

***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, 2020 to February 28, 2021

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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Jeffrey Balzer, Controller

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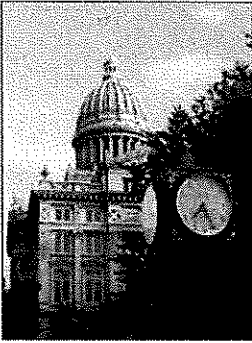
Bell Township Tax Collector

Angela Duffner

Audit Distribution List

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

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



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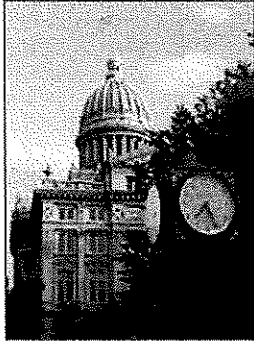
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Bell Township Tax Collector
For the period March 1, 2020 to February 28, 2021

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Jeffrey Balzer, Controller

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December 6, 2021

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

Dear Ms. Duffner:

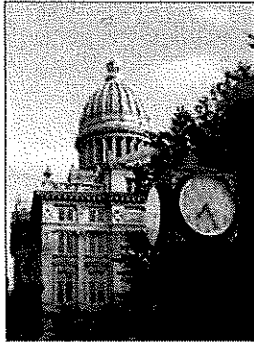
Transmitted herewith for your information is a copy of the audit of Westmoreland County Real Estate taxes processed and accounted for by your office, the purpose of which is to express an opinion on the fairness of the presentation of the financial statements for Westmoreland County Real Estate taxes for the period March 1, 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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December 6, 2021

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 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 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 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.

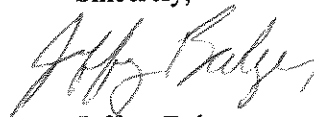
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021 on our consideration of 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, 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

Bell Township Tax Collector
 Angela Duffner
 Statement of Cash Receipts and Disbursements
 Modified Cash Basis
 For the period March 1, 2020 to February 28, 2021

Receipts:

General	\$	407,331.78	
Total Receipts			407,331.78

Disbursements:

March		73,073.18	
April		276,372.83	
May		8,735.94	
June		21,300.64	
July		3,723.91	
August		11,846.45	
September		2,596.84	
October		-	
November		-	
December		9,681.99	
January		-	
February		-	
Total Disbursements			407,331.78
Balance Due			\$ -

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, 2020 to February 28, 2021

Amount Charged on the Duplicate:

General	\$ 448,166.42	
Total Amount Charged		448,166.42
Add: Surcharges	-	
Less: Exonerations	-	
Adjustment to the Duplicate		-
Total Available for Collection (Face)		448,166.42

Collections:

General	407,331.78	
Total Actual Amount Collected		407,331.78
Add: Discounts	8,063.34	
Less: Penalties	-	
Adjustments		8,063.34
Face Collections		415,395.12
Balance Outstanding (Face)		\$ 32,771.30

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, 2019 to September 30, 2020

Receipts on Duplicates

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

October 2019 - March 2020	-	
April	489.96	
May	-	
June	-	
July	-	
August	-	
September	56.26	
October	-	
November	96.12	
December	<u>640.61</u>	

Total Disbursements		<u>1,282.95</u>
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Balance Due		<u><u>\$ -</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, 2019 to September 30, 2020

Amount Charged on Duplicate:

Supplemental Taxes	\$	835.16	
Less: Exonerations		-	
 Total Available for Collection			835.16

Collections on Duplicate:

Total Supplemental		824.61	
Less: Refund		-	
			824.61
 Add: Discounts		15.38	
Less: Penalties		(4.83)	
 Adjustments to Collections			10.55
 Total Collected at Face			835.16
 Balance Outstanding (Face)			\$ -

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, 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 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 28, 2021, the Bell Township Tax Collector's First National Bank deposits had a carrying value of (\$21.21) and a bank balance of \$40.00. 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 6, 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 Bell 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 December 6, 2021.

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) 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 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 # 4: Timely Remittance of County Money
- Item # 5: Ending Bank Balance
- Item # 6: Balance Outstanding

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)

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: Receipting Procedures
Item #7: Exonerations

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 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, #3, #4, #5, #6, and #7.

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, 2020 to February 28, 2021

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.

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, 2020 to February 28, 2021
(Continued)

Item #3: 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.

Item #4: 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
Schedule of Findings
For the period March 1, 2020 to February 28, 2021
(Continued)

Item #5: 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. Monthly receipt and disbursement journals and bank reconciliations should be used to balance the account and provide for the disbursement of all funds contained therein.

Condition/Cause:

At the conclusion of the audit, we found that the reconciled bank balance results in a negative amount.

Effect:

This results in improper accumulation of taxpayer monies.

Recommendation:

We recommend the Tax Collector identify the error that results in a negative bank balance and then add funds as necessary to make the account whole.

Item #6: 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 balance outstanding per the financial statements was more than the balance outstanding per the duplicate. The Tax Collector's final monthly report is \$45.27 lower than the final run balance submitted to the Tax Claim Bureau. In addition, we noted a variance of 179.88 between the balance outstanding and the final monthly report due to an exoneration issued in error by the Tax Collector.

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 determine the reason that the records of unpaid parcels per the general tax duplicate do not agree to the financial report and ensure the correct information is posted to the Tax Collector's monthly reports. If monies are due to the County, we recommend that the Tax Collector submit a letter to TCB adding the taxpayer to the delinquent list.

Bell Township Tax Collector
Angela Duffner
Schedule of Findings
For the period March 1, 2020 to February 28, 2021
(Continued)

Item #7: 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 the Tax Collector applied a school only exemption to the 2020 County Taxes for Map #43-06-00-0-094.

Effect:

 The monthly remittance reports to the County reflects an incorrect balance due to the improperly applied exemption. This results in a variance between the final run submitted to the Tax Claim Bureau and the Tax Collector's final monthly report.

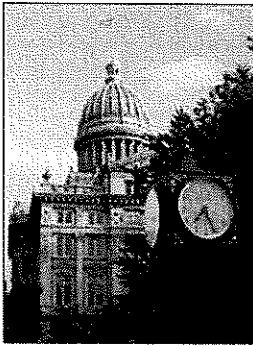
Recommendation:

 We recommend that the Tax Collector verify all exonerations and surcharges on the monthly remittance reports, as well as any other adjustments impacting the balance collectable. Additionally, we recommend that the Tax Collector submit the unpaid amount for Map #43-06-00-094 as delinquent to the Tax Claim Bureau.

Bell Township Tax Collector
 Compliance with Prior Years' Findings
 For the period March 1, 2020 to February 28, 2021

At the completion of the 2019 financial 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:	Timely Deposit of County Money		X	
Item #2:	Depositing Intact		X	
Item #3:	Exonerations	X		
Item #4:	Receipting Procedures		X	
Item #5:	Timely Remittance of County Money		X	



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Controller's Note

Bell Township Tax Collector

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

December 6, 2021

This report was released as a draft on November 23, 2021. The findings were reviewed with the Tax Collector on November 23, 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 December 6, 2021.