



OFFICE OF THE CONTROLLER

Lehman Township Tax Collection

Final Audit

for the

2021 Tax Collection Period

Peggy Moyer

Tax Collector

Walter L. Griffith, Jr.
Luzerne County Controller

Fieldwork Performed by:
Lisa Cope

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Introduction

The largest source of revenue that funds Luzerne County government is the real estate property tax. This tax is collected by either an independently elected tax collector, the Treasurer's Office, or an appointed tax-collecting officer for each municipality. The rate of taxation for Luzerne County (County) is called the "millage". In 2021, the tax millage was 6.1696. In other words, for every \$1,000 in assessed value of a property, the tax is \$6.1696.

In Luzerne County, elected or appointed tax collectors are responsible for collecting real estate taxes for the County and municipalities. These payments are received from individuals, banks, and businesses. School district taxes are billed separately. According to Section 25 of the Local Tax Collection Law, by the tenth day of the immediate following month, the tax collector is required to submit a tax collector report approved by the Department of Community and Economic Development (DCED) and all monies collected in the prior month to the Luzerne County Treasurer and the municipality in which they are elected.

Real estate taxes paid by the taxpayer and received by the tax collector within two months of the date of the bill receive a 2% discount. During the next two months (after the discount period) pay at face value and payments received by the tax collector after the 120th day are assessed a 10% penalty. If the taxpayer does not pay his real estate taxes by December 31, the taxes become delinquent and the tax collector may no longer accept payment from the taxpayer. When settlement of tax records is completed by January 15th of the subsequent year, the tax collector submits unpaid tax parcels to Elite Revenue Solutions who oversees the Tax Claim Bureau.

Municipal tax collectors are elected to serve a four-year term and are responsible for collecting various taxes that vary by municipality (per capita, street lights, fire hydrants, County, municipal, school real estate, etc.). The tax collector must have been a resident of the municipality for at least one year prior to the election and must continue to reside there throughout his term.

All tax collectors must provide a bond (insurance) to secure the taxing districts against any losses of tax funds. The cost of the bond is split among the three taxing authorities, with the County, school, and municipality paying their portion. The Lehman Township tax collector's surety bond coverage was for \$1,852,919.00. For 2021, the County's portion for the bond to cover this tax collector was \$266.00, which was confirmed to be paid on 2/22/2021, per the County's accounting system, New World Systems (New World).

In 2021, Lehman Township's total assessed value was \$357,715,900 with a total of 2,109 parcels. Luzerne County is comprised of 76 taxing districts.

Objective

The objective of this audit was to provide assurance that all tax payments collected for Lehman Township in 2021 were distributed to and received by the County accurately, thus instilling a sense of confidence that public tax dollars are being fully collected and allocated.

The Luzerne County Controller's Office strives to independently and objectively evaluate functions, processes, and activities to ensure that each are executed in the most compliant, economic, efficient, effective, and accurate way possible. Our reviews are tailored to the unique circumstances of each office, and we work with management to ensure accountability and direction.

The Luzerne County Controller's Office is authorized by the Home Rule Charter of Luzerne County (Charter) Section 3.08 to conduct fiscal, performance, management, contract, grant, compliance, and/or related audits of any County division, department, bureau, office, agency, authority, board, commission, elective office, the Judiciary, Office of Court Administration, or other administrative unit. This review is an internal function, authorized by the Charter. Therefore, the Controller shall transmit a copy of this final audit report to the County Manager, County Council, and the audited entity and shall post the audit for public inspection in the Controller's Office and on the County website and/or other electronic medium for a period of at least 60 days after it is issued. The Controller will also follow up on any audit recommendations, to the extent practical, in order to determine if they have been considered and/or implemented.

Auditors assigned to the engagement are employed by Luzerne County under the Controller's Office and report directly to the elected Controller. The audit staff is considered organizationally independent to conduct and report on the audit.

Scope

The scope of our audit focused on transactions occurring between January 1, 2021 and January 15, 2022. In order to accomplish our objectives, the Controller's Office obtained the following from the tax collector:

- Copies of paid taxpayer real estate tax receipts
- Copies of monthly deposit tickets
- All *original* bank statements (including 2022 statements, where 2021 checks have cleared)
- Copies of cancelled checks or bank printout of them
- All RBA reports, including Returns reports, Collections reports, and Exoneration reports
- Real Estate Tax Duplicate book
- Copy of surety bond
- Copy of "Appointment of Deputy Tax Collector" form

We then obtained from Elite Revenue Solutions a list of delinquent taxes for the year 2021. These were the unpaid real estate property taxes listed in the Duplicate book (Duplicate). We also requested what is called the “Top Copy” of the Returns Report. This report is a signed copy from the tax collector certifying the total taxes returned for collections.

Description of terms:

RBA – “Robert K. Bailey and Associates”, the software system used by tax collectors and the County to record and process taxpayer payments

Returns report – the list of properties containing bill number, names, addresses, and amount of taxes not paid; these properties were sent to Elite Revenue Solutions (also known as Tax Claim) for non- or under-payment

Collections report – the list of all properties, including bill number, names and amount paid by taxpayer

Exoneration report – the list of properties that received an abatement, or a reduction, in the amount owed

Real Estate Tax Duplicate book – a detailed listing of all properties for which the tax collector collects monies. The tax collector keeps the Duplicate in a dedicated binder and when the property owner makes payment, the tax collector records the date and amount paid in the Duplicate book. Also, any pertinent information, including how payment was made (e.g., check, escrow account) is noted. This serves as a double check and makes it easier to locate any discrepancies.

Methodology

We listed five procedures so that we could obtain a reasonable assurance as to whether the tax collection dollars are being fully collected and allocated to the taxing district.

1. Tax Collector’s Report and DCED Report are submitted, signed and dated monthly
2. Ensure accurate commissions were paid to tax collector
3. Ensure Luzerne County received the correct amount owed
4. Ensure tax bills were properly paid in correct payment period
5. Ensure correct number of parcels were sent to Elite Revenue Solutions

Procedure 1: Tax Collector's Report and DCED Report are submitted, signed and dated monthly

The tax collectors are required to submit monthly electronic reports, their abatements, refunds and payment voucher to Luzerne County. Monthly summary reports to the County must be made on the Department of Community and Economic Development (DCED)-approved reports. Reports to the DCED are reported quarterly. The Controller's Office compared the amounts shown in New World Systems (NWS or New World) (otherwise referred to as "receipts" received by the County) to the amounts shown on reports submitted (otherwise referred to as amounts "collected" by the tax collector). The Controller's Office verified the two amounts matched.

Procedure 2: Ensure accurate commissions were paid to tax collector

While comparing collection reports, we were able to confirm the amount of tax bills processed with the payment history report of the tax collector provided in New World.

Procedure 3: Ensure Luzerne County received the correct amount owed

The Controller's Office creates an Excel spreadsheet unique to the details of each municipality. We then compare monthly totals taken from the RBA Collection reports and the funds disbursed to the County as reported in New World. All monthly dollar amounts matched. "See Exhibit A", page seven.

Procedure 4: Ensure tax bills were properly paid in correct payment period

The Controller's Office reviewed the original tax bills to confirm inclusion of tax collector's signature, date paid, and appropriate dollar amount (circled). We then compared those tax bills with the amounts receipted and deposited into the bank. Additionally, we compared the tax bill payments to the Duplicate book.

Procedure 5: Ensure correct number of parcels were sent to Elite Revenue Solutions

The audit also included comparing the Real Estate Duplicate book to the Returns report. If all tax payments were processed correctly, those properties with unpaid taxes in the Duplicate book should match those properties shown on the County's Return Report and Elite Revenue Solutions tax claim report for 2021. All documents matched.

Lehman Township Tax Collector
Peggy Moyer
Statement of Cash Receipts and Disbursements
For the period January 1, 2021 thru February 1, 2022
Exhibit A

Receipts:

General	\$	1,820,688.08	
Total Receipts			\$ 1,820,688.08

Disbursements:

February	\$	160,993.63	
March	\$	565,304.77	
April	\$	805,683.72	
May	\$	38,157.12	
June	\$	112,505.50	
July	\$	20,986.07	
August	\$	5,709.22	
Sept	\$	12,235.94	
Oct	\$	12,387.86	
Nov	\$	27,500.49	
Dec	\$	40,443.70	
Jan	\$	18,780.06	
Total Disbursements			\$ 1,820,688.08
Balance Due			\$ -

Summary

It is our opinion that the taxes collected by the Lehman Township tax collector were properly collected, accounted for, and remitted to Luzerne County.

Please Note:

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.

Please respond to this audit as prescribed, by 5:00 pm, May 6, 2022.

**Signature Page
Lehman Township Tax Collection Final Audit
Tax Year 2021**

Controller's Office:

Walter L Griffith Jr April 20, 2021

Walter L. Griffith Jr., Controller Date

Lisa Cope 4/20/2021

Lisa Cope, Internal Auditor Date

County Manager's Office:

Romilda P. Crocama 4/21/22

Romilda P. Crocama, Esquire, Acting County Manager Date

Former Tax Collector:

Peggy Moyer 04/20/2022

Peggy Moyer, Former Lehman Township Tax Collector Date

The Audit of
Lehman Township Tax Collection Final Audit
Tax Year 2021

This report was initially distributed to the following:

Ms. Romilda P. Crocamo	Luzerne County Acting Manager
Ms. Kendra Radle	Luzerne County Council Chair
Ms. Peggy Moyer	Former Lehman Township Tax Collector

Lehman Township Board of Supervisors:

Mr. Dave Sutton	Chairman
Mr. Randy Howard	Vice Chairman
Mr. Jack Haley	Solicitor

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