



Crawford Central School District

**CRAWFORD CENTRAL SCHOOL DISTRICT
REAL ESTATE TAX COLLECTORS
CRAWFORD AND MERCER COUNTIES
FOR THE 2018 TAX ASSESSMENT**

**AUDITED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
BALANCE DUE TO CRAWFORD CENTRAL SCHOOL DISTRICT**

**FOR THE FIVE-MONTH PERIOD AUGUST 1, 2018
THROUGH DECEMBER 31, 2018**



McGill, Power, Bell & Associates, LLP
Certified Public Accountants - Business & Financial Advisors



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crawford Central School District

Report on the Financial Statements

We have audited the accompanying statement of cash receipts, disbursements and balance due to Crawford Central School District by the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties for the five-month period August 1, 2018 through December 31, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note B; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the statement of cash receipts, disbursements and balance due to the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties, for the five-month period August 1, 2018 through December 31, 2018, in accordance with the cash basis of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The schedule of cash receipts, disbursements and balance due to Crawford Central School District by taxing jurisdiction on page 7 is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Meadville, Pennsylvania
April 30, 2020

**CRAWFORD CENTRAL SCHOOL DISTRICT
REAL ESTATE TAX COLLECTORS
CRAWFORD AND MERCER COUNTIES
FOR THE 2018 TAX ASSESSMENT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
BALANCE DUE TO CRAWFORD CENTRAL SCHOOL DISTRICT
FOR THE FIVE-MONTH PERIOD AUGUST 1, 2018 THROUGH DECEMBER 31, 2018**

CASH RECEIPTS	
Collections	\$ 20,868,858
DISBURSEMENTS	
Remittances	<u>20,148,031</u>
BALANCE DUE TO CRAWFORD CENTRAL SCHOOL DISTRICT	<u><u>\$ 720,827</u></u>

See accompanying notes to financial statement.

**CRAWFORD CENTRAL SCHOOL DISTRICT
REAL ESTATE TAX COLLECTORS
CRAWFORD AND MERCER COUNTIES
NOTES TO FINANCIAL STATEMENT**

NOTE A – ENTITY

The Crawford Central School District Real Estate Tax Collectors of Cochranon Borough, East Fairfield Township, Fairfield Township, West Mead Township, City of Meadville, Union Township, Vernon Township and Wayne Township are responsible for collecting 52.61 mills of real estate taxes from the Crawford County property owners in the Crawford Central School District. The millage was applied to an assessable base of approximately \$445,537,405. The school real estate taxes are levied in August and are due November 30th. A 2% discount is permitted if taxes are paid on or before September 30th. A penalty of 10% is imposed after November 30th. All unpaid taxes become delinquent December 31st of the current year. Delinquent taxes are collected by the County of Crawford Tax Claim Office and remitted to the School District. The Tax Collectors receive a \$1,000 salary plus a monthly commission of \$8.00 per bill collected and \$10.00 for each second and third installment.

The Crawford Central School District Real Estate Tax Collector of French Creek Township is responsible for collecting 92.02 mills of real estate taxes from the Mercer County property owners of the Crawford Central School District. The millage was applied to an assessable base of approximately \$7,776,700. The school real estate taxes are levied in August and are due November 30th. A 2% discount is permitted if taxes are paid on or before September 30th. A penalty of 10% is imposed after November 30th. All unpaid taxes become delinquent December 31st of the current year. Delinquent taxes are collected by the County of Mercer Tax Claim Office and remitted to the School District. The Tax Collector receives a \$1,000 salary plus a monthly commission of \$8.00 per bill collected and \$10.00 for each second and third installment payment collected.

In accordance with Section 341 of Act 1 of 2006, The Tax Relief Act, Crawford Central School District has adopted an installment payment method for taxpayers who so choose. Instead of one payment, this option allows the taxpayer to make three installment payments for each real estate tax bill. No discount is given if the taxpayer chooses this option. The three installment payments are due on the following dates: September 30th, October 31st, and November 30th. If the taxpayer fails to make their first installment payment on time, then it is presumed they have chosen not to participate in the installment payment option. If the taxpayer fails to make their second or third installment payments on time, then a 10% penalty will be added to each late payment. If the taxpayer is late by more than ten days on more than two installment payments, then they will be considered ineligible for the installment payment option in the following school fiscal year.

In accordance with Special Session Act 1 of 2006, the Crawford Central School District opted to participate in the state-funded property tax relief program. Through this program the Commonwealth of Pennsylvania allots each school district a portion of the tax revenue from expanded gaming. The school district must equally distribute this revenue as a reduction in school real estate taxes to qualifying taxpayers of the homestead and farmstead exclusions. To be eligible, taxpayers must apply for the homestead and farmstead exclusions by March 1st and re-apply every three years. The school district calculates the exclusion equally based on the number of qualified taxpayers. If the original assessed value of a tax bill is less than the exclusion, then the extra amount is re-allocated equally among the remaining qualified taxpayers.

**CRAWFORD CENTRAL SCHOOL DISTRICT
REAL ESTATE TAX COLLECTORS
CRAWFORD AND MERCER COUNTIES
NOTES TO FINANCIAL STATEMENT, CONTINUED**

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Crawford Central School District Real Estate Tax Collectors are maintained and the accompanying financial statement has been prepared on the cash basis of accounting. Therefore, revenues are recognized when received, rather than when earned, and expenditures are recognized when paid, rather than when incurred, in contrast to accounting principles generally accepted in the United States of America.

Review of Subsequent Events

The Crawford Central School District Tax Collectors have evaluated subsequent events for potential recognition and/or disclosure through the date the financial statements were available which was April 30, 2020.

NOTE C – CASH DEPOSITS

The deposit policy of the Crawford Central School District adheres to state statutes and prudent business practices. At December 31, 2018, cash consisted of deposits in five financial banking institutions in Western Pennsylvania and the School District Tax Collectors' deposits did not exceed the Federal Deposit Insurance Corporation limit of \$250,000.

NOTE D – BALANCE DUE TO CRAWFORD CENTRAL SCHOOL DISTRICT

At December 31, 2018, \$720,827 in real estate taxes were due to the Crawford Central School District, which represents collections in December 2018 that were not remitted to the School District until January 2019. The total amount consisted of:

Crawford County	
Cochranton Borough	\$ 10,180
East Fairfield Township	34,916
Fairfield Township	71,361
West Mead Township	319,595
City of Meadville	177,248
Union Township	27,615
Vernon Township	58,283
Wayne Township	19,277
Mercer County	
French Creek Township	<u>2,352</u>
	<u>\$720,827</u>

**CRAWFORD CENTRAL SCHOOL DISTRICT
REAL ESTATE TAX COLLECTORS
CRAWFORD AND MERCER COUNTIES
NOTES TO FINANCIAL STATEMENT, CONTINUED**

NOTE E – DELINQUENT TAXES

Any unpaid Crawford Central School District school real estate taxes at December 31, 2018 were turned over by the Crawford Central School District Real Estate Tax Collectors to the respective County's Tax Claim Office. At December 31, 2018, \$1,486,252 was turned over to the Crawford County Tax Claim Office and \$55,642 was turned over to the Mercer County Tax Claim Office as unpaid school real estate property taxes.

SUPPLEMENTARY INFORMATION

CRAWFORD CENTRAL SCHOOL DISTRICT
REAL ESTATE TAX COLLECTORS
CRAWFORD AND MERCER COUNTIES
FOR THE 2018 TAX ASSESSMENT
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
BALANCE DUE TO CRAWFORD CENTRAL SCHOOL DISTRICT
BY TAXING JURISDICTION
FOR THE FIVE-MONTH PERIOD AUGUST 1, 2018 THROUGH DECEMBER 31, 2018

	Cochran Borough	East Fairfield Township	Fairfield Township	West Mead Township	City of Meadville	Union Township	Vernon Township	Wayne Township	French Creek Township	Total
CASH RECEIPTS										
Collections	\$ 618,650	\$ 599,701	\$ 600,877	\$ 3,744,147	\$ 7,149,916	\$ 521,708	\$ 6,061,900	\$ 967,904	\$ 604,055	\$ 20,868,858
DISBURSEMENTS										
Remittances	608,470	564,785	529,516	3,424,552	6,972,668	494,093	6,003,617	948,627	601,703	20,148,031
BALANCE DUE TO CRAWFORD CENTRAL SCHOOL DISTRICT	\$ 10,180	\$ 34,916	\$ 71,361	\$ 319,595	\$ 177,248	\$ 27,615	\$ 58,283	\$ 19,277	\$ 2,352	\$ 720,827

See independent auditor's report.



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To the Board of Directors and Management
Crawford Central School District
Meadville, Pennsylvania

In planning and performing our audit of the financial statement of the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties for the five-month period August 1, 2018 through December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Crawford Central School District Real Estate Tax Collectors' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Crawford Central School District Real Estate Tax Collectors' internal control. Accordingly, we do not express an opinion on the effectiveness of the Crawford Central School District Real Estate Tax Collectors' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Crawford Central School District Real Estate Tax Collectors' internal control to be material weaknesses:

Segregation of Duties

The process of collecting and remitting real estate taxes is normally performed by one tax collector for each jurisdiction within the School District and usually this collector is performing this function for many consecutive years. Because this collection function only requires one collector, there are inherent internal control weaknesses that are not economically feasible to correct; however, the internal controls can be maintained to a certain degree by the Crawford Central School District management's review of financial information.

Also attached hereto as Exhibit A, please find General Comments and Suggestions that provides our suggestions for improvement in certain internal controls and monthly reporting.

This communication is intended solely for the information and use of management, the Crawford Central School District's Real Estate Tax Collectors, the Board of Directors of the School District, and others within the School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Meadville, Pennsylvania

April 30, 2020

General Comments and Suggestions

In addition to our communication of significant deficiencies and material weaknesses, we noted certain issues involving the internal controls and other operational and/or reporting issues that are presented below for your consideration. This letter does not affect our letter reporting on the financial statement, dated April 30, 2020. Our comments and recommendations are intended to improve the internal controls and the operating and reporting efficiencies. We will be pleased to discuss these matters; or assist you in implementing the recommendations. We do not believe the following summarized comments are significant deficiencies.

The Local Tax Collection Law establishes the discount and penalty schedule. Calculation of the cutoff date for the discount and face periods are determined by the postmark date on the envelopes, unless received in person, and must be documented in the tax collector's records. Under Section 25 of the Local Tax Collection Law, the tax collector must record the date of receipt (postmark date) and tax monies received directly in the tax duplicate book as a cross-reference. This can be done in a variety of ways at the tax collector's discretion.

Upon receipt of tax monies, the tax collectors should deposit the tax receipts from the taxpayers in a timely manner. The tax collectors should have a secure location in place for the holding of tax monies received prior to the deposit in the bank. It is suggested that a fire proof home safe or other type of security vault be used to safeguard these monies.

For each deposit made to the bank account, a duplicate deposit slip or some other suitable listing should be generated. This listing should include a list of taxpayers, tax bill numbers, amount of tax paid and date paid. The total of all tax bills should match the total of the deposit.

It is strongly suggested that tax collectors utilize computer programs to facilitate the process of tax collections and remittances. It is also suggested that regular backups of these programs are performed to ensure the integrity and recovery of the data in the event of a computer failure or theft.

We suggest that all tax collectors obtain a copy of the Tax Collector's Manual published by the Commonwealth of Pennsylvania. This manual is issued for the guidance and assistance of the elected tax collectors of Pennsylvania. Requests for the manual should be directed to:

Governor's Center for Local Government Services
Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
1-717-787-8158
ra-dcedclgs@pa.gov

The manual can also be found online at <https://dced.pa.gov/download/tax-collectors-manual/>



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April 30, 2020

To the Board of Directors
Crawford Central School District
Meadville, Pennsylvania

We have audited the financial statements of the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties for the five-month period August 1, 2018 through December 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 27, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties' financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 30, 2020.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Crawford Central School District Real Estate Tax Collectors of Crawford and Mercer Counties' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of cash receipts, disbursements and balance due to Crawford Central School District by taxing jurisdiction, which accompanies the financial statement. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis method of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors of Crawford Central School District, the Crawford Central School District Real Estate Tax Collectors, and management of Crawford Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP