

Clay Township Tax Collector Audit Report

For the period of January 1, 2014 through January 15, 2016
covering the 2014 and 2015 tax years



Brian K. Hurter, CPA
Lancaster County Controller

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Controller
Brian K. Hurter, CPA

June 10, 2016

Deb Zerbe, Tax Collector
Clay Township
945 Girl Scout Road
Stevens, PA 17578

Dear Clay Township Tax Collector:

Attached is the audit report of your tax collection records for the County of Lancaster, prepared by the Lancaster County Controller's Office. Our examination procedures were performed covering the period of January 1, 2014 through January 15, 2016, which includes settlement for collections of the 2014 and 2015 tax years.

The purpose of this audit is to ensure compliance with Section 26 (b) (1) of the Local Tax Collection Law, Act of May 25, 1945, P.L. 1050, No. 394 Cl. 53 ("Local Tax Collection Law"). The Local Tax Collection Law contains guidance and procedures for the elected tax collectors. Based upon the audit, we have issued this report.

We conducted our audit to obtain reasonable understanding about whether the tax collections are free of material misstatement and to determine the accuracy of the timeliness of the County real estate taxes collected, among other procedures. During our review we discovered findings and observations which are listed on page 2 and summarized on page 4.

The financials we have audited are attached as **Exhibit A** and will be included in a summary report issued to the Lancaster County Board of Commissioners, along with the findings and observations. This report is intended for the information and use of the Clay Township Tax Collector and the Lancaster County Board of Commissioners, and is not intended and should not be used by anyone other than these specified parties without consent. However, public policy dictates that this report is a matter of public record and its distribution is not limited.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller
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**Clay Township Tax Collector
Relevant Audit Notes
For the period January 1, 2014 through January 15, 2016**

Note A – DESCRIPTION OF TAX COLLECTOR AND TAXING DISTRICT

Deb Zerbe was elected to the position of Clay Township Tax Collector on or about November 5, 2013, to take office on January 1, 2014. Each elected tax collector's position is a four year term.

In Lancaster County, elected or appointed tax collectors are responsible to collect real estate taxes for the County and municipalities. 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 Lancaster County Treasurer and the municipality in which they are elected. When settlement of tax records is completed by January 15 of the subsequent year, the tax collector submits unpaid tax parcels to the Lancaster County Tax Claim Bureau.

In 2014, Clay Township was the 27th largest taxing district by total assessed value in Lancaster County with an assessed total of \$456,384,500. Clay Township was the 28th largest taxing district by taxable accounts with a total of 2,560 parcels. In 2015, Clay Township was the 26th largest taxing district by total assessed value in Lancaster County with an assessed total of \$469,601,200 and the 25th largest taxing district by taxable accounts with a total of 2,641 parcels. Lancaster County is comprised of 60 taxing districts.

Note B – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2014 through January 15, 2016, which covers the 2014 and 2015 tax years.

The following procedures were performed during the audit:

- Ensure DCED report is completed monthly
- Ensure accurate commissions were paid to tax collector
- Ensure monies due to Lancaster County were properly receipted
- Ensure Lancaster County received the correct amount owed
- Ensure collections were properly paid in correct payment period
- Ensure correct number of parcels were sent to Tax Claim Bureau

**Clay Township Tax Collector
Audit Findings and Observations
For the period January 1, 2014 through January 15, 2016**

This section of the report presents the findings and observations that resulted from our annual examination of the financial records. Following any of the findings and observations noted, we provide recommendations to correct or better the described occurrence.

Lancaster County provides taxpayers with a 2% discount until April 30 and allows base collections until June 30 of each year so that Lancaster County can use the tax dollars to best serve the residents of Lancaster County as a whole.

Observation 1: Discount Payment Accepted Outside of Discount Period – 2014 Tax Year

Description:

In June 2014, there was a payment accepted and entered into M.R. ETC¹ at discount in the amount of \$210.28. The discount period had ended on April 30.

Tax Collector's Explanation:

The tax collector's explanation of this was that the payment/envelope was stuck on a post office machine and was finally delivered to her in June with an April postmark date so she accepted the payment.

Auditor's Conclusion:

This occurrence was listed as an observation, rather than a finding because it appears to be an isolated instance. The remaining duplicate collections were collected in the appropriate periods and the tax collector's explanation appears legitimate.

¹ M.R. ETC stands for Municipal Real Estate Tax Collection and was the real estate tax collection software used by the Lancaster County Treasurer's Office. This software was used by the Treasurer's Office from the 2011 tax year through the 2015 tax year and was created specifically for Lancaster County. It was relied on by all tax collectors during this period.

Clay Township Tax Collector
Audit Recommendations
For the period January 1, 2014 through January 15, 2016

In the preceding section of this report, we listed any findings and observations from our examination. This section of the report presents recommendations to correct or better the described occurrences listed in the Audit Findings and Observations section.

1. The tax collector should continue to only accept and collect tax payments that agree to the tax bill issued in the period that the bill is being paid.

2. The tax collector should keep payments accepted outside of the correct payment period to a minimum and only accept out of period payments under extreme circumstances, like the one that occurred in 2014.

Clay Township Tax Collector
Audit Summary of Facts
For the period January 1, 2014 through January 15, 2016

We have performed the procedures explained in Note B to assist in evaluating compliance for the 2014 tax year ended January 15, 2015 and 2015 tax year ended January 15, 2016 for the Clay Township Tax Collector. Our procedures described follow specific requirements of the Local Tax Collection Law. The purpose of this audit is to ensure our compliance with Section 26 (b) (1) of the Local Tax Collection Law. The Local Tax Collection Law contains guidance and procedures for the elected tax collectors.

Reportable conditions involved issues coming to our attention relating to significant deficiencies or non-compliance that could adversely affect the tax collector's ability to show a true representation of the monies collected. While conducting our audit, we reported findings and observations along with recommendations to correct or better the described occurrences. During the examination, we noted a discount payment accepted outside of the discount period, and we believe this was an isolated instance. Any audits of this tax collector dated beyond the date of this report, will encompass further reviews of such occurrences to verify the tax collector is in compliance with applicable policies and procedures.

We conducted our audit to obtain reasonable understanding about whether the tax collections are free of material misstatement and to determine the accuracy of the timeliness of the County real estate taxes collected. The financial affairs and compliance with the applicable law are the responsibility of the Clay Township Tax Collector. It is our opinion that the taxes collected by the Clay Township Tax Collector appear properly collected, accounted for, and remitted to Lancaster County in a timely manner. It is also our opinion that the tax collections by the Clay Township Tax Collector appear to be in compliance with those generally accepted policies and procedures for tax collectors. We further believe the monthly tax balances recorded on the Tax Collection Reports are accurately stated.

The tax monies collected for Clay Township in 2014 and 2015 are shown in **Exhibit A: Financial Statements of Tax Duplicate Collections.**

Exhibit A

CLAY TOWNSHIP DUPLICATE TAX COLLECTIONS - 2014

Month	Prev Balance	Excess/Refunds	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$ 1,533,665.68			\$ 153,661.34	\$ 3,073.07				\$ 150,588.27	\$ 1,380,004.34	\$ 153,661.34
MARCH	1,380,004.34	349.22	321.58	192,029.49	3,840.52				188,188.97	1,188,002.49	192,029.49
APRIL	1,188,002.49			1,004,930.67	20,098.39				984,832.28	183,071.82	1,004,930.67
MAY	183,071.82			45,534.18	910.69	13,156.91			57,780.40	124,380.73	58,691.09
JUNE	124,380.73	331.29	204.30	210.28	4.21	42,414.28			42,620.35	81,883.16	42,624.56
JULY	81,883.16					29,342.17	2,725.05	272.50	32,339.72	49,815.94	32,067.22
AUGUST	49,815.94						4,309.08	430.93	4,740.01	45,506.86	4,309.08
SEPTEMBER	45,506.86						3,541.90	354.20	3,896.10	41,964.96	3,541.90
OCTOBER	41,964.96		40.34			126.99	4,043.51	404.35	4,574.85	37,754.12	4,170.50
NOVEMBER	37,754.12						11,394.72	1,139.49	12,534.21	26,359.40	11,394.72
DECEMBER	26,359.40	1,011.44	1,011.44				5,409.02	540.90	5,949.92	20,950.38	5,409.02
End of Year	20,950.38						715.25	71.52	786.77	20,235.13	715.25
TOTAL		\$ 1,691.95	\$ 1,577.66	\$ 1,396,365.96	\$ 27,926.88	\$ 85,040.35	\$ 32,138.53	\$ 3,213.89	\$ 1,488,831.85	\$ 20,235.13	\$ 1,513,544.84
				91.05%		5.54%	2.10%		97.08%		98.69%

Discount Period - paid by April 30th
 Base Period - paid by June 30th
 Penalty Period - paid after June 30th

Exhibit A

CLAY TOWNSHIP DUPLICATE TAX COLLECTIONS - 2015

Month	Prev Balance	Excess/Refunds	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$ 1,581,578.24		\$ 56.02	\$ 150,372.31	\$ 3,007.29				\$ 147,365.02	\$ 1,431,149.91	\$ 150,372.31
MARCH	1,431,149.91		53.04	196,181.27	3,923.62				192,257.65	1,234,915.60	196,181.27
APRIL	1,234,915.60		29.13	1,006,281.53	20,125.33				986,156.20	228,604.94	1,006,281.53
MAY	228,604.94		164.34	93,808.29	1,876.14	19,906.45			111,838.60	114,725.86	113,714.74
JUNE	114,725.86	117.65	85.90			39,878.63			39,878.63	74,878.98	39,878.63
JULY	74,878.98			117.65	2.35	22,725.62	8,815.34	881.53	32,537.79	43,220.37	31,658.61
AUGUST	43,220.37						5,643.22	564.35	6,207.57	37,577.15	5,643.22
SEPTEMBER	37,577.15						1,407.73	140.77	1,548.50	36,169.42	1,407.73
OCTOBER	36,169.42						5,771.70	577.16	6,348.86	30,397.72	5,771.70
NOVEMBER	30,397.72						5,917.74	591.79	6,509.53	24,479.98	5,917.74
DECEMBER	24,479.98						4,761.02	476.09	5,237.11	19,718.96	4,761.02
End of Year	19,718.96								-	19,718.96	-
TOTAL		\$ 117.65	\$ 388.43	\$ 1,446,761.05	\$ 28,934.73	\$ 82,510.70	\$ 32,316.75	\$ 3,231.69	\$ 1,535,885.46	\$ 19,718.96	\$ 1,561,588.50
				91.48%		5.22%	2.04%		97.11%		98.74%

Discount Period - paid by April 30th
 Base Period - paid by June 30th
 Penalty Period - paid after June 30th

July discount payment of \$117.65 is an excess bill payment from June
 No duplicate collections for End of Year