



**Nancy E. Heffner, Tax Collector
for the Borough of Tipton**

**Financial Statement and
Supplementary Information**

December 31, 2021



Nancy E. Heffner, Tax Collector for the Borough of Topton

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Independent Auditor's Report

To the Honorable Mayor and Members of Council
Borough of Tipton
Tipton, Pennsylvania

Opinion on Cash Basis of Accounting

We have audited the accompanying statement of cash receipts and disbursements of Nancy E. Heffner, Tax Collector for the Borough of Tipton (the Tax Collector), for the year ended December 31, 2021, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts and disbursements of the Tax Collector for the year then ended December 31, 2021, in accordance with the cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Tax Collector and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting as described in Note 2. 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 the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and; therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement for the year ended December 31, 2021. The supplementary information presented in the table of contents under the heading Supplementary Information 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 on the basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The 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 this matter.

RKL LLP

January 30, 2023
Wyomissing, Pennsylvania

Nancy E. Heffner, Tax Collector for the Borough of Topton

Statement of Cash Receipts and Disbursements

Year Ended December 31, 2021

	<u>Real Estate Taxes</u>	<u>Per Capita Taxes</u>	<u>Total</u>
Undistributed Receipts, Beginning	\$ 7,749	\$ 314	\$ 8,063
Receipts			
2020 levy	-	85	85
2021 levy	574,631	5,135	579,766
Penalties	1,425	59	1,484
	<u>576,056</u>	<u>5,279</u>	<u>581,335</u>
Total Available	583,805	5,593	589,398
Disbursements			
2020 levy	-	370	370
2021 levy	574,994	4,830	579,824
Penalties	1,461	56	1,517
	<u>576,455</u>	<u>5,256</u>	<u>581,711</u>
Undistributed Receipts, Ending	\$ 7,350	\$ 337	\$ 7,687

Nancy E. Heffner, Tax Collector for the Borough of Topton

Notes to Financial Statement

December 31, 2021

Note 1 - Nature of Activity

Nancy E. Heffner, Tax Collector for the Borough of Topton (the Tax Collector) collects all taxes levied by the Borough of Topton (the Borough) in accordance with the provisions of the Local Tax Collection Law, Act of 1945, P. L. 1050, No. 394, as amended. As of December 31, 2021, Nancy E. Heffner retired as the Tax Collector.

Note 2 - Summary of Significant Accounting Policies

The accompanying financial statement conforms to the cash basis method of accounting. The following is a summary of the more significant accounting policies used by the Tax Collector.

The Financial Reporting Entity

The Tax Collector is an elected official and the financial statement only includes the activities of the Tax Collector.

County and school district taxes are not a part of this financial statement. The financial statement includes only the receipts and disbursements for real estate taxes, interims and changes, and per capita taxes and changes levied by the Borough.

Description of Fund Accounting and Funds

The ongoing activities of the Tax Collector utilize the Agency Fund, which is a fiduciary fund type. Agency funds are used to account for assets held on behalf of outside parties, including other governments.

Basis of Accounting

The Tax Collector's accounts are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, tax receivables and payables, which may be material in amount, are not reflected in the accompanying financial statement, which is not intended to present the financial position, results of operations, or cash flows in accordance with accounting principles generally accepted in the United States of America.

Cash Receipts and Disbursements Policy Disclosures

Real Estate Taxes

Real estate taxes are recognized on the cash basis. Real estate taxes attach an enforceable lien on property when levied on March 1. For taxes levied for 2021, a discount of two percent is applied to payments made prior to April 30. A penalty of ten percent is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County of Berks Tax Claim Bureau is made by January 15 of the subsequent year.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash Receipts and Disbursements Policy Disclosures (continued)

Real Estate Taxes (continued)

Interim tax duplicates are issued on a quarterly basis. Tax changes are billed on a monthly basis. The taxpayer is given two months from the date the duplicate is issued to pay the discount amount. The face period expires within the next two months, after which time the item must be paid at the penalty amount. For 2021, no interims were billed out. All interims that were calculated in 2021 will be applied to the 2022 tax year.

Per Capita Taxes

Per capita taxes are recognized on the cash basis.

Tax Distributions

All tax distributions are recognized when paid.

Note 3 - Subsequent Events

The Tax Collector has evaluated subsequent events through January 30, 2023. This date is the date the financial statement was available to be issued. No material events subsequent to December 31, 2021 were noted.

Nancy E. Heffner, Tax Collector for the Borough of Tipton

2021 Real Estate Tax Collections at Levied Amount

Year Ended December 31, 2021

	<u>Duplicate</u>	<u>Interims*</u>	<u>Total</u>
Real Estate Taxes Levied			
Duplicate	\$ 592,222	\$ -	\$ 592,222
Interims	-	24	24
Increases/additions	-	-	-
Reductions/exonerations	<u>(698)</u>	<u>-</u>	<u>(698)</u>
Total Due	<u>591,524</u>	<u>24</u>	<u>591,548</u>
Real Estate Taxes Collected at Levied Amount			
Face, net of discounts and penalties	576,032	24	576,056
Discounts	10,856	-	10,856
Penalties	<u>(1,425)</u>	<u>-</u>	<u>(1,425)</u>
Total Collected at Levied Amount	<u>585,463</u>	<u>24</u>	<u>585,487</u>
Balance Not Collected	<u>\$ 6,061</u>	<u>\$ -</u>	<u>\$ 6,061</u>

* There were no interims billed in 2021, amounts above relate to 2020 interims paid in 2021. Remainder of unpaid taxes properly sent to tax claim.

Nancy E. Heffner, Tax Collector for the Borough of Topton

2021 Per Capita Tax Collections at Levied Amount

Year Ended December 31, 2021

Per Capita Taxes Levied

Duplicate	\$ 6,810
Increases/additions	-
Reductions/exonerations	<u>(455)</u>
Total Due	<u>6,355</u>

Per Capita Taxes Collected at Levied Amount

Face, net of discounts and penalties	5,185
Discounts	85
Penalties	<u>(50)</u>
Total Collected at Levied Amount	<u>5,220</u>
Balance Not Collected	<u><u>\$ 1,135</u></u>