

# Marietta Borough 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

Marietta Borough Tax Collector Audit  
For the period of January 1, 2014 through January 15, 2016  
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## Controller's Office

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**Controller**  
Brian K. Hurter, CPA

June 10, 2016

Lillian Hill, Tax Collector  
Marietta Borough  
462 East Front Street  
Marietta, PA 17547

Dear Marietta Borough 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 pages 2-3 and summarized on page 5.

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 Marietta Borough 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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**Marietta Borough Tax Collector  
Relevant Audit Notes  
For the period January 1, 2014 through January 15, 2016**

**Note A – DESCRIPTION OF TAX COLLECTOR AND TAXING DISTRICT**

Lillian Hill was elected to the position of Marietta Borough 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, Marietta Borough was the 3<sup>rd</sup> smallest taxing district by total assessed value in Lancaster County with an assessed total of \$113,315,800. Marietta Borough was the 8<sup>th</sup> smallest taxing district by taxable accounts with a total of 991 parcels. Again in 2015, Marietta Borough was the 3<sup>rd</sup> smallest taxing district by total assessed value in Lancaster County with an assessed total of \$113,334,900 and the 8<sup>th</sup> smallest taxing district by taxable accounts with a total of 988 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

**Marietta Borough 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 Payments Accepted Outside of Discount Period – 2014 Tax Year**

**Description:**

In June and October 2014, there were payments accepted and entered into M.R. ETC<sup>1</sup> at discount in the amount of \$4,261.63 and \$1,252.35, respectively. The discount period had ended on April 30.

**Tax Collector's Explanation:**

The tax collector's explanation of the June 2014 occurrence was that a mortgage company sent a check on April 29, but it was issued to Marietta Borough and not the tax collector so the check had to be returned to the mortgage company. A replacement check was sent in June.

The tax collector's explanation of the October 2014 occurrence was that a mortgage company sent a check on April 17, but it was issued and sent to Marietta Borough and never received by the tax collector. A replacement check was sent in October.

**Auditor's Conclusion:**

The two occurrences listed above were labeled as an observation, rather than a finding because they appear to be isolated instances. The remaining duplicate collections were collected in the appropriate periods and the tax collector's explanation appears legitimate.

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<sup>1</sup> 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.

**Marietta Borough Tax Collector**  
**Audit Findings and Observations (*Continued*)**  
**For the period January 1, 2014 through January 15, 2016**

**Observation 2: Discount Payments Accepted Outside of Discount Period – 2015 Tax Year**

**Description:**

In July 2015, there was a payment accepted and entered into M.R. ETC at discount in the amount of \$307.39. The discount period had ended on April 30.

**Tax Collector's Explanation:**

The tax collector's explanation of the July 2015 occurrence was that the taxpayer called to say she sent her payment in the discount period, but it was not cashed/processed. The taxpayer also provided a copy of her check register, so the tax collector and taxpayer assume the payment was lost in the mail. The tax collector subsequently allowed the taxpayer to pay again at discount.

**Auditor's Conclusion:**

The occurrence listed above was labeled 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.

**Observation 3: DCED Report not Signed by Tax Collector**

**Description:**

The October 2015 DCED report was submitted to the Lancaster County Treasurer's office, but not signed or dated by the tax collector.

**Tax Collector's Explanation:**

Tax Collector mistakenly failed to sign DCED report when it was submitted to the Lancaster County Treasurer's Office.

**Auditor's Conclusion:**

The occurrence mentioned above was labeled as an observation, rather than a finding because it was an isolated instance, and we believe it was truly a mistake by the tax collector. The remaining DCED reports submitted were properly signed.

**Marietta Borough 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 occurrences in 2014 and 2015.
  
3. DCED reports should be signed and dated when they are submitted to the Lancaster County Treasurer's Office each month to ensure the data entered on the reports was reviewed for accuracy by the tax collector.

**Marietta Borough 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 Marietta Borough 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 three discount payments accepted outside of the discount period, and one unsigned DCED report. We believe these were isolated instances. 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 Marietta Borough Tax Collector. It is our opinion that the taxes collected by the Marietta Borough 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 Marietta Borough 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 Marietta Borough in 2014 and 2015 are shown in **Exhibit A: Financial Statements of Tax Duplicate Collections.**

Exhibit A

**MARIETTA BOROUGH DUPLICATE TAX COLLECTIONS - 2014**

Month	Prev Balance	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$ 389,109.13		\$ 22,680.78	\$ 453.63				\$ 22,227.15	\$ 366,428.35	\$ 22,680.78
MARCH	366,428.35		44,080.49	881.58				43,198.91	322,347.86	44,080.49
APRIL	322,347.86		195,497.91	3,909.95				191,587.96	126,849.95	195,497.91
MAY	126,849.95		54,260.93	1,085.28	6,123.17			59,298.82	66,465.85	60,384.10
JUNE	66,465.85		<b>4,261.63</b>	<b>85.23</b>	25,724.45			29,900.85	36,479.77	29,986.08
JULY	36,479.77				3,431.34	1,842.86	184.30	5,458.50	31,205.57	5,274.20
AUGUST	31,205.57					1,766.66	176.66	1,943.32	29,438.91	1,766.66
SEPTEMBER	29,438.91					33.99	3.40	37.39	29,404.92	33.99
OCTOBER	29,404.92		<b>1,252.35</b>	<b>25.04</b>		3,140.76	314.11	4,682.18	25,011.81	4,393.11
NOVEMBER	25,011.81					2,209.63	220.97	2,430.60	22,802.18	2,209.63
DECEMBER	22,802.18					3,892.62	389.28	4,281.90	18,909.56	3,892.62
End of Year	18,909.56					2,104.31	210.43	2,314.74	16,805.25	2,104.31
<b>TOTAL</b>			\$ 322,034.09	\$ 6,440.71	\$ 35,278.96	\$ 14,990.83	\$ 1,499.15	\$ 367,362.32	\$ 16,805.25	\$ 372,303.88
			82.76%		9.07%	3.85%		94.41%		95.68%

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

June discount payments of \$4,261.63 was due to checks sent by Corelogic on 4/29/14, but were made out to the borough so they had to be returned and reissued  
 October discount payments of \$1,252.35 was due to checks sent by Loancare on 4/17/14, but were made out to the borough and sent to borough office. Tax collector never received initial check so replacement check was sent in October

Exhibit A

**MARIETTA BOROUGH DUPLICATE TAX COLLECTIONS - 2015**

Month	Prev Balance	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$ 388,842.10		\$ 29,393.71	\$ 587.88				\$ 28,805.83	\$ 359,448.39	\$ 29,393.71
MARCH	359,448.39		41,888.80	837.80				41,051.00	317,559.59	41,888.80
APRIL	317,559.59		233,754.01	4,675.06				229,078.95	83,805.58	233,754.01
MAY	83,805.58	374.25	10,919.29	218.41	5,952.87			16,653.75	66,559.17	16,872.16
JUNE	66,559.17				27,651.67			27,651.67	38,907.50	27,651.67
JULY	38,907.50		<b>307.39</b>	<b>6.15</b>	4,977.64	3,892.62	389.27	9,560.77	29,729.85	9,177.65
AUGUST	29,729.85					2,592.85	259.27	2,852.12	27,137.00	2,592.85
SEPTEMBER	27,137.00					2,070.31	207.03	2,277.34	25,066.69	2,070.31
OCTOBER	25,066.69					5,455.33	545.55	6,000.88	19,611.36	5,455.33
NOVEMBER	19,611.36							-	19,611.36	-
DECEMBER	19,611.36					2,711.23	271.14	2,982.37	16,900.13	2,711.23
End of Year	16,900.13					860.92	86.09	947.01	16,039.21	860.92
<b>TOTAL</b>			\$ 316,263.20	\$ 6,325.30	\$ 38,582.18	\$ 17,583.26	\$ 1,758.35	\$ 367,861.69	\$ 16,039.21	\$ 372,428.64
			81.33%		9.92%	4.52%		94.60%		95.78%

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

July discount: Explanation from tax collector is that taxpayer came to her and said she sent check at discount, but it must have gotten lost. Taxpayer showed check register of check written  
 No duplicate collections in November