

Adamstown Borough Tax Collector Audit Report

For the period of January 1, 2016 through January 15, 2017
covering the 2016 tax year



Brian K. Hurter, CPA
Lancaster County Controller

Adamstown Borough Tax Collector Audit
For the period of January 1, 2016 through January 15, 2017
covering the 2016 tax year

TABLE OF CONTENTS

	<u>Page(s)</u>
Audit Letter to Rosemary Johnston, Adamstown Borough Tax Collector	
Relevant Audit Notes	1-2
Audit Findings and Observations	3
Audit Recommendations	4
Audit Summary of Facts	5
Exhibit A: Financial Statements of Tax Duplicate Collections	6



Controller's Office

150 North Queen Street
Suite #710
Lancaster, PA 17603
Phone: 717-299-8262
www.co.lancaster.pa.us

Controller
Brian K. Hurter, CPA

December 29, 2017

Rosemary Johnston, Tax Collector
Adamstown Borough
102 W Main St. Box 955
Adamstown, PA 19501

Dear Adamstown 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, 2016 through January 15, 2017, which includes settlement for the 2016 tax year.

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 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, among other procedures. During our review we discovered findings and observations which are listed on page 3 and summarized on page 5.

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 Adamstown 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
mw



**Adamstown Borough Tax Collector
Relevant Audit Notes
For the period January 1, 2016 through January 15, 2017**

Note A – DESCRIPTION OF TAX COLLECTOR AND TAXING DISTRICT

Rosemary Johnston, (“Ms. Johnston”), was elected to the position of Adamstown 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 2016, Adamstown Borough was the 4th smallest taxing district by total assessed value in Lancaster County with an assessed total of \$124,185,800. Adamstown Borough was the 4th smallest taxing district by taxable accounts with a total of 837 parcels. Lancaster County is comprised of 60 taxing districts.

Note B – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2016 through January 15, 2017, which covers the 2016 tax year.

The following procedures were performed during the audit:

- Ensure Monthly Ledger Report or Distribution Summary Report is submitted 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

Adamstown Borough Tax Collector
Relevant Audit Notes (*Continued*)
For the period January 1, 2016 through January 15, 2017

Note C – TAX COLLECTION SYSTEM

The Treasurer's Office purchased and utilized a new tax collection software for the 2016 tax year. The tax collection software, referred to as DEVNET, replaced the previous software, M.R. ETC. The Treasurer's Office no longer supported the M.R. ETC software, and requested the elected tax collectors to utilize DEVNET or another software of their choosing. Ms. Johnston chose to utilize DEVNET for tax collections.

**Adamstown Borough Tax Collector
Audit Findings and Observations
For the period January 1, 2016 through January 15, 2017**

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: Base Payment Accepted Outside of Base Period

Description:

In December 2016, there was a payment accepted and entered into DEVNET at base in the amount of \$662.96. The base period had ended on June 30.

Tax Collector's Explanation:

The tax collector's explanation of this was that the taxpayer sent in payment during the base period, and the tax collector thought the payment had previously been submitted and processed, so the tax collector returned the check. During the penalty period, the tax collector sent reminder notices and the taxpayer received one, even though the taxpayer knew the settlement company made payment. The tax collector then called the settlement company who sent the initial check and the settlement company questioned why it had been sent back. The tax collector allowed the settlement company to re-send payment at base.

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.

Adamstown Borough Tax Collector
Audit Recommendations
For the period January 1, 2016 through January 15, 2017

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.

Adamstown Borough Tax Collector
Audit Summary of Facts
For the period January 1, 2016 through January 15, 2017

We have performed the procedures explained in Note B to assist in evaluating compliance for the 2016 tax year ending January 15, 2017 for the Adamstown 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 a base payment accepted outside of the base period. We believe this was an isolated instance. 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 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 Adamstown Borough Tax Collector. It is our opinion that the taxes collected by the Adamstown 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 Adamstown 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 Adamstown Borough in 2016 are shown in **Exhibit A: Financial Statements of Tax Duplicate Collections**.

Exhibit A

ADAMSTOWN BOROUGH DUPLICATE TAX COLLECTIONS - 2016

Month	Prev Balance	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$ 433,353.36		\$ 21,389.95	\$ 427.80				\$ 20,962.15	\$ 411,963.41	\$ 21,389.95
MARCH	411,963.41		61,038.14	1,220.77				59,817.37	350,925.27	61,038.14
APRIL	350,925.27		290,035.54	5,800.75				284,234.79	60,889.73	290,035.54
MAY	60,889.73		18,743.37	374.85	2,591.35			20,959.87	39,555.01	21,334.72
JUNE	39,555.01				10,254.45			10,254.45	29,300.56	10,254.45
JULY	29,300.56				5,959.56	1,088.75	108.87	7,157.18	22,252.25	7,048.31
AUGUST	22,252.25					869.88	86.99	956.87	21,382.37	869.88
SEPTEMBER	21,382.37					663.71	66.37	730.08	20,718.66	663.71
OCTOBER	20,718.66					1,218.35	121.83	1,340.18	19,500.31	1,218.35
NOVEMBER	19,500.31					7,580.80	758.17	8,338.97	11,919.51	7,580.80
DECEMBER	11,919.51				662.96	2,406.46	240.64	3,310.06	8,850.09	3,069.42
End of Year	8,850.09							-	8,850.09	-
TOTAL		\$ -	\$ 391,207.00	\$ 7,824.17	\$ 19,468.32	\$ 13,827.95	\$ 1,382.87	\$ 418,061.97	\$ 8,850.09	\$ 424,503.27
			90.27%		4.49%	3.19%		96.47%		97.96%

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

No End of Year Collections