

Elected Tax Collectors Summary 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

Elected Tax Collectors Summary Audit
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Controller
Brian K. Hurter, CPA

June 13, 2016

Dear Lancaster County Board of Commissioners:

We have examined and audited the financial records and related documentation for the Elected Tax Collectors of Lancaster County (listed on page 1) for the period of January 1, 2014 through January 15, 2016, which covers the 2014 and 2015 tax years. The purpose of the audit is to satisfy 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"). Based upon the results of each Elected Tax Collector's audit, we have compiled a summary report for your review thereon dated June 13, 2016. Each Elected Tax Collector was issued a separate report.

We conducted our audits 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 Elected Tax Collectors. It is our opinion that the taxes collected by the tax collectors included in this report appear properly collected, accounted for, and remitted to Lancaster County in a timely manner. It is also our opinion that the tax collections 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. We did, however, find some instances that warrant mention and they are described in the Findings and Observations section of each tax collector's audit report and noted on pages 4-5 of this report.

Our examination procedures were performed through the date of each individual report provided to the tax collectors. The 2014 and 2015 financial statement summaries are shown as **Exhibit A** and **Exhibit B**, respectively.

This report is intended for the information and use of the Elected Tax Collectors of Lancaster County and the Lancaster County Board of Commissioners, and is not intended and should not be used by anyone other than these specified parties. 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



Elected Tax Collectors Summary
List of Elected Tax Collectors
For the period January 1, 2014 through January 15, 2016

List of Elected Tax Collectors for 2014 and 2015 Tax Years:

1. Adamstown Borough – Rosemary Johnston
2. Akron Borough – Ann S. Nolt
3. Bart Township – John E. Martin
4. Brecknock Township – Nancy J. Kulp
5. Clay Township – Deb Zerbe
6. Colerain Township – Anna W. Thompson
7. Columbia Borough – Borough of Columbia
8. Denver Borough – Brian Weaver
9. Drumore Township – Linda S. Martin
10. East Cocalico Township – Joan K. Fischer
11. East Drumore Township – Martha E. Delong
12. East Earl Township – Sally Usner/East Earl Township
13. East Lampeter Township – Jeffrey Cutler
14. Eden Township – Gary J. Crawford
15. Fulton Township – Margaret G. Gordon
16. Lititz Borough – Jeannie A. Nearhoof
17. Little Britain Township – Agnes Reeder
18. Manheim Township – Patricia J. Kabel
19. Marietta Borough – Lillian Hill
20. Martic Township – Doris Frey
21. Millersville Borough – Ed Arnold/Millersville Borough
22. Mount Joy Borough – Scott Hershey
23. New Holland Borough – Robin Parker/New Holland Borough
24. Rapho Township – Melva J. Kready
25. Sadsbury Township – Stacey L. Hoopes
26. Salisbury Township – Kirsten J. Peachey
27. Strasburg Borough – Lisa M. Boyd
28. Warwick Township – Lynn Reapsome
29. West Earl Township – Teresa Peachey

Elected Tax Collectors Summary
Relevant Audit Notes
For the period January 1, 2014 through January 15, 2016

Note A – DESCRIPTION OF TAX COLLECTORS AND TAXING DISTRICTS

The Elected Tax Collectors, mentioned on page 1, were elected to their positions 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.

For both 2014 and 2015, there were 29 Elected Tax Collectors collecting for 29 taxing districts. Lancaster County is comprised of 60 taxing districts. The 29 Elected Tax Collectors collected \$51,921,790.20 of County real estate taxes in 2014. Those same Elected Tax Collectors collected \$52,284,712.94 of County real estate taxes in 2015.

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

Elected Tax Collectors Summary
Relevant Audit Notes (*Continued*)
For the period January 1, 2014 through January 15, 2016

Note C – EXCLUSION OF EAST LAMPETER TOWNSHIP FROM SUMMARY REPORT

Upon a preliminary review of the 2014 and 2015 tax duplicate collections for East Lampeter Township, many issues were discovered that required further investigation. The Lancaster County Controller's Office deemed it necessary for a more detailed audit for this taxing district and did not include any of the findings in this audit report.

An audit of the East Lampeter Township 2014 tax year was issued on January 22, 2016. A draft of the East Lampeter Township 2015 tax year was sent to the tax collector on May 27, 2016.

**Elected Tax Collectors Summary
Audit Findings and Observations
For the period January 1, 2014 through January 15, 2016**

This section of the report presents the findings that resulted from our annual examination of the financial records.

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.

In Note B, we listed six procedures that were developed so that we could obtain a reasonable understanding as to whether the tax collections were free of material misstatement and to determine the accuracy of the timeliness of the County real estate taxes collected. Below we list the six procedures, and we include the taxing districts which had a finding or observation for that procedure, if any. More detail on each finding or observation is located in the individual audit report for that taxing district.

Procedure 1: Ensure DCED report is completed monthly

During 2014, Denver Borough and Sadsbury Township failed to sign and date at least one DCED report that was submitted to the Lancaster County Treasurer's Office.

During 2015, Marietta Borough failed to sign and date at least one DCED report that was submitted to the Lancaster County Treasurer's Office.

Procedure 2: Ensure accurate commissions were paid to tax collector

All elected tax collectors included in this report were in compliance with this section.

Procedure 3: Ensure monies due to Lancaster County were properly receipted

All elected tax collectors included in this report were in compliance with this section.

Procedure 4: Ensure Lancaster County received the correct amount owed

All elected tax collectors included in this report were in compliance with this section.

Elected Tax Collectors Summary
Audit Findings and Observations (*Continued*)
For the period January 1, 2014 through January 15, 2016

Procedure 5: Ensure tax bills were properly paid in the correct payment period

During 2014 the following taxing districts reported collections outside of the correct period: Clay Township, Denver Borough, Drumore Township, East Drumore Township, East Earl Township, Little Britain Township, Manheim Township, and Marietta Borough.

During 2015, the following taxing districts reported collections outside of the correct period: Denver Borough, Drumore Township, East Earl Township, Little Britain Township, Marietta Borough, Mount Joy Borough, and Sadsbury Township.

Procedure 6: Ensure correct number of parcels were sent to Tax Claim Bureau

All elected tax collectors included in this report were in compliance with this section.

Elected Tax Collectors Summary
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 Elected Tax Collectors included in this report. 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 found findings, observations, and issues of non-compliance which are listed in the Audit Findings and Observations section above, and further described in each tax collector's audit report. None of the findings or observations led us to believe that significant deficiencies had occurred.

We conducted our audit to obtain a 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 Elected Tax Collectors. It is our opinion that the taxes collected by the tax collectors included in this report appear properly collected, accounted for, and remitted to Lancaster County in a timely manner. It is also our opinion that the tax collections 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.

It is our conclusion that all of the aforementioned findings, observations, and issues of non-compliance do not adversely affect any tax collector's representation of the moneys collected and the issues noted seem to be a one-time occurrence. The tax moneys collected for the 2014 and 2015 tax years are shown in **Exhibit A** and **Exhibit B**, respectively.

Exhibit A

SUMMARY DUPLICATE TAX COLLECTIONS - 2014 - INCLUDING EAST LAMPETER TOWNSHIP

Month	Prev Balance	Excess/Refunds	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
JANUARY	\$ 53,521,853.01			\$ 1,278.49	\$ 25.57				1,252.92	53,520,574.52	1,278.49
FEBRUARY	53,520,574.52	268.55	5,167.74	3,384,004.16	67,679.25				3,316,324.91	50,131,671.17	3,384,004.16
MARCH	50,131,671.17	40,705.53	3,430.97	6,357,575.15	127,150.19				6,230,424.96	43,811,370.58	6,357,575.15
APRIL	43,811,370.58		4,847.29	29,255,911.73	585,114.55	143.80			28,670,940.98	14,550,467.76	29,256,055.53
MAY	14,550,467.76	2,088.98	2,294.40	8,559,555.66	171,189.68	542,190.74			8,930,556.72	5,448,515.94	9,101,746.40
JUNE	5,448,515.94	6,176.94	4,828.97	56,429.49	1,128.61	2,250,574.60	1,311.73	131.17	2,307,318.38	3,141,548.09	2,308,315.82
JULY	3,141,548.09	3,144.68	31,740.59	48,764.57	975.27	937,277.86	183,414.01	18,341.55	1,186,822.72	1,943,495.74	1,169,456.44
AUGUST	1,943,495.74	1,371.88	29,196.50	1,328.54	26.58	351.09	155,383.53	15,538.49	172,575.07	1,758,607.96	157,063.16
SEPTEMBER	1,758,607.96	919.18	995.37			2,404.59	162,769.49	16,277.06	181,451.14	1,593,357.69	165,174.08
OCTOBER	1,593,357.69	1,430.31	3,329.94	5,488.58	109.76	20,977.28	228,649.98	22,865.23	277,871.31	1,336,342.22	255,115.84
NOVEMBER	1,336,342.22	810.50	931.89	53,672.70	1,073.46	553.53	147,762.76	14,776.45	215,691.98	1,134,231.84	201,988.99
DECEMBER	1,134,231.84	2,931.33	2,931.33	22,119.42	442.40	5,270.83	291,580.71	29,158.31	347,686.87	815,260.88	318,970.96
End of Year	815,260.88			7,287.74	145.76		69,984.64	6,998.54	84,125.16	737,988.50	77,272.38
TOTAL		59,847.88	\$ 89,694.99	\$ 47,752,137.74	\$ 955,035.51	\$ 3,759,744.32	\$ 1,240,856.85	\$ 124,086.80	\$ 51,921,790.20	\$ 737,988.50	\$ 52,752,738.91
				89.22%		7.02%	2.32%		97.01%		98.56%

Discount Period - paid by April 30th

Base Period - paid by June 30th

Penalty Period - paid after June 30th

Key:

Red Bold = Amounts collected outside of correct period

Exhibit A

SUMMARY DUPLICATE TAX COLLECTIONS - 2014 - EXCLUDING EAST LAMPETER TOWNSHIP

Month	Prev Balance	Excess/Refunds	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
JANUARY	\$ 47,938,012.92			\$ 1,278.49	\$ 25.57				1,252.92	47,936,734.43	1,278.49
FEBRUARY	47,936,734.43	268.55	5,167.74	3,374,001.83	67,479.20				3,306,522.63	44,557,833.41	3,374,001.83
MARCH	44,557,833.41	40,705.53	3,430.97	5,827,281.15	116,544.39				5,710,736.76	38,767,826.82	5,827,281.15
APRIL	38,767,826.82		4,847.29	27,221,025.88	544,416.89	143.80			26,676,752.79	11,541,809.85	27,221,169.68
MAY	11,541,809.85	2,088.98	2,294.40	6,393,714.55	127,873.43	458,797.14			6,724,638.26	4,689,092.74	6,852,511.69
JUNE	4,689,092.74	6,176.94	4,828.97	52,779.27	1,055.61	2,023,733.83	1,311.73	131.17	2,076,900.39	2,612,615.88	2,077,824.83
JULY	2,612,615.88	3,144.68	31,740.59	1,518.28	30.36	798,865.48	174,597.52	17,459.86	992,410.78	1,609,038.69	974,981.28
AUGUST	1,609,038.69	1,371.88	1,371.88	1,328.54	26.58		136,883.69	13,688.49	151,874.14	1,470,826.46	138,212.23
SEPTEMBER	1,470,826.46	919.18	995.37			2,404.59	154,421.01	15,442.21	172,267.81	1,313,924.67	156,825.60
OCTOBER	1,313,924.67	1,430.31	3,329.94	1,252.35	25.04	126.99	226,087.39	22,608.97	250,050.66	1,084,558.31	227,466.73
NOVEMBER	1,084,558.31	810.50	931.89	41.83	0.84		145,915.05	14,591.68	160,547.72	938,480.04	145,956.88
DECEMBER	938,480.04	2,931.33	2,931.33				259,989.32	25,999.15	285,988.47	678,490.72	259,989.32
End of Year	678,490.72						48,878.91	4,887.94	53,766.85	629,611.81	48,878.91
TOTAL		59,847.88	\$ 61,870.37	\$ 42,872,943.68	\$ 857,452.34	\$ 3,284,071.83	\$ 1,148,084.62	\$ 114,809.47	\$ 46,562,457.26	\$ 629,611.81	\$ 47,305,100.13
				89.43%		6.85%	2.39%		97.13%		98.68%

Discount Period - paid by April 30th

Base Period - paid by June 30th

Penalty Period - paid after June 30th

Key:

Red Bold = Amounts collected outside of correct period

Exhibit B

SUMMARY DUPLICATE TAX COLLECTION - 2015 - INCLUDING EAST LAMPETER TOWNSHIP

Month	Prev Balance	Excess/Refunds	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	53,971,674.12	113.17	1,833.49	3,559,783.99	71,194.90				3,488,589.09	50,410,169.81	3,559,783.99
MARCH	50,410,169.81	51.92	51,681.94	6,491,026.37	129,819.18	463.51			6,361,670.70	43,867,049.91	6,491,489.88
APRIL	43,867,049.91	154.63	3,979.27	33,008,162.30	660,159.24	22.41			32,348,025.47	10,855,040.56	33,008,184.71
MAY	10,855,040.56	2,069.16	3,804.44	5,054,772.83	101,094.32	477,393.08			5,431,071.59	5,321,139.37	5,532,165.91
JUNE	5,321,139.37	1,534.34	2,571.18	1,269.52	25.39	2,152,810.48			2,154,054.61	3,166,022.53	2,154,080.00
JULY	3,166,022.53	1,220.22	2,007.18	1,608.29	32.17	1,060,355.57	225,316.15	22,531.73	1,309,779.57	1,877,955.56	1,287,280.01
AUGUST	1,877,955.56	997.99	1,014.43	9,880.58	197.61		146,036.72	14,603.82	170,323.51	1,722,021.82	155,917.30
SEPTEMBER	1,722,021.82	223.35	281.62			598.72	171,520.62	17,152.15	189,271.49	1,549,844.21	172,119.34
OCTOBER	1,549,844.21	191.23	868.21	7,878.24	157.56	308.14	168,282.35	16,828.34	193,139.51	1,372,698.50	176,468.73
NOVEMBER	1,372,698.50	4,789.22	4,487.81	3,116.85	62.34	21,698.14	175,320.22	17,532.19	217,605.06	1,172,864.70	200,135.21
DECEMBER	1,172,864.70	33.24	44.07	51,636.01	1,032.72	49,862.60	222,808.63	22,281.13	345,555.65	848,546.63	324,307.24
End of Year	848,546.63			6,144.07	122.88		63,277.68	6,327.82	75,626.69	779,124.88	69,421.75
TOTAL		11,378.47	72,573.64	48,195,279.05	963,898.31	3,763,512.65	1,172,562.37	117,257.18	52,284,712.94	779,124.88	53,131,354.07
				89.30%		6.97%	2.17%		96.87%		98.44%

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

Key:
Red Bold = Amounts collected outside of correct period

Exhibit B

SUMMARY DUPLICATE TAX COLLECTION - 2015 - EXCLUDING EAST LAMPETER TOWNSHIP

Month	Prev Balance	Excess/Refunds	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	48,400,200.59	113.17	1,833.49	3,478,873.36	69,576.71				3,409,296.65	44,919,606.91	3,478,873.36
MARCH	44,919,606.91	51.92	51,681.94	5,897,028.32	117,939.31	463.51			5,779,552.52	38,970,485.06	5,897,491.83
APRIL	38,970,485.06	154.63	2,549.51	29,927,776.73	598,551.73	22.41			29,329,247.41	9,040,291.04	29,927,799.14
MAY	9,040,291.04	2,069.16	3,804.44	4,035,937.49	80,717.88	418,659.06			4,373,878.67	4,583,959.21	4,454,596.55
JUNE	4,583,959.21	1,534.34	2,571.18	509.45	10.19	1,965,702.27			1,966,201.53	2,616,710.65	1,966,211.72
JULY	2,616,710.65	1,220.22	2,007.18	1,238.52	24.77	864,710.97	214,042.43	21,404.36	1,101,371.51	1,535,931.77	1,079,991.92
AUGUST	1,535,931.77	997.99	1,014.43	9,880.58	197.61		138,602.19	13,860.34	162,145.50	1,387,432.56	148,482.77
SEPTEMBER	1,387,432.56	223.35	281.62			598.72	160,231.96	16,023.29	176,853.97	1,226,543.61	160,830.68
OCTOBER	1,226,543.61	191.23	868.21	370.14	7.40	308.14	162,982.39	16,298.34	179,951.61	1,062,205.96	163,660.67
NOVEMBER	1,062,205.96	4,789.22	4,487.81	510.95	10.22		155,800.35	15,580.20	171,881.28	906,196.07	156,311.30
DECEMBER	906,196.07	33.24	44.07			1,161.21	195,143.46	19,514.59	215,819.26	709,880.57	196,304.67
End of Year	709,880.57						54,115.72	5,411.60	59,527.32	655,764.85	54,115.72
TOTAL		11,378.47	71,143.88	43,352,125.54	867,035.82	3,251,626.29	1,080,918.50	108,092.72	46,925,727.23	655,764.85	47,684,670.33
				89.57%		6.72%	2.23%		96.95%		98.52%

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

Key:
Red Bold = Amounts collected outside of correct period