



COUNTY OF LUZERNE
P E N N S Y L V A N I A
ESTABLISHED 1786
OFFICE OF THE CONTROLLER

Hazle Township
Tax Collection
Compliance Audit

For
The Period

January 1, 2014
Thru
December 31, 2014

Date: October 8, 2015

Fieldwork by:

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Michelle A. Bednar
Luzerne County Controller

LUZERNE COUNTY
HAZLE TOWNSHIP AUDIT
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2014 TO SEPTEMBER 30, 2014

This report was distributed to:

Mr. Robert Lawton

The Honorable Michelle A. Bednar

Ms. Linda McCloskey Houck

Brian Swetz

Michael C. DeCosmo

Luzerne County Manager

Luzerne County Controller

Luzerne County Council Chair

Director of Budget and Finance

Hazle Township Tax Collector

This report is a matter of public record and is available online at <http://www.luzernecounty.org>, found under Audit Reports on the Luzerne County Controller's section of the website. A hardcopy is also available for review at the Luzerne County Controller's Office.

Media questions about this report may be directed to the Luzerne County Controller's Office at 20 North Pennsylvania Blvd., Suite 213, Wilkes-Barre, PA 18701 or via e-mail to Controllers.Office@luzernecounty.org

Real Estate Tax Collectors
Michael C. DeCosmo
Hazle Township PA

The largest source of revenue that funds Luzerne County government is the real estate property tax. This tax is collected by the independently elected tax collector for each municipality. The name of the municipal collector who is being audited at this time is found above. The rate of taxation for Luzerne County is called the 'millage', currently the tax millage is 5.456 (mils), in other words, for every \$1,000 in assessed value of a property the tax is \$5.45 point 6 cents.

The tax collector receives Real Estate Tax payments from individuals, banks and businesses and periodically submits payments and collection journals to the County, the Municipality and the School District. (School District Taxes are billed separately)

If a taxpayer does not pay their Real Estate Taxes by December 31, they become delinquent, and the Tax Collector may no longer accept payment from the taxpayer. Collection of delinquent taxes becomes the duty of Northeast Revenue who runs the Tax Claim Department in the Luzerne County Courthouse.

Your municipal tax collector is elected to a four year term and is responsible for collecting various taxes that vary by municipality. (Per capita, street lights, Fire Hydrants, County, Municipal and School real estate, etc.) The tax collector must have been a resident of the municipality for one year before the election, and must continue to reside there throughout their term. The municipal tax collector and their appointed deputy must be bonded. (Insured)

The newly elected tax collector must be sworn in by taking an oath of office and is required by act 164 to successfully complete six hours of Continuing Professional Education (CPE) credits annually to be considered "Qualified", as defined by the Act.


Michelle A. Bednar, Controller

Objective:

The objective of this audit is to determine if the Hazle Township Tax Collector properly records and reports property tax revenue to the Luzerne County Treasurer's Office. Additionally seeks to make sure that adequate controls exist over the collection of property taxes.

Scope:

The Luzerne County Controller's Office strives to objectively and systematically evaluate functions, procedures and activities to ensure that each are executed in the best, most efficient way. Our reviews are tailored to the unique circumstances of each office, and we work with management to ensure accountability and direction.

Methodology:

The Controller's Office reviewed bank statements, withdrawals, receipted tax bills and deposit records from an Automated Check Reader (ACR) from Landmark Bank called Money Machine. The ACR's report lists the check number, the amount of payment and the total. The tax collector manually added any cash amount collected for each day to the receipt total. At the end of each day the tax bills were bundled in the ACR report.

The Controller's Office selected 55 packs and listed the amounts paid from the tax bills on an Excel spreadsheet and compared the total to the ACR reports, and traced the total to the bank statement. While recording these bills on Excel, we observed payment documentation of each receipted bill.

Finding One:

It was observed that the Tax Collectors copy of the paid tax bills sometimes lacked information required by the Tax Collector's Manual. The information below was missing on some of the tax bills.

- Payment Date
- Amount of payment
- Number of the remittance check.

Effect:

The absence of these payment details fails to document and validate the correctness of the accepted payment amount.

Recommendation:

The Controller's Office recommends that each retained duplicate tax bill be marked with the date of payment, the amount paid, and the check number of the remittance check.

From the Tax Collectors Manual: Chapter X, Tax Receipts, Third paragraph.

The receipt must be marked with the date of payment and the amount of real estate and personal taxes paid, stated separately. A separate receipt must be issued for each parcel of real property. The tax collector must keep a record of each receipt on the bill or stub, with the same information given in the receipt. Duplicate receipts should include the name of the person paying, number of the check and should be stamped with the word "copy."

Condition:

Although not a finding, while conducting the audit the Controller's Office observed that the ACR reports of the Tax Collector did not have enough information to be able to link a specific payment to a specific tax bill or bills. The requirements of the Tax Collector manual on reporting these payments to the county are fulfilled by the RBA System. (Robert Bailey Associates) However, absent that information, the ACR's do not fulfill the requirement.

Recommendation:

The Controller's Office recommends that the Tax Collector note the bill and check number next to the entry of the payment amount on the ACR report. (Establishing a more efficient way to research payments)

From the Tax Collectors Manual: Chapter VII, Reports to taxing district.

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.

Please complete and sign the form below

I agree with the findings of the Luzerne County Controllers Office.

Michael C. DeCosmo 10-7-15
Michael C. DeCosmo, Hazle Township Tax Collector Date

I disagree with the findings of the Luzerne County Controllers Office, and will respond in writing within the 14 days as outlined in the Luzerne County Home Rule Charter.

Michael C. DeCosmo, Hazle Township Tax Collector Date

Luzerne County Home Rule Charter: Section 3.08 (C.) 3.

The audited entity shall respond in writing, specifying agreement with the audit findings and/or recommendations or the reasons for disagreement with the findings and/or recommendations, along with any plans and timetable for implementing remedies. The response shall be provided to the Controller within 14 days after the audited entity's receipt of the draft audit. The Controller shall include the audited entity's response in his/her final audit report.

Fourteen Days from the Audit date is: October 22, 2015

Aaron A. Hojnowski Nancy L. DeFluri
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