



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

***Audit of***  
***The Luzerne County***  
***Magisterial District Court Leases***  
***As of October 2022***

**Walter Griffith**  
**Luzerne County Controller**

**Fieldwork Performed By:**  
**Lisa Cope**

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**Objective:**

The objective of this audit was to analyze all leases for Luzerne County Magisterial District Court offices to ensure the leases were properly executed and paid accordingly. In addition, a review of the last audit, dated December 31, 2016 was completed to ensure all past findings were satisfactory resolved. During the course of the audit, it became apparent that findings from previous audits were not addressed. The Office of the Controller then broadened the objective to investigate why recommendations were not implemented and determine contract responsibility.

**Scope:**

In reviewing, the leases for the sixteen Magistrate District Judges (magistrates), the status (current or expired) of the leases was investigated. Additionally, if amounts were over or underpaid, what actions were taken to see that the errors were rectified. The scope included interviews with Court Administration, Office of Law as well as the Division of Operational Services.

**Methodology:**

Using the County's New World Financial System, the Controller's Office reviewed lease payments made for the magistrates' offices. Those payments were then compared to the costs as dictated by the respective leases. Also, the cost details as outlined in the leases were reviewed to determine whether or not they were in compliance with the Luzerne County Charter by having a Resolution executed the by Council.

**General Findings:**

After receiving all magistrates' office leases from Court Administration the Office of the Controller found that not all leases are current nor have previous findings been resolved. There is a deficiency in operations, which exists when a person(s) performing a control function does not perform it effectively or appropriate responsibility has not been assigned to a business function.

The chart below shows the status of all leases and if there were any findings during the course of the audit. The leases listed as expired do not have a renewal currently on file and the leases with a Yes \* were cited in the December 31, 2016 lease audit.

<u>District Court</u>	<u>Landlord</u>	<u>Status of Lease</u>	<u>Finding</u>
11-01-01 Judge Cronauer	FREEMAN REALTY INC.	Current	No
11-01-02 Judge Malloy	FREEMAN REALTY INC.	Current	No
11-01-03 Judge Zola	GRANDE INC.	Expired as of 03/31/2016	Yes *
11-01-04 Judge Kravitz	PITTSTON CITY COUNCIL	Current	No
11-01-05 Judge Haggerty	KINGSTON BORO COUNCIL	Current	No
11-01-06 Judge Barilla	LUZERNE COUNTY	County owned building	No
11-02-01 Judge Carmody	W PITTSTON BORO COUNCIL	Expired as of 12/31/2005	Yes *
11-02-03 Judge Halsey	UFCW FEDERAL CREDIT UNION	Current	No
11-03-01 Judge Christopher	SHICKSHINNY BORO COUNCIL	Current	No
11-03-02 Judge Whittaker	CITY OF NANTICOKE	Expired as of 12/31/1999	Yes
11-03-03 Judge O'Donnell	A&A REAL ESTATE ASSOCIATES	Current	No
11-03-04 Judge Dixon	KRISHANI, LLC	Current	No
11-03-06 Judge Webby	WRIGHT TWP SUPERVISORS	Expired as of 12/31/2006	Yes *
11-03-07 Judge Dotzel	CORGAN REALTY CO.	Expired as of 12/31/2007	Yes *
11-03-08 Judge Spagnuolo	PLAINS VOLUNTEER AMBULANCE	Expired as of 12/31/2021	Yes
11-03-09 Judge Tupper	KINGSTON TOWNSHIP	Current	No

#### **11-01-01 Magistrate Judge Cronauer**

The lease for this office at 100 Hazle Street, 1<sup>st</sup> floor Wilkes-Barre is **current**. Approved by county council. Resolution R-2016-64. **Contracted Lease payment is \$88,548.00 annually**

#### **11-01-02 Magistrate Judge Malloy**

The lease for this office at 100 Hazle Street, 2<sup>nd</sup> floor Wilkes-Barre is **current**. Approved by county council. Resolution R-2016-64. **Share Lease with MDJ 11-01-01**

#### **11-01-03 Magistrate Judge Zola**

The lease for this office at City Hall Building, 615 East Broad Street, Hazleton, is not current, as it **expired 3/31/2016** and there is no renewal on file. **Contracted lease payment is \$66,492.00 annually**

#### **11-01-04 Magistrate Judge Kravitz**

The lease for this office at 35 Broad, Pittston is **current**. Approved by county council. Resolution R-2018-118. **Contracted lease payment is \$39,000.00 annually.**

#### **11-01-05 Magistrate Judge Haggerty**

The lease for this office at Kingston Municipal Building, 500 Wyoming Avenue, Kingston is **current**. Approved by county council. Resolution R-2020-65. **Contracted lease payment is \$24,000.00 annually.**

**11-01-06 Magistrate Judge Barilla**

There is no lease for this property, 2009 Wyoming Ave. Forty Fort, it is owned by Luzerne County.

**11-02-01 Magistrate Judge Carmody**

The lease for this office at West Pittston Municipal Building, 555 Exeter Avenue, W. Pittston expired on 12/31/2015 and no renewal is currently on file. **Contracted lease payment is \$10,500.00 annually.**

**11-02-03 Magistrate Judge Halesey**

The lease on this office at 1460 Sans Souci Parkway, Hanover is **current**. Approved by county council. Resolution R-2020-96. **Contracted lease payment is \$33,750.00 annually.**

**11-03-01 Magistrate Judge Christopher**

The lease for this office at 33 West Union Street, Shickshinny is **current**. Approved by county council. Resolution R-2018-149. **Contracted lease payment is \$31,572.00 annually.**

**11-03-02 Magistrate Judge Whittaker**

The lease for this office at 15 East Ridge Street, Nanticoke expired on 12/31/1999 and no renewal is currently on file. **Contracted lease payment is \$18,000.00 annually.**

**11-03-03 Magistrate Judge O'Donnell**

The lease for this office at 415 West Butler St. Drums, is **current**. Approved by county council. Resolution R-2019-97. **Contracted lease payment is \$40,154.04 annually.**

**11-03-04 Magistrate Judge Dixon**

The lease for this office at 789 Airport Road, Suite 102 Sunset Beltway, Hazleton is **current**. Approved by county council. Resolution R-2014-62. **Contracted lease payment is \$44,400.00 annually**

**11-03-06 Magistrate Judge Webby**

The lease for this office at Wright Township Municipal Building, 321 South Mountain Boulevard, Wright Township expired on 12/31/2006 and no renewal is currently on file. **Contracted lease payment is \$18,000.00 annually**

**11-03-07 Magistrate Judge Dotzel**

The lease for this office at 240 Johnson, Wilkes-Barre Township expired on 12/31/2007 and no renewal is currently on file. **Contract lease payment is \$ 27,216.00 annually**

**11-03-08 Magistrate Judge Spagnuolo**

The lease for this office at 90 Maffett St. Plains, expired on 12/31/2021 and there is currently no renewal on file. **Contract lease payment is \$ 21,600.00 annually**

**11-03-09 Magistrate Judge Tupper**

The lease for this office at 11 Carverton Rd. Trucksville is **current**. Approved by county council. Resolution R-2019-120. **Contract lease payment is \$ 31,034.28 annually**

**Conclusion:**

There are 16 magistrates, two of the magistrates reside in one location and one building is owned. Of the fourteen leases, eight of the sixteen magistrate leases are up to date and six are not. Of the six out of date lease contracts, four have been cited in the last two lease audits.

Since the leases are not being stored properly with the most current information, it was extremely time consuming locating the files that we did obtain. The Controller's Office determined the first step to future magistrate lease management would be to assign responsibility for the timely recordkeeping, approval and negotiation of these leases. Meetings with both the Division of Operational Service and the Court Administration were beneficial in devising plan for future lease management. These two Divisions must work together to ensure magistrate lease compliance.

**Recommendations:**

**Condition:** Magistrate lease information is not being retained and reviewed properly by the Operational Division Manager

**Criteria:** A current listing of all lease details, including costs and terms, should be kept on file and maintained and reviewed annually.

**Cause:** No Division or Department claimed responsibility with regard to maintaining a current and updated file of the magistrate leases.

**Effect:** Incorrect rent payments have been made, expired leases exist and it is clear a new system for magistrate lease management must be made and agreed to.

**Agreed to Future Lease Process:**

1. A copy of each lease should be kept, in both hard and electronic copy form, at the Court Administration Office and Engineering Department.
2. The Division of Operational Services will be responsible to maintain records (dates of renewals terms, location identification, site approval from Administrative Office of Pennsylvania Courts (AOPC), release of RFP, as well as negotiation of lease terms.
3. The Office of Law will perform the following:
  - Review the contract and make sure that the County is being treated fairly and is getting the best deal they can based upon our bargaining position.
  - The rates and terms of Magistrate leases are the responsibility of Court Administrators office.
  - Draft the resolution for County Council

- Office of Law will sign off on the contract review and return it to the department originating the contract request.
  - The Office of Law plans to continue to provide quality legal services. We will do so, not by agreement in an audit, to which we are not a party, but by continuing to follow the Charter and Codes of Luzerne County.
4. The final copy of the lease will be forwarded to Court Administration and the Engineering office.
  5. From a priority standpoint, negotiations and lease renewal for the four expired leases that were identified in the past two audits will be completed immediately.
  6. The Division of Operational Services will notify the Lessor of two other expired leases as soon as recommendation 4 is completed.
  7. The Division of Operational Services will use the below expiration table to develop a renewal calendar to alleviate future expired lease terms.

<u>District Court</u>	<u>Magistrate</u>	<u>Lease Expiration Date</u>
11-01-01	Cronauer/Malloy	09/01/2024
11-01-04	Kravitz	12/31/2023
11-01-05	Haggerty	06/30/2026
11-02-03	Halesey	07/01/2023
11-03-01	Christopher	12/31/2023
11-03/03	O'Donnell	07/31/2023
11-03-04	Dixon	05/31/2024
11-03-09	Tupper	12/31/2022

8. The Division of Operational Services and Court Administrator should develop and share a calendar that allows for efficient and timely lease negotiation and/or renewal that includes approval by AOPC and Luzerne County Council through a resolution.
9. The Division of Operational Services will send out notifications of expired leases in **June** 2023 that states a valid lease is not on file for all Magistrate lease locations listed below:

<b>MDJ Office</b>	<b>Date expired</b>
Zola	3/31/2016
Carmody	12/31/2005
Whittaker	12/31/1999
Webby	12/31/2006
Dotzel	12/31/2007
Spagnuolo	12/31/2021

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.*

Fourteen Days from the Audit date is: **March 29, 2023**

*Please attach any additional written responses to the audit.*

**Response from Operations Division Head Mr. Greg Kurtz submitted on March 28, 2023**

March 28, 2023

Walter Griffith  
County of Luzerne  
Luzerne County Controller  
20 North Pennsylvania Blvd.  
Wilkes-Barre, PA 18711

Dear Mr. Griffith:

In response to the Audit of Luzerne County Magisterial District Court Leases, as of October 2022, I would like to make the following comments.

Please note all deficiencies found in this audit were from a timeframe when I, Gregory Kurtz, was not an employee of Luzerne County, therefore the findings cannot be attached to the current Director of Operational Services at the time of this audit.

On page 7, Item #9 a recommended task to send out notifications of expired leases is requested to be completed in the past, specifically, January 2023. I would like to suggest this date be adjusted appropriately to the future date of 60 days after the finalized audit.

Thank you,

Gregory Kurtz

**Controller made the requested change to Item # 9 on Page 7 from January to June 2023**



**Signature Page**  
**Magisterial District Court Leases**  
**As of October 2022**

**Controller's Office:**

**Walter Griffith**

Mar 15, 2023

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**Walter Griffith Jr**  
County Controller

**Date**

**County Manager:**

**Brian A Swetz**

Mar 22, 2023

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**Brian Swetz**  
*Acting Luzerne County Manager*

**Date**

**Court Administration:**

**Paul Hindmarsh**

Mar 28, 2023

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**Paul Hindmarsh**  
*Court Administrator*

**Date**

**Operational Services Division:**

**Greg Kurtz**

Mar 28, 2023

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**Greg Kurtz**  
*Division Head, Operational Services*


**Date**


## Audit of the Luzerne County Magisterial District Court Leases

This report was distributed to the following:

Mr. Brian Swetz	Acting Luzerne County Manager
Ms. Kendra Radle	County Council Chairperson
Mr. Paul Hindmarsh	Luzerne County Court Administrator
Mr. Greg Kurtz	Division Head, Operational Services

**Signature:**   
Brian A Swetz (Mar 22, 2023 10:05 EDT)  
**Email:** brian.swetz@luzernecounty.org

**Signature:**   
Paul Hindmarsh (Mar 28, 2023 10:13 EDT)  
**Email:** paul.hindmarsh@luzernecounty.org

**Signature:**   
Greg Kurtz (Mar 28, 2023 09:25 EDT)  
**Email:** Greg.Kurtz@luzernecounty.org

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

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).











# Magistrate Lease Final Audit as of 3-15-23. rev 2docx

Final Audit Report

2023-03-28

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