

**HOPEWELL TOWNSHIP
REAL ESTATE TAX COLLECTOR
DECEMBER 31, 2009**

AUDIT REPORT

HOPEWELL TOWNSHIP
REAL ESTATE TAX COLLECTOR
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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Hopewell Township

We have audited the Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis, of the Hopewell Township Real Estate Tax Collector, for the year ended December 31, 2009. This Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis, is the responsibility of the Tax Collector. Our responsibility is to express an opinion on this Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Hopewell Township Real Estate Tax Collector prepares its Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis, on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis of the variances between these accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Also, as described in Note 1, our audit was limited because we audited Tax Duplicate Receipts and Disbursements pertaining only to the 2009 township duplicate for the year ended December 31, 2009. Therefore, this Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis only reflects Tax Duplicate Receipts and Disbursements pertaining to the 2009 township duplicate only for the year ended December 31, 2009

In our opinion, the Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis referred to above presents fairly, in all material respects, the revenues received and expenditures paid related to the 2009 tax duplicate, as of December 31, 2009 and for the year then ended in conformity with the basis of accounting described in Note 1.

COTTRILL, ARBUTINA & ASSOCIATES, P.C.
Certified Public Accountants

Cottrill, Arbutina & Associates, P.C.

New Brighton, PA 15066
March 16, 2010

**REAL ESTATE TAX COLLECTOR
HOPEWELL TOWNSHIP**

**STATEMENT OF 2009 TAX DUPLICATE RECEIPTS AND DISBURSEMENTS
CASH BASIS**

YEAR ENDED DECEMBER 31, 2009

RECEIPTS

2009 Real Estate Tax Collections	\$ 1,663,185
2009 Real Estate Tax Collections- Interims	<u>1,908</u>
Total Receipts	<u>\$ 1,665,093</u>

DISBURSEMENTS

Hopewell Township	<u>\$ 1,665,093</u>
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Total Disbursements	<u>\$ 1,665,093</u>
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RECEIPTS LESS DISBURSEMENTS	<u>\$ 0</u>
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See Accompanying Notes to Financial Statements

**REAL ESTATE TAX COLLECTOR
HOPEWELL TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounting records of the Hopewell Township tax office are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, the Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis reflects only cash received and disbursed by the tax collector. Therefore, receivables and payables which may be material in amount are not reflected.

B. Audited Duplicates

The Statement of 2009 Tax Duplicate Receipts and Disbursements – Cash Basis in this report reflects tax collections arising from cash transactions pertaining to the 2009 township duplicate only.

C. Nature of Business

The Real Estate tax collector is the municipal officer designated to collect municipal and school real estate taxes. County taxes in Beaver County are collected by the county treasurer. The real estate tax is the only tax authorized by law to be levied by all classes of local government in the state of Pennsylvania. Every property owner pays real estate taxes to three independent classes: the county, the municipality and the school district.

D. Election

The tax collector is elected for a four-year term at the municipal election in odd-numbered years. City treasurers are not all elected at the same municipal election, but all borough and township tax collectors were elected in 2001 and at four-year intervals following.

E. Tax Duplicate

The tax duplicate is the basic tool of the tax collector. It is the official list of all properties and persons taxable for the current year, indicating the amount of tax due on each. It also contains spaces to record the payment of taxes and the disposition of all unpaid taxes. The duplicate may be in paper, electronic, or any other format from which accurate reproductions can be made.

The tax duplicate, when issued to the tax collector, constitutes a personal warrant for the collection of taxes levied in the duplicate. The warrant is the legal authority issued to the tax collector by the taxing district to proceed to collect the taxes listed on the duplicate and empowering the tax collector to apply statutory procedures to enforce collection. The warrant remains in force until the complete settlement of all taxes in the duplicate with the taxing district.

**REAL ESTATE TAX COLLECTOR
HOPEWELL TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Warrants are issued solely to the individual named and cannot be used by another person, unless the individual is appointed a deputy. The tax collector is prohibited from collecting taxes that do not appear on the duplicate. Tax collectors have no duty or power to alter duplicates placed in their charge for collection of taxes. Any alteration or addition to the duplicate must come from the taxing district.

F. Delivery of Duplicate

Duplicates for county taxes are issued by the county commissioners. Duplicates must be delivered within 30 days after adoption of the county budget. However, the county commissioners have the option to deliver tax duplicates no later than July 1 if delivering the duplicate by this later date will result in cost savings and the county commissioners adopt a resolution to this effect. Most counties now bill taxes in January or February so revenues will be received early in their fiscal year.

Duplicates for municipal taxes are issued by the city, borough and township governing bodies. Duplicates must be issued to the tax collector within thirty days of the adoption of the budget or thirty days after receipt of the assessment roll from the county, whichever is later. Since municipal fiscal years begin January 1, municipal taxes are usually billed in January or February.

Duplicates for school taxes must be furnished to the local tax collector by July 1 of each year. This ensures that the billing of school taxes occurs soon after the school fiscal year begins on July 1.

The taxing district must make settlement with the tax collector for the current year's duplicate before the duplicate of any succeeding year can be delivered to the tax collector. The oath stipulated in Section 26 of the Local Tax Collection Law as part of the settlement process is a mandatory provision which must be met before a new duplicate is delivered.

G. Reports to Taxing District

The tax collector is required to make periodic reports to the taxing district. These reports are due by the tenth day of each month for the previous month's activity, but may be required more frequently by the taxing district by ordinance or resolution. All reports must be made on a form approved by the Department of Community and Economic Development (DCED). A taxing district may require the tax collector to include supplemental information not included on the DCED form.

The monthly statement must list all taxes collected for the taxing district for the reporting period. This report must list the names of taxpayers and amount collected from each, including discounts and penalties and must carry a total of all taxes collected with discounts and penalties for the reporting period.

**REAL ESTATE TAX COLLECTOR
HOPEWELL TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The monthly statement must include a reconciled tax collector's report. The reconciled report must include each type of tax collected for each taxing district, reconciled from the tax duplicates to the amount of taxes remaining to be collected.

If the monthly reports are not filed on time, the taxing district may impose late filing fees, not to exceed \$20 for each business day for the first six days the reports are overdue. After six days, the late fee cannot exceed \$10 for each additional business day up to a maximum fee of \$250 per overdue report.

If the taxing district determines that there is a reasonable cause for failure to file the reports, the fee may be waived. The reports will not be considered filed until the late filing fee is received, but no further fees will be incurred.

The report is to be accompanied by payment of the funds collected for which the tax collector is to be given a receipt. In some instances, taxing districts require a more frequent payment of taxes collected.

H. Interim Real Estate Taxes

Additions to the duplicate may be made during the year after major improvements to a parcel have been completed. The county assessment board certifies the assessment change to the taxing district. The taxing district sends the additions to the duplicate to the tax collector.

All affected taxpayers must be sent interim tax notices by the tax collectors within ten days after receipt of duplicate additions. The additional valuation is taxed at the jurisdiction's tax rate reduced proportionately to the number of months remaining in the fiscal year. Interim taxes are supplemental to the original duplicate. They must be accounted for separately. Interim taxes will have different discount, face and penalty periods than the original duplicate.

If the full amount is paid within two months after the notice, a discount of at least two percent applies. If the full amount is paid within four months of the tax notice, no penalty may be imposed and the taxes cannot be considered delinquent, even if payment occurs after December 31.

If the taxes due from an interim assessment remain unpaid by December 31 and less than four months have elapsed since the date of the tax notice, the taxing district must reissue the duplicate to the elected tax collector to allow the taxpayers a full four months to pay the taxes before a penalty may be imposed or the taxes declared delinquent.

**REAL ESTATE TAX COLLECTOR
HOPEWELL TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Interim taxes at face	\$ 1,929
Less: Collections at Face	<u>(1,397)</u>
Unpaid Interim Taxes	<u>\$ 532</u>

I. Discounts and Penalties/Millage

The Local Tax Collection Law establishes the discount and penalty schedule. Calculation of the cutoff date for the discount and face periods is determined by the postmark date on the envelopes.

Discount: At least two percent if the whole amount of the tax is paid within two months after the date of the tax notice.

Payment at Face: The full amount of tax if paid during the two months following the end of the discount period.

Penalty: Up to ten percent added to the face amount for all taxes not paid within four months after the date of the tax notice.

Based upon assessed valuations provided by the County, the municipal tax collector bills and collects property taxes on behalf of the District. The schedule for property taxes levied for 2009 is as follows:

Mar 1	Tax levy date
Through April 30	2% discount period
Through June 30	Face payment period
Beginning July 1	5% penalty period
3rd Monday in April	Lien date

The District tax rate for all purposes in 2009 was 11 mills (\$11.00 per \$1,000 assessed valuation).

J. Assessment Appeals

Assessment appeals do not halt the timely collection of real estate taxes on the basis of the current value listed in the duplicate. The taxpayer may pay the amount billed under protest, and in this case the tax collector must deliver the note of written protest to the taxing district. If the assessment is reduced on appeal, the excess must be returned to the taxpayer by the taxing districts.

**REAL ESTATE TAX COLLECTOR
HOPEWELL TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Delinquent Tax Collector

School districts have specific authority to appoint annually special collectors of delinquent taxes. On or before the first Monday of July, the board of school directors may appoint one or more delinquent tax collectors to collect all delinquent school taxes from which the regular tax collector has been exonerated, except for those taxes returned to the county tax claim bureau. The delinquent tax collector has all the powers of a regular tax collector. The compensation is set by the school district. There is no authority to exact an additional fee from the delinquent taxpayers to compensate for the services of the delinquent tax collector. Any additional compensation must come from the tax receipts.

A 2000 amendment to the Local Tax Collection Law mandates all counties, cities of the third class, boroughs, towns and townships to appoint the elected tax collector as the delinquent tax collector by ordinance, with the same rights and responsibilities as school district special collectors of delinquent taxes.

Third class city treasurers are to collect all unpaid taxes, including delinquent taxes turned over at the expiration of the term of the previous treasurer.

As long as the elected tax collectors have the duplicate for real estate and code personal taxes, they remain responsible for their collection. However, after settlement the taxing district has the right to collect all unpaid taxes.

L. Closing Out Duplicate

As the agent for the taxing district, the tax collector must make a final settlement of the tax duplicate by January 15 for the prior calendar year. This involves settlement of all taxes on the duplicate, discharge of bond liability, audit and return of unpaid real estate taxes to the delinquent tax collector or county tax claim bureau. Settlement for the current year must be made before the tax collector may receive a duplicate for the following year. The following is a summary of the close out of the 2009 duplicate:

2009 Original Assessed Value	<u>\$ 160,839,182</u>
Times Millage	\$ 1,769,231
Net Assessment Changes	<u>3,306</u>
Net Duplicate Value	\$ 1,772,537
Less: Collections at Face	<u>(1,670,656)</u>
Unpaid Taxes at 12/31/09	<u>\$ 101,881</u>