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To the Members of the Board
Berwick Area School District:

In planning and performing our audit of the schedules of settlement for each of the elected local tax collectors of Berwick Area School District (the "School District") for the tax year 2016, we considered the School District's 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 schedules of settlement, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 significant deficiencies.

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the schedules of settlement will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the School District's internal control to be significant deficiencies:

SIGNIFICANT DEFICIENCIES

MONTHLY TAX COLLECTORS' REPORTS

The Commonwealth's Local Tax Collection Act requires monthly reporting by the tax collectors to the School District no later than the tenth day of the subsequent month. The law permits a taxing district to require more frequent reporting. The law permits the imposition of penalties by taxing districts upon tax collectors that do not provide monthly reports on a timely basis.

Tax collections during the months of July and August are subject to a 2% discount, those in September and October are collectable at face and collections in November and December are subject to a 10% penalty. Accordingly, the School District's tax collectors must report tax collections in the proper month to enable the School District to properly monitor the propriety of discounts allowed and penalties collected from taxpayers.

During 2016, one of the School District's tax collectors did not consistently submit her monthly reports on a timely basis. Generally, reports were submitted two to four weeks late.

Accordingly, we recommend that the School District monitor its local elected tax collectors and take actions necessary to consistently obtain the applicable monthly tax collector reports on a timely basis.

TIMELY DEPOSIT OF TAX COLLECTIONS

We noted that one of the tax collectors did not consistently deposit her collections in the bank on a timely basis. In one instance, the reported collections from August 31 were deposited in the bank from August 31 to September 14. This situation puts the School District's tax revenues at risk in the event of fire, theft or other disaster at a tax collector's office.

Accordingly, we recommend that the School District require that its elected tax collectors deposit into the bank any deposits that accumulate to a specified dollar limit or time limit.

COMPLETENESS OF DELINQUENT LIST

One of the School District's tax collectors inadvertently reported the incorrect unpaid amount for two tax bills for a taxpayer. As a result, the delinquent list was understated by \$169.

Accordingly, we recommend that the School District review the list of unpaid taxes prepared by each tax collector to verify the completeness of the list.

CANCELLATION OF TAX BILLS

At various times throughout 2016, one of the School District's tax collectors failed to mark approximately 70 paid or abated tax bills accordingly in the duplicate. Failure to cancel the tax bill in the duplicate increases the risk of a paid or abated tax bill being included on the delinquent list.

Accordingly, we recommend that the School District review the list of unpaid taxes prepared by each tax collector to verify the completeness of the list.

VERIFICATION OF REAL ESTATE TAX BEGINNING BALANCE

One of the School District's tax collectors used the incorrect face amount of real estate taxes as the beginning balance on the first monthly report. This was the result of an importing error that occurred when the electronic tax duplicate file was entered into a database for tracking tax collections for the municipality. As a result, inaccurate real estate tax outstanding amounts were reported on each of the 2016 monthly reports.

Accordingly, we recommend that the secretary to the Business Manager and the School's tax collectors verify that the beginning balance on the first monthly report matches the tax duplicate book. If a database or other software is being used in the tax collections process, we also recommend verification of the tax balances in the database or other software to the corresponding balances in the tax duplicate book prior to any collections being received for the tax year.

This communication is intended solely for the information and use of management, members of the Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Brewer & Company, LLC

Bloomsburg, Pennsylvania
October 27, 2017