 to February 28, 2021

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 in the remittance of county money. We noted that all receipts from September were not remitted until October 9th and all November receipts were not remitted until December 11th.

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: Required Reports

Criteria:

Per Commissioners' Resolution #R-18-2001, each tax collector must provide monthly, to the Controller's office, copies of bank statements containing county tax money, copies of bank reconciliations, deposit slips and copies of receipts and disbursement journals.

Condition/Cause:

The Tax Collector did not submit bank reconciliations or disbursement journals for the audit period.

Effect:

There is a lack of compliance with the resolutions for the required reports and information. This results in the inability to track outstanding checks and any other disbursements.

Recommendation:

We recommend that the tax collector submit the required information on a monthly basis in a timely manner.

Ligonier Township Tax Collector
Salvatore Vella
Schedule of Findings (Continued)
For the period March 1, 2020 to February 28, 2021

Item #3: Balance Due Per Tax Receipts versus Remittances

General:

Criteria:

All collections made by the Tax Collector should be remitted to the County.

Condition/Cause:

The Tax Collector withheld some December 2020 general receipts totaling \$3,069.55 from the remittance while he tried to balance to his final run. Additionally, we noted one general tax receipt in the amount of \$819.46 collected by the Tax Collector in April 2020 that was not remitted to the County.

Effect:

This results in delayed and inaccurate remittances to the County and also causes the tax collector's balance uncollectable to be misstated.

Supplemental:

Criteria:

Accurate supplemental records should be maintained. These records should include paid receipts, a marked supplemental duplicate and a computer-generated paid parcel listing. Collections should agree to the remittances to the County

Condition/Cause:

During the course of the audit, we noted that in the March 2020, the Tax Collector overpaid the County \$44.04. This money was identified as Township money.

Effect:

Incorrect Supplemental records and inaccurate remittances.

Recommendation:

We recommend that the Tax Collector remit a check payable to the Westmoreland County Treasurer in the amount of \$3,844.97.

Note: A check in the amount of \$3,844.97 was received in the Westmoreland County Treasurer's Office on September 29, 2021.

Ligonier Township Tax Collector
Salvatore Vella
Schedule of Findings (Continued)
For the period March 1, 2020 to February 28, 2021

Item #4: Balancing Issues and Accurate Records

Criteria:

Accurate records should be maintained by the Tax Collector and monthly balancing of receipt ledgers and remittances should be performed. Computer generated paid parcel listings should be balanced to paid receipts and subsequent remittances.

Condition/Cause:

We noted overpayments and underpayments to the County.

Effect:

Incorrect records and inaccurate remittances.

Recommendation:

We recommend the Tax Collector reconcile monthly receipt ledgers and remit the correct amounts to the County. Detailed listings of paid parcels should be maintained in order to support the amounts remitted.

Item #5: Balance Outstanding Variance

Criteria:

The Tax Collector's final monthly report should reflect the same balance outstanding as the final run submitted to the Tax Claim Bureau. In addition, both reports should agree to the Statement of Balance Outstanding.

Condition/Cause:

We noted that the Tax Collector's final remittance report did not agree to the outstanding taxes submitted as delinquent to the Tax Claim Bureau or to the Statement of Balance Outstanding.

Effect:

Failure to balance the financial and detail records to the final run results in an inability to determine the true balance outstanding. Additional monies may be due to the County and/or refunds may be due, as a result of overpayments. Paid parcels may not be reflected as paid in the duplicate and could subsequently be submitted as delinquent to the Tax Claim Bureau.

Recommendations:

We recommend that the Tax Collector reconcile the final monthly report to the delinquent list submitted to the Tax Claim Bureau. On a monthly basis, the Tax Collector should reconcile the list of unpaid parcels to the balance collectible on the monthly DCED Report.

Ligonier Township Tax Collector
Salvatore Vella
Schedule of Findings (Continued)
For the period March 1, 2020 to February 28, 2021

Item #6: Adjustments to the Final Run

Criteria:

The balance outstanding per the Tax Collector's final monthly remittance report should agree to the balance outstanding per the Tax Collector's final run submitted by the Tax Collector to the County Tax Claim Bureau. The final run should accurately reflect all unpaid taxes, general and supplemental.

Condition/Cause:

We noted a supplemental tax had been omitted from the final run submitted by the Tax Collector.

Effect:

The final run does not agree with the unpaid parcels in the supplemental duplicate.

Recommendation:

We recommend the Tax Collector adjust the final run by submitting a letter to the Tax Claim Bureau to add map #51-16-16-0-064, control #5416, in the amount of \$113.20 to the supplemental delinquent list.

Item #7: Surcharges and Exonerations

Criteria:

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

Condition/Cause:

We noted that an exoneration for Map #51-24-05-0-020 was not posted to the Tax Collector's monthly remittance report.

Effect:

The monthly remittance reports to the County reflect incorrect balances due to an unposted exoneration. Additionally, the property was turned in delinquent.

Recommendation:

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

Note: No action needs taken for this as the Tax Assessment Office issued a memo to the Tax Claim Bureau to exonerate the taxes for this property and therefore to remove it from the delinquent list.

Ligonier Township Tax Collector
Salvatore Vella
Schedule of Findings (Continued)
For the period March 1, 2020 to February 28, 2021

Item #8: Remittance Report Information

Criteria:

The Tax Collector's monthly reports should include the date, amount, and transaction number for each remittance to the County. When the monthly report is submitted to the County, it should also include the date submitted and the signature of the Tax Collector.

Condition/Cause:

We noted during the audit period that the remittance reports were incomplete as the dates and transaction numbers for the remittances to the County.

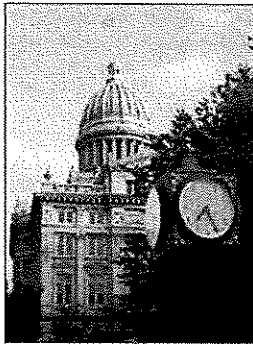
Effect:

Lack of compliance with the bonding company requirements.

Recommendation:

We recommend that the Tax Collector include all required information on the monthly remittance reports to comply with the bonding company requirements.

Note: The Tax Collector does record the transaction numbers and dates on a spreadsheet. He indicated that going forward, he will submit a copy of the spreadsheet to the County on a monthly basis.



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Controller's Note

Ligonier Township Tax Collector

For the Period March 1, 2020 to February 28, 2021

September 30, 2021

This report was released as a draft on September 16, 2021. The findings were reviewed with the tax collector on September 16, 2021. 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 September 30, 2021.