



OFFICE OF THE CONTROLLER

Wright Township
Real Estate Tax Collector Audit
for the
January 1, 2021- December 31, 2022
Tax Collection Period

Barbara Macko, Outgoing

Debra Macko, Incoming

March 2, 2023

Walter L. Griffith, Jr.
Luzerne County Controller

Fieldwork performed by:
Melissa Jones

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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 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 120th day pay at face value.

Penalty period -payments received by the tax collector after the 120th 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 10th 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, streetlights, 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 Wright Township tax collector's surety bond coverage for 2022 was \$3,910,666. The County's portion for the bond to cover this tax collector was \$585 which was confirmed to be paid on 02/23/2022, per the County's accounting system, New World Systems (New World). For 2021 the surety tax collector bond coverage was \$3,280,313. The County's portion for the bond to cover this tax collector for 2021 was \$521, confirmed 01/20/2021.

OBJECTIVE:

The objective of the review was to determine if monies were properly collected and then transferred to the Luzerne County Treasurer's Office for Wright Township for the tax years 2022 and 2021. Due to the resignation of the Wright Township Tax Collector, effective January 13, 2023 the Board of Supervisors of the Wright Township, adopted Resolution Number 3 of 2023 to fill the vacancy in accordance with section 801B of the Township Code of the Commonwealth of Pennsylvania. 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, to determine if they have been considered and/or implemented. Luzerne County Controller's Office Auditors report directly to the elected Controller. The audit staff is organizationally independent to conduct and report on the audit.

SCOPE:

Wright Township Tax Collector resigned on January 9, 2023. 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 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 2022. 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.

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.

Settlement report – is run on a year-to-date basis once the tax year is closed which occurs by January 15. The report includes all types of transactions that occur throughout the year and provides the net cash collected by the Tax Collector which is then reconciled to county deposits.

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 2022, Wright Township assessed value was \$620,179,200 with a total of 2,581 parcels. In 2021 the assessed value was \$622,089,500 with a total of 2,578 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 Book 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 and verifies net payments utilizing the DCED reports as well as the final YTD Settlement Report which summarizes net payments following the close of the Tax Year.

Findings – No Findings - Tax Collector properly utilizes the duplicate book and county taxes collected reconcile to deposits.

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 as well as from the year end Settlement Report which incorporates all adjustments made during the year. This amount is then compared to the funds disbursed to the County and reported in the New World Financial Systems.

Findings: The verification of all county monies owed was challenging due to county monthly deposits and RBA system batches not timely sequenced. The net difference owed to the county is minimal at \$80.56 and is outlined on Exhibit-A.

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 discounts, face and penalty were accurate.

5) Verify the number of parcels 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 claims report for 2022.

Findings: None

OVERALL FINDINGS, RECOMMENDATIONS AND OBSERVATIONS:

1. The Wright Township Tax Collector retained thorough records. County taxes collected and deposited were reconciled to the Tax Collectors detail records with no difference.
2. Checks received should be timely deposited and batched to allow for a more efficient and timely reconciliation. Batches should be closed out at month end and before the change in periods between discount, face, and penalty.
3. The Appointment of the new Tax Collector, Debra Macko was signed and on file as well as the resignation of Barbara Macko effective 01/09/2023.
4. We recommend a new non-interest-bearing account be established by the new Tax Collector and reconciliation of remaining balance from the old account occur as follows:

Bank Bal. December 31, 2022		(A)		\$ 515.50
Tax Year 2022:	Tax Rate:			
County Tax Collections	6.1696	(B)	86%	\$ 443.60
Municipal	1.0000	(C)	14%	\$ 71.90
Total	7.1696		100%	\$ 515.50
Due County		(B)		\$ 443.60
Due Municipal		(C)		\$ 71.90
Total		(B)+(C)= (D)		\$ 515.50
Balance - Bank Acct		(A)-(D)		\$ -

Wright Township
Barbara Macko, Outgoing Tax Collector
Statement of Cash Receipts and Disbursements
For the period January 1, 2021 thru December 31, 2021
Exhibit-A

Receipts:

County by Tax Collector	\$ 3,672,294.99	
Total Receipts		\$3,672,294.99

Disbursements:

February	\$ 0.00
March	\$ 402,215.45
April	\$ 1,335,285.46
May	\$ 1,670,570.22
June	\$ 69,284.67
July	\$ 102,530.29
August	\$ 21,496.43
September	\$ 2,995.76
October	\$ 7,454.57
November	\$ 1,651.18
December	\$ 7,972.83
January	\$ 50,838.13

Total Disbursements to County	<u>\$3,672,294.99</u>
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Balance	\$ 0
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Wright Township
Barbara Macko, Outgoing Tax Collector
Statement of Cash Receipts and Disbursements
For the period January 1, 2022 thru December 31, 2022
Exhibit-B

Receipts:

County by Tax Collector	\$ 3,522,247.07	
Total Receipts		\$3,522,247.07

Disbursements:

February	\$ 0.00
March	\$ 100,454.72
April	\$ 1,858,915.91
May	\$ 1,304,357.13
June	\$ 38,729.54
July	\$ 113,801.14
August	\$ 8,221.09
September	\$ 6,469.62
October	\$ 19,680.72
November	\$ 15,417.01
December	\$ 15,258.79
January	\$ 40,761.40

Total Disbursements to County	<u>\$3,522,247.07</u>
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Balance	\$ 0
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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, by signing the document and returning it to the Controller's Office before the required deadline, 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, March 14, 2023.

**Signature Page
Wright Township Final Audit
Tax Years 2021 and 2022**

Controller's Office:

Walter Griffith	Mar 3, 2023
Walter L. Griffith Jr., Controller	Date

Melissa Jones	Mar 3, 2023
Melissa Jones, Auditor	Date

County Manager's Office:

Brian A Swetz	Mar 6, 2023
Brian Swetz, Acting County Manager	Date

Wright Township, Board of Supervisors:

Pamela Heard	Mar 7, 2023
Donald Zampetti, Chairman	Date

Wright Township, Tax Collector:

Barbara Macko, Tax Collector	Date
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**Wright Township
Tax Collection Final Audit
Tax Years 2021 and 2022**

This report was initially distributed to the following:

Mr. Brian Swetz	Acting Luzerne County Manager
Ms. Kendra Radle	Luzerne County Council Chair
Barbara Macko	Wright Township, Outgoing Tax Collector
Debra Macko	Wright Township, Incoming Tax Collector
Donald Zampetti,	Wright Township, Chair, Board of Supervisors

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.

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