



OFFICE OF THE CONTROLLER

***Sugarloaf Township***  
***Real Estate Tax Collector Audit***  
***for the***  
***January 1, 2021- August 31, 2022***  
***Tax Collection Period***  
***Jennifer Pecora, Outgoing***  
***Deborah DiSabella, Incoming***

**Walter L. Griffith, Jr.**  
**Luzerne County Controller**

**Fieldwork performed by:**  
**Auditor II, Nancy DeFluri**

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## **INTRODUCTION:**

The real estate property tax is the largest source of revenue funding Luzerne County. An independently elected tax collector, the Treasurer's Office, or an appointed tax-collecting officer for each municipality collects this tax. The rate of taxation for Luzerne County (County) is called the "millage". In 2021, and 2022, the tax millage was 6.1696. Elected or appointed tax collectors are responsible for collecting real estate taxes for the County and municipalities. School district taxes are billed and collected separately. The tax collector is required to submit a Department of Community and Economic Development (DCED) tax collection report and all county monies collected to the Luzerne County Treasurer by the tenth of the month following collection.

The Local Tax Collection Law establishes the discount and penalty schedule. The calculation of the cutoff dates listed below are determined by the postmark date on the payment envelope.

Discount period - Tax payments within two months of the date of the sent bill receive a 2% discount.

Face period – Taxes paid and received by collector after the first two months and before the 120<sup>th</sup> day pay at face value

Penalty period -payments received by the tax collector after the 120<sup>th</sup> day are assessed a 10% penalty.

Tax Claim - 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 10<sup>th</sup> 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 be 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 Sugarloaf Township tax collector's surety bond coverage for 2021 was \$2,308,963. The County's portion for the bond to cover this tax collector was \$1,124, which was confirmed to be paid on 1/22/2021, per the County's accounting system, New World Systems (New World). Then in 2022, the bond limit increased to \$2,795,863. The County's portion for this amount was \$1,151 confirmed to be paid on 2/8/2022.

## **OBJECTIVE:**

The objective of the review was to determine if monies were properly collected and then transferred to the Luzern County Treasurer's Office for Sugarloaf Township for the tax years 2021 and 2022, ending August 31, 2022. Due to the resignation of the Sugarloaf Tax Collector, effective September 1, 2022, the Board of Supervisors of the Township of Sugarloaf, adopted Resolution # 21 of 2022 to fill the vacancy in accordance with section 407(f) of the Second Class Township Code. The tax collector audit is to identify and evaluate tax collection policies and procedures. To obtain limited assurance on the amounts submitted to the Treasurer by the tax collector. To identify areas of improvement and make recommendations.

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. 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. Luzerne County Controllers Office Auditors report directly to the elected Controller. The audit staff is organizationally independent to conduct and report on the audit.

## **SCOPE:**

Sugarloaf Township Tax Collector resigned on August 31, 2022. The Controller's Office is required to conduct an audit when a resignation occurs to ensure a smooth and accurate transition to the new Tax Collector. As a result, an audit of tax year 2021 and the period January 1 through August 31, 2022 was conducted. A sample of selected transactions occurring within these periods were tested.

In order to accomplish the objectives, the Controller's Office obtained the following:

- 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 selected items
- RBA reports, including Returns reports, Collections reports, Batch Proof Report, and Exoneration reports
- Real Estate Tax Duplicate book
- Copy of surety bond Copy of "Appointment of Deputy Tax Collector" form

Elite Revenue Solutions provided a list of delinquent taxes for the year 2021. The “Top Copy” of the Returns Report is reviewed for signature and certification of the total taxes returned for collections. Delinquent taxes were verified through the Tax Collector’s Returns report. Delinquent taxes for 2022 are not available until January 2023.

*Additional Information and 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

**Batch Proof report** – listing of properties processed as paid by batch and date

**Real Estate Tax Duplicate book** – a bound detailed listing of all properties for which the tax collector collects monies

**New World Systems** – the accounting software system used by the county to record assets, liabilities, receipts and disbursements.

## **PROCEDURES:**

Dual testing consists of sampling tax receipts for accuracy, timeliness and proper receipt to the County and testing policies and procedures simultaneously. The internal controls are the responsibility of the tax collector and the County based on established policies and procedures. Because of the inherent limitations in sampling, the evidence provides limited assurance on the audit outcome and there is always a risk that fraud, abuse or misappropriation of assets can occur and go undetected.

In 2021, Sugarloaf township assessed value was \$400,865,599 with a total of 2,316 parcels. Luzerne County is comprised of 76 taxing districts.

- 1) Tax Collector's Report and DCED Report are submitted, signed and dated monthly with timely submittal to County of proceeds and accurate recording of taxpayer's payments in the duplicate.**

Description of procedures tested:

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.

The tax collectors are required to submit monthly electronic reports, 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.

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 verifies if the amounts are accurate and submitted timely.

**Findings – Sugarloaf Tax Collector does not utilize the duplicate book, the Controller's office recommends Tax Collectors use the duplicate book to ensure proper bookkeeping.**

- 2) Verify accurate commissions were paid to tax collector**

Collection reports are compared to payment history in New World Systems. No discrepancies were found.

### **3) Review amounts owed to Luzerne County for accuracy**

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 maintained by the tax collector and the funds disbursed to the County as reported in New World Systems.

**Findings: None noted as the total payments to the county matched the detail collections from the RBA system maintained by the tax collector. There was a delay in deposit in 2021 because of a county deposit incorrectly made to the school district account. The deposit was reversed and appropriately credited to the county.**

### **4) Review payments of taxpayer for period paid (discount, penalty, etc.) and accuracy**

The Controller's Office sampled Batch Proof reports for amounts paid by taxpayers and traced to the original check or payment.

**Findings: No discrepancies were found.**

### **5) Verify the number of parcels sent to Elite Revenue Solutions**

The Tax Collector did not use the duplicate book so delinquent taxes were verified with the Tax Collector's Return Report.

**Findings: None**

**OVERALL FINDINGS, RECOMMENDATIONS AND OBSERVATIONS:**

- 1. The Sugarloaf Tax Collector retained thorough records. County taxes collected and deposited were reconciled to the Tax Collectors detail records.**
- 2. Checks received should be timely deposited to allow for a more efficient and timely reconciliation.**
- 3. Coordinating RBA system batch timing of checks received and matching discount, face or penalty period would enhance traceability testing and verification.**
- 4. The Duplicate Book should be used as a basic verification tool and should be marked by taxpayer the appropriate period payment (discount, face or penalty) and check number documented.**
- 5. Banking accounts should only include tax deposits and disbursements to the county, school or municipality.**
- 6. The Appointment of the new Tax Collector, Deborah DiSabella was signed and on file.**



Sugarloaf Borough Tax Collector  
 Jennifer Pecora, Outgoing Tax Collector  
 Statement of Cash Receipts and Disbursements  
**For the period January 1, 2021 thru December 31,, 2022**  
**Exhibit A**

Receipts:

County by Tax Collector	\$ 2,332,739.98	
Total Receipts		\$2,332,739.98

Disbursements:

February	\$ 0.00
March	\$ 135,404.86
April	\$ 524,847.77
May	\$ 1,429,800.84
June	\$ 33,881.60
July	\$ 108,653.31
August	\$ 6,517.82
September	\$ 11,607.05
October	\$ 16,646.36
November	\$ 10,048.09
December	\$ 21,150.02
January	\$ 34,182.26

Total Disbursements to County	<u>\$2,332,739.98</u>
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Balance Due	\$ 0.00
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Sugarloaf Borough Tax Collector  
 Jennifer Pecora, Outgoing Tax Collector  
 Statement of Cash Receipts and Disbursements  
**For the period January 1, 2022 thru August 31, 2022**  
**Exhibit A**

Receipts:

County by Tax Collector	\$ 2,251,937.16	
Total Receipts		\$2,251,937.16

Disbursements:

February	\$ 0.00
March	\$ 183,568.34
April	\$ 1,164,950.15
May	\$ 532,039.27
June	\$ 157,578.76
July	\$ 38,340.47
August	\$ 151,497.10
September	\$ 23,963.07

Total Disbursements to County	<u>\$2,251,937.16</u>
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Balance Due	\$ 0.00
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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 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,  
February 10, 2023.**

**Signature Page  
Sugarloaf Tax Collection Final Audit  
Tax Period January 1, 2021 – August 31, 2022**

**Controller's Office:**

<b>Walter Griffith</b>	Jan 27, 2023
Walter L. Griffith Jr., Controller	Date

<b>Nancy DeFluri</b>	Jan 27, 2023
Nancy DeFluri, Auditor II	Date

**County Manager's Office:**

<b>Brian A Swetz</b>	Jan 31, 2023
Brian Swetz, Acting County Manager	Date

**Sugarloaf Twp. Supervisor Chairman:**

<b>Richard E Yost</b>	Jan 27, 2023
Rick Weaver, Chairman	Date

**Sugarloaf Twp Tax Collector:**

<b>Deborah A. DiSabella</b>	Jan 29, 2023
Deborah A. DiSabella	Date

**Former Sugarloaf Twp. Tax Collector:**

<b>Jennifer Pecora</b>	Jan 27, 2023
Jennifer Pecora	Date

The Audit of  
Sugarloaf Tax Collection Final Audit  
Tax Year 2021 and January 2022 – August 2022

This report was distributed to the following:

Brian Swetz	Acting Luzerne County Manager
Ms. Kendra Radle	Luzerne County Council Chair
Deborah DiSabella	Sugarloaf Twp. Tax Collector
Rick Weaver	Sugarloaf Twp. Supervisor Chairman
Elizabeth Tolan	Sugarloaf Twp. Office Manager
Jennifer Pecora	Former Sugarloaf Twp. 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 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](mailto:Controllers.Office@luzernecounty.org).

**Signature:**   
Nancy Defluri (Jan 27, 2023 12:46 EST)

**Email:** Nancy.Defluri@luzernecounty.org

**Signature:**   
Brian A Swetz (Jan 31, 2023 11:55 EST)

**Email:** brian.swetz@luzernecounty.org

**Signature:**   
Richard E Yost (Jan 27, 2023 14:31 EST)

**Email:** richy@ptd.net

**Signature:** 

**Email:** jennifer.pecora@luzernecounty.org

**Signature:**   
Deborah A. DiSabella (Jan 29, 2023 20:47 EST)

**Email:** sugarloaftwptax@gmail.com

**Signature:** 

**Email:** walter.griffith@luzernecounty.org












# Sugarloaf Audit Final 1-17-2023


Final Audit Report

2023-01-31


Created:	2023-01-27
By:	Walter Griffith (walter.griffith@luzernecounty.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAjRruK2jo8uQKQUmwusHcwYXrvms_6CWF

## "Sugarloaf Audit Final 1-17-2023" History


-  Document created by Walter Griffith (walter.griffith@luzernecounty.org)  
2023-01-27 - 4:44:52 PM GMT
-  Document emailed to Nancy Defluri (Nancy.Defluri@luzernecounty.org) for signature  
2023-01-27 - 4:49:02 PM GMT
-  Document emailed to Jennifer Pecora (jennifer.pecora@luzernecounty.org) for signature  
2023-01-27 - 4:49:02 PM GMT
-  Document emailed to brian.swetz@luzernecounty.org for signature  
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-  Document emailed to sugarloaftwptax@gmail.com for signature  
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-  Document emailed to Richard Yost (sugarloafluzerne@ptd.net) for signature  
2023-01-27 - 4:49:02 PM GMT
-  Document emailed to Walter Griffith (walter.griffith@luzernecounty.org) for signature  
2023-01-27 - 4:49:02 PM GMT
-  Document e-signed by Walter Griffith (walter.griffith@luzernecounty.org)  
Signature Date: 2023-01-27 - 4:49:23 PM GMT - Time Source: server
-  Email viewed by Nancy Defluri (Nancy.Defluri@luzernecounty.org)  
2023-01-27 - 4:50:06 PM GMT
-  Email viewed by Richard Yost (sugarloafluzerne@ptd.net)  
2023-01-27 - 5:13:46 PM GMT
-  Document signing delegated to richy@ptd.net by Richard Yost (sugarloafluzerne@ptd.net)  
2023-01-27 - 5:18:22 PM GMT

 Document emailed to richy@ptd.net for signature

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 Document e-signed by Nancy Defluri (Nancy.Defluri@luzernecounty.org)


Signature Date: 2023-01-27 - 5:46:56 PM GMT - Time Source: server

 Email viewed by Jennifer Pecora (jennifer.pecora@luzernecounty.org)


2023-01-27 - 6:57:17 PM GMT

 Document e-signed by Jennifer Pecora (jennifer.pecora@luzernecounty.org)

Signature Date: 2023-01-27 - 7:01:37 PM GMT - Time Source: server

 Email viewed by richy@ptd.net


2023-01-27 - 7:25:49 PM GMT

 Signer richy@ptd.net entered name at signing as Richard E Yost

2023-01-27 - 7:31:24 PM GMT

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Signature Date: 2023-01-27 - 7:31:27 PM GMT - Time Source: server

 Email viewed by sugarloaftwptax@gmail.com

2023-01-30 - 1:40:04 AM GMT

 Signer sugarloaftwptax@gmail.com entered name at signing as Deborah A. DiSabella


2023-01-30 - 1:47:28 AM GMT

 Document e-signed by Deborah A. DiSabella (sugarloaftwptax@gmail.com)

Signature Date: 2023-01-30 - 1:47:30 AM GMT - Time Source: server

 Email viewed by brian.swetz@luzernecounty.org

2023-01-31 - 4:54:33 PM GMT

 Signer brian.swetz@luzernecounty.org entered name at signing as Brian A Swetz

2023-01-31 - 4:55:38 PM GMT

 Document e-signed by Brian A Swetz (brian.swetz@luzernecounty.org)

Signature Date: 2023-01-31 - 4:55:40 PM GMT - Time Source: server

 Agreement completed.

2023-01-31 - 4:55:40 PM GMT