

West Earl Township 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

West Earl Township Tax Collector Audit
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Controller
Brian K. Hurter, CPA

January 19, 2018

Teresa Peachey, Tax Collector
West Earl Township
136 Cornerstone Way
Ephrata, PA 17522

Dear West Earl Township 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 pages 3-4 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 West Earl Township 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

cc: Dale Peachey, Deputy Tax Collector – West Earl Township



**West Earl Township Tax Collector
Relevant Audit Notes
For the period January 1, 2016 through January 15, 2017**

Note A – DESCRIPTION OF TAX COLLECTOR AND TAXING DISTRICT

Teresa Peachey, (“Ms. Peachey”), was elected to the position of West Earl Township 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, West Earl Township was the 23rd largest taxing district by total assessed value in Lancaster County with an assessed total of \$548,788,200. West Earl Township was the 23rd largest taxing district by taxable accounts with a total of 2,805 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

West Earl Township 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. Peachey chose to utilize DEVNET for tax collections.

**West Earl Township 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: Monthly Ledger Report/Distribution Summary Report Not Submitted

Description:

With the switch to DEVNET for the 2016 tax year, the Lancaster County Treasurer's Office requested all elected tax collectors to submit a Monthly Ledger Report or Distribution Summary Report from DEVNET, along with a statement of their collections. This report replaced the previously used DCED report that was required to be submitted. In May, June, July, August, September, October, November and December 2016, the West Earl Township Tax Collector did not submit either report.

Tax Collector's Explanation:

Throughout 2016, the Elected Tax Collector felt the Monthly Ledger Report was not portraying an accurate picture of collection amounts and subsequently had a discussion with the Lancaster County Treasurer's Office about alternative documentation that could be submitted in replacement of this procedure requirement. Prior to DEVNET, tax collectors would submit the Tax Collection Report (TCR) as sufficient documentation. The Elected Tax Collector did not want to submit the Monthly Ledger Report with a signature without a disclaimer because she did not feel that the information was correct and did not want to sign her name to something that was incorrect. The Lancaster County Treasurer's Office made arrangements with the Elected Tax Collector to submit the Tax Collection Report instead. The Tax Collection Report contains information compiled by the Elected Tax Collector.

West Earl Township Tax Collector
Audit Findings and Observations (*Continued*)
For the period January 1, 2016 through January 15, 2017

Observation 1: Monthly Ledger Report/Distribution Summary Report Not Submitted
(Continued)

Auditor's Conclusion:

This occurrence was listed as an observation, rather than a finding because it appeared to be an isolated instance and it did not affect the collection of taxes. Upon request, the Elected Tax Collector provided the Lancaster County Controller's Office with the Monthly Ledger Report documentation, even though she did not believe it portrayed an accurate account of collections. During the two prior years as a tax collector, there have not been any issues with the monies or documentation submitted, and we believe the Elected Tax Collector has continued to portray a correct account of monies collected and received.

We appreciate the fact that the Elected Tax Collector submitted the documentation to us. We also acknowledge that she submitted the Tax Collection Report monthly to the Lancaster County Treasurer's Office in replacement of the Monthly Ledger Report. We believe that the Tax Collector should comply with any documentation requests set by the Lancaster County Treasurer's Office so that the reports can be reviewed for accuracy.

West Earl Township 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. Monthly Ledger Reports or Distribution Summary Reports should be submitted, signed, and dated each month and sent to the Lancaster County Treasurer's Office to ensure the data on the reports was reviewed for accuracy by the tax collector.

West Earl Township 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 West Earl Township 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 eight months where the Monthly Ledger Report or Distribution Summary Report from DEVNET was not submitted as requested by the Lancaster County Treasurer's Office. 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 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 West Earl Township Tax Collector. It is our opinion that the taxes collected by the West Earl Township 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 West Earl Township 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 West Earl Township in 2016 are shown in **Exhibit A: Financial Statements of Tax Duplicate Collections.**

Exhibit A

WEST EARL TOWNSHIP 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	\$ 1,889,296.20		\$ 184,510.96	\$ 3,690.24				\$ 180,820.72	\$ 1,704,785.24	\$ 184,510.96
MARCH	1,704,785.24	94.12	214,453.30	4,289.10				210,164.20	1,490,237.82	214,453.30
APRIL	1,490,237.82	460.14	1,216,966.83	24,339.67				1,192,627.16	272,810.85	1,216,966.83
MAY	272,810.85		130,287.31	2,605.72	15,546.18			143,227.77	126,977.36	145,833.49
JUNE	126,977.36				59,086.23			59,086.23	67,891.13	59,086.23
JULY	67,891.13				19,357.38	7,553.29	755.34	27,666.01	40,980.46	26,910.67
AUGUST	40,980.46					2,853.17	285.32	3,138.49	38,127.29	2,853.17
SEPTEMBER	38,127.29					-	-	-	38,127.29	-
OCTOBER	38,127.29					512.44	51.24	563.68	37,614.85	512.44
NOVEMBER	37,614.85					13,472.90	1,347.30	14,820.20	24,141.95	13,472.90
DECEMBER	24,141.95					5,507.28	550.73	6,058.01	18,634.67	5,507.28
End of Year	18,634.67					-	-	-	18,634.67	-
TOTAL		\$ 554.26	\$ 1,746,218.40	\$ 34,924.73	\$ 93,989.79	\$ 29,899.08	\$ 2,989.93	\$ 1,838,172.47	\$ 18,634.67	\$ 1,870,107.27
			92.43%		4.97%	1.58%		97.29%		98.98%

Discount Period - paid by April 30th

Base Period - paid by June 30th

Penalty Period - paid after June 30th

No September or End of Year Collections