

**TOWN OF WESTMORELAND, NEW HAMPSHIRE**

Independent Accountant's Report on  
Applying Agreed-Upon Procedures over  
Tax Collector Activity

As of August 31, 2018

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Additional Offices:

Nashua, NH  
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INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES OVER  
TAX COLLECTOR ACTIVITY

To the Board of Selectmen  
Town of Westmoreland, New Hampshire

We have performed the procedures detailed in the accompanying Schedule of Procedures and Findings, which were agreed to by the Board of Selectmen, solely to assist you with respect to the Tax Collector's Activity of the Town, as of and for the eight months ended August 31, 2018. The Town's management is responsible for the Tax Collector's activity. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report identified above. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, conduct an audit, the objective of which would be to express an opinion on the specified elements, accounts, or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures, additional matters might have come to our attention that would have been reported.

This report relates only to the accounts and items specified above and does not extend to any financial statements of the Town of Westmoreland taken as a whole. This report is intended solely for the information and use of the specified users listed above and is not intended to be, and should not be, used by anyone other than those specified parties.

*Melanson Heath*

August 31, 2018

## SCHEDULE OF PROCEDURES AND FINDINGS

### 1. Tax Collector Receivable Activity

#### Procedure:

We traced the beginning receivable balances to the December 31, 2017 audited balances, the commitments reported to actual commitment forms, the abatements to the authorized abatement forms, collections and refunds to the general ledger revenue accounts, tax liens to the tax title commitments, and ending receivable balances to the detailed account listings.

#### Results

Due to the manual record keeping, we compiled the information into electronic form, taken from the records submitted to us by the former Tax Collector in order to support the activity and balances on the MS-61. Those records included the following:

- Property Tax Warrant which details each tax payer by name, map and lot, and amount billed, and then the amounts paid and date of payment.
- Blue Book which is a detail of collections by name, date, and type of tax collection that supports the monthly amounts reported to the Finance office.
- 2018 Tax Lien execution report which details the tax payer, map and lot, and amount owed and is reported to Cheshire County Registry of Deeds.

The Tax Collector did not provide a detailed list of names and amounts outstanding as of August 31, 2018 to support the ending balances reported on the MS-61. Due to the lack of detailed names and amounts, we compiled a list of names and amounts utilizing the above information and the information available from the December 31, 2017 audit workpapers.

#### Findings:

While tracing the 2018 Tax Collector activity we noted the following discrepancies:

- 5 “Non-Sufficient Fund” checks totaling \$14,312 were not reversed in the Tax Collector blue book and based on discussion it is not known if those amounts have been collected.
- 2 properties totaling \$12,447 were erroneously liened in June 2018, as those properties reflected payments made in 2017 and were not part of the outstanding list as of December 31, 2017. In addition, we traced the supporting certified letter notification receipts for each taxpayer on the lien execution report except for 5 which could not be located. Of those exceptions, 2 were the properties identified as being fully paid and erroneously liened.

- 2 lien redemption letters were found on the Cheshire County website, but there were no corresponding payments, totaling \$6,184 in the Tax Collector's 2018 collection blue book as being collected
- 19 properties should have been liened & were not.
- 2 properties were liened for the incorrect amount.
- In 19 circumstances, payments were applied to the current year levy while prior levy year balances were still outstanding.

The following discrepancies were later discovered subsequent to fieldwork and meeting with the Town:

- An updated copy of the 2017 collection blue book was turned over to the Town by the former Tax Collector, however, certain names and payment amounts differed to the original 2017 collection blue book submitted to the auditors.
- An updated copy of the 2017 outstanding accounts receivable list in which names and payment amounts differed to the original 2017 outstanding accounts receivable list was submitted by the former Tax Collector to the Town.

Due to the subsequent materials and the irregularities found we performed additional analysis and provided the Town with 52 taxpayer accounts that we determined should be contacted in order to confirm the information provided. The 52 taxpayer accounts reflected differences between the original records provided to us by the former Tax Collector and the recalculations performed on those records. In discussion with Town officials, the Town determined that they would first contact a sample of those names. The following information was found:

- While performing additional analysis on the beginning balances, we initially found that per the records, \$16,248 should have been reported as refunds. However, upon our request to the Town to verify these refunds, Town officials contacted a sample of those taxpayers who indicated that they did not overpay in 2017 as the original collection blue book showed. Additionally, the updated materials submitted to the Town no longer substantially reflected the duplicate payments. Upon review, those payments were applied to different accounts which had been reported as outstanding at year end.
- Per inquiry and request from Town officials, selected taxpayers provided support to prove 2 properties paid the full amount in December 2017, however, were incorrectly liened in June 2018.
- Per inquiry and request from Town officials, selected taxpayers provided support to prove 3 properties paid the full amount in December 2017, however there is no corresponding payment in the 2017 collection blue book.

**Recommendations:**

In our testing and subsequent work, we consider the irregularities found to be unusual. We recommend that the Town investigate these occurrences further to determine the extent of these issues. We recommend that the Town contact all the names provided to determine the outcome of the balances in question.

Also, based on our testing the amounts reported as Unredeemed Tax Liens for Levy Years 2015 to 2017 warrant further research to determine that the list of names and amounts reported to the Registry of Deeds is correct. We further recommend that the Town take appropriate action for the accounts that should not have been liened as well as the accounts that should have been liened.