

Denver Borough Tax Collector Audit Report

For the period of January 1, 2014 through January 15, 2016
covering the 2014 and 2015 tax years



Brian K. Hurter, CPA
Lancaster County Controller

Denver Borough Tax Collector Audit
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Controller
Brian K. Hurter, CPA

June 10, 2016

Brian Weaver, Tax Collector
Denver Borough
906 North 5th Street
Denver, PA 17517

Dear Denver Borough Tax Collector:

Attached is the audit report of your tax collection records for the County of Lancaster, prepared by the Lancaster County Controller's Office. Our examination procedures were performed covering the period of January 1, 2014 through January 15, 2016, which includes settlement for collections of the 2014 and 2015 tax years.

The purpose of this audit is to ensure compliance with Section 26 (b) (1) of the Local Tax Collection Law, Act of May 25, 1945, P.L. 1050, No. 394 Cl. 53 ("Local Tax Collection Law"). The Local Tax Collection Law contains guidance and procedures for the elected tax collectors. Based upon the audit, we have issued this report.

We conducted our audit to obtain reasonable understanding about whether the tax collections are free of material misstatement and to determine the accuracy of the timeliness of the County real estate taxes collected, among other procedures. During our review we discovered findings and observations which are listed on pages 2-4 and summarized on page 6.

The financials we have audited are attached as **Exhibit A** and will be included in a summary report issued to the Lancaster County Board of Commissioners, along with the findings and observations. This report is intended for the information and use of the Denver Borough Tax Collector and the Lancaster County Board of Commissioners, and is not intended and should not be used by anyone other than these specified parties without consent. However, public policy dictates that this report is a matter of public record and its distribution is not limited.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller
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**Denver Borough Tax Collector
Relevant Audit Notes
For the period January 1, 2014 through January 15, 2016**

Note A – DESCRIPTION OF TAX COLLECTOR AND TAXING DISTRICT

Brian Weaver was elected to the position of Denver Borough Tax Collector on or about November 5, 2013, to take office on January 1, 2014. Each elected tax collector's position is a four year term.

In Lancaster County, elected or appointed tax collectors are responsible to collect real estate taxes for the County and municipalities. According to Section 25 of the Local Tax Collection Law, by the tenth day of the immediate following month, the tax collector is required to submit a tax collector report approved by the Department of Community and Economic Development (DCED) and all monies collected in the prior month to the Lancaster County Treasurer and the municipality in which they are elected. When settlement of tax records is completed by January 15 of the subsequent year, the tax collector submits unpaid tax parcels to the Lancaster County Tax Claim Bureau.

In 2014, Denver Borough was the 16th smallest taxing district by total assessed value in Lancaster County with an assessed total of \$240,070,500. Denver Borough was the 15th smallest taxing district by taxable accounts with a total of 1,347 parcels. Again in 2015, Denver Borough was the 16th smallest taxing district by total assessed value in Lancaster County with an assessed total of \$239,315,500 and the 15th smallest taxing district by taxable accounts with a total of 1,347 parcels. Lancaster County is comprised of 60 taxing districts.

Note B – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2014 through January 15, 2016, which covers the 2014 and 2015 tax years.

The following procedures were performed during the audit:

- Ensure DCED report is completed monthly
- Ensure accurate commissions were paid to tax collector
- Ensure monies due to Lancaster County were properly receipted
- Ensure Lancaster County received the correct amount owed
- Ensure collections were properly paid in correct payment period
- Ensure correct number of parcels were sent to Tax Claim Bureau

**Denver Borough Tax Collector
Audit Findings and Observations
For the period January 1, 2014 through January 15, 2016**

This section of the report presents the findings and observations that resulted from our annual examination of the financial records. Following any of the findings and observations noted, we provide recommendations to correct or better the described occurrence.

Lancaster County provides taxpayers with a 2% discount until April 30 and allows base collections until June 30 of each year so that Lancaster County can use the tax dollars to best serve the residents of Lancaster County as a whole.

Observation 1: Discount Payment Accepted Outside of Discount Period – 2014 Tax Year

Description:

In August 2014, there was a payment accepted and entered into M.R. ETC¹ at discount in the amount of \$244.27. The discount period had ended on April 30.

Tax Collector's Explanation:

The tax collector's explanation of the August 2014 occurrence was that this was a lost bill found by the taxpayer. The tax collector tried to get the taxpayer to pay the bill at base or penalty, but the taxpayer said he had a lawyer and would sue so the tax collector allowed the taxpayer to pay at discount.

Auditor's Conclusion:

This occurrence was listed as an observation, rather than a finding because it appears to be an isolated instance. The remaining duplicate collections were collected in the appropriate periods and the tax collector's explanation appears legitimate.

¹ M.R. ETC stands for Municipal Real Estate Tax Collection and was the real estate tax collection software used by the Lancaster County Treasurer's Office. This software was used by the Treasurer's Office from the 2011 tax year through the 2015 tax year and was created specifically for Lancaster County. It was relied on by all tax collectors during this period.

Denver Borough Tax Collector
Audit Findings and Observations (*Continued*)
For the period January 1, 2014 through January 15, 2016

Observation 2: Discount Payment Accepted Outside of Discount Period – 2015 Tax Year

In October 2015, there was a payment accepted and entered into M.R. ETC at discount in the amount of \$370.14. The discount period had ended on April 30.

Tax Collector's Explanation:

The tax collector's explanation of the October 2015 occurrence was that the taxpayer said payment was sent during April, but there was no receipt of the transaction. After many conversations back and forth between the taxpayer and the tax collector, the tax collector accepted the discount payment.

Auditor's Conclusion:

This occurrence was listed as an observation, rather than a finding because it appears to be an isolated instance. The remaining duplicate collections were collected in the appropriate periods and the tax collector's explanation appears legitimate.

Observation 3: Base Payment Accepted Outside of Base Period – 2015 Tax Year

Description:

In September 2015, there was a payment accepted and entered into M.R. ETC at base in the amount of \$598.72. The base period had ended on June 30.

Tax Collector's Explanation:

The tax collector's explanation of this was that the taxpayer had an issue and went directly to the Lancaster County Treasurer who then directed the collector to accept the base payment.

Auditor's Conclusion:

This occurrence was listed as an observation, rather than a finding because it appears to be an isolated instance. The remaining duplicate collections were collected in the appropriate periods and the tax collector's explanation appears legitimate.

Denver Borough Tax Collector
Audit Findings and Observations (*Continued*)
For the period January 1, 2014 through January 15, 2016

Observation 4: DCED Report not Signed by Tax Collector

Description:

The January, March, May, September, December and End of Year 2014 DCED reports were submitted to the Lancaster County Treasurer's office, but not signed or dated by the tax collector.

Tax Collector's Explanation:

Tax Collector did not provide an explanation for the unsigned DCED report.

Auditor's Conclusion:

The occurrences mentioned above were labeled as an observation, rather than a finding because we believe they were isolated instances. The remaining DCED reports submitted were properly signed.

Denver Borough Tax Collector
Audit Recommendations
For the period January 1, 2014 through January 15, 2016

In the preceding section of this report, we listed any findings and observations from our examination. This section of the report presents recommendations to correct or better the described occurrences listed in the Audit Findings and Observations section.

1. The tax collector should continue to only accept and collect tax payments that agree to the tax bill issued in the period that the bill is being paid.

2. The tax collector should keep payments accepted outside of the correct payment period to a minimum and only accept out of period payments under extreme circumstances, like the occurrences in 2014 and 2015.

3. DCED reports should be signed and dated when they are submitted to the Lancaster County Treasurer's Office each month to ensure the data entered on the reports was reviewed for accuracy by the tax collector.

Denver Borough Tax Collector
Audit Summary of Facts
For the period January 1, 2014 through January 15, 2016

We have performed the procedures explained in Note B to assist in evaluating compliance for the 2014 tax year ended January 15, 2015 and 2015 tax year ended January 15, 2016 for the Denver Borough Tax Collector. Our procedures described follow specific requirements of the Local Tax Collection Law. The purpose of this audit is to ensure our compliance with Section 26 (b) (1) of the Local Tax Collection Law. The Local Tax Collection Law contains guidance and procedures for the elected tax collectors.

Reportable conditions involved issues coming to our attention relating to significant deficiencies or non-compliance that could adversely affect the tax collector's ability to show a true representation of the monies collected. While conducting our audit, we reported findings and observations along with recommendations to correct or better the described occurrences. During the examination, we noted two discount payments accepted outside of the discount period, a base payment accepted outside of the base period, and multiple unsigned DCED reports. We believe these were isolated instances. Any audits of this tax collector dated beyond the date of this report, will encompass further reviews of such occurrences to verify the tax collector is in compliance with applicable policies and procedures.

We conducted our audit to obtain reasonable understanding about whether the tax collections are free of material misstatement and to determine the accuracy of the timeliness of the County real estate taxes collected. The financial affairs and compliance with the applicable law are the responsibility of the Denver Borough Tax Collector. It is our opinion that the taxes collected by the Denver Borough Tax Collector appear properly collected, accounted for, and remitted to Lancaster County in a timely manner. It is also our opinion that the tax collections by the Denver Borough Tax Collector appear to be in compliance with those generally accepted policies and procedures for tax collectors. We further believe the monthly tax balances recorded on the Tax Collection Reports are accurately stated.

The tax monies collected for Denver Borough in 2014 and 2015 are shown in **Exhibit A: Financial Statements of Tax Duplicate Collections.**

Exhibit A

DENVER BOROUGH DUPLICATE TAX COLLECTIONS - 2014

Month	Prev Balance	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$ 714,395.04	\$ 1,948.17	\$ 56,845.23	\$ 1,136.90				\$ 55,708.33	\$ 655,601.64	\$ 56,845.23
MARCH	655,601.64		91,342.05	1,826.78				89,515.27	564,259.59	91,342.05
APRIL	564,259.59		389,574.29	7,791.34				381,782.95	174,685.30	389,574.29
MAY	174,685.30		109,497.56	2,189.90	7,624.25			114,931.91	57,563.49	117,121.81
JUNE	57,563.49				33,900.38			33,900.38	23,663.11	33,900.38
JULY	23,663.11				5,589.45	1,403.24	140.32	7,133.01	16,670.42	6,992.69
AUGUST	16,670.42		244.27	4.89		2,876.71	287.67	3,403.76	13,549.44	3,120.98
SEPTEMBER	13,549.44							-	13,549.44	-
OCTOBER	13,549.44	1,818.20				2,614.49	261.45	2,875.94	9,116.75	2,614.49
NOVEMBER	9,116.75							-	9,116.75	-
DECEMBER	9,116.75					2,059.10	205.91	2,265.01	7,057.65	2,059.10
End of Year	7,057.65					224.47	22.45	246.92	6,833.18	224.47
TOTAL		\$ 3,766.37	\$ 647,503.40	\$ 12,949.81	\$ 47,114.08	\$ 9,178.01	\$ 917.80	\$ 691,763.48	\$ 6,833.18	\$ 703,795.49
			90.64%		6.59%	1.28%		96.83%		98.52%

Discount Period - paid by April 30th
 Base Period - paid by June 30th
 Penalty Period - paid after June 30th

Exhibit A

DENVER BOROUGH DUPLICATE TAX COLLECTIONS - 2015

Month	Prev Balance	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$ 711,575.11		\$ 36,672.09	\$ 733.41				\$ 35,938.68	\$ 674,903.02	\$ 36,672.09
MARCH	674,903.02		101,524.42	2,030.46				99,493.96	573,378.60	101,524.42
APRIL	573,378.60		476,316.01	9,526.14				466,789.87	97,062.59	476,316.01
MAY	97,062.59		23,422.55	468.47	7,073.74			30,027.82	66,566.30	30,496.29
JUNE	66,566.30				30,022.34			30,022.34	36,543.96	30,022.34
JULY	36,543.96				11,131.04			11,131.04	25,412.92	11,131.04
AUGUST	25,412.92					1,996.73	199.67	2,196.40	23,416.19	1,996.73
SEPTEMBER	23,416.19				598.72	266.68	26.67	892.07	22,550.79	865.40
OCTOBER	22,550.79		370.14	7.40		3,167.28	316.73	3,846.75	19,013.37	3,537.42
NOVEMBER	19,013.37					6,912.36	691.24	7,603.60	12,101.01	6,912.36
DECEMBER	12,101.01					1,771.13	177.12	1,948.25	10,329.88	1,771.13
End of Year	10,329.88					320.46	32.05	352.51	10,009.42	320.46
TOTAL		\$ -	\$ 638,305.21	\$ 12,765.88	\$ 48,825.84	\$ 14,434.64	\$ 1,443.48	\$ 690,243.29	\$ 10,009.42	\$ 701,565.69
			89.70%		6.86%	2.03%		97.00%		98.59%

Discount Period - paid by April 30th
 Base Period - paid by June 30th
 Penalty Period - paid after June 30th