

ULSTER COUNTY COMPTROLLER'S OFFICE

Elliott Auerbach, Comptroller



September 12, 2016

City of Kingston Delinquent School Tax Payment Audit

The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

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September 12, 2016

Dear County Officials:

Following herewith is our audit of delinquent school tax collections received and disbursed by Ulster County ("County") to the City of Kingston during the 2015 calendar year. Our analysis sought to ensure that all delinquent tax payments received by the County on behalf of the City of Kingston were accurately reported and disbursed back to the City in accordance with NYS Real Property Tax Law for the period audited.

We conclude that all delinquent tax payments collections were appropriately received and disbursed during the audit period without exception.

The reports issued by the Office of the Ulster County Comptroller ("Office") are an important component in accomplishing the development and promotion of short and long-term strategies to achieve reduced costs, improved service delivery, accountability, and protection for the County's assets. These reports are expected to be a resource and are designed to identify currently emerging fiscally related problems and provide recommendations for their improvement.

The Office conducted this audit and produced this Report in accordance with the Comptroller's authority as set forth in Article IX, Section 57, first paragraph, and Sections 57(A) and (G) of the Ulster County Charter, as well as applicable state laws, rules, and regulations.

If we can be of assistance to you, or if you have any questions concerning this Report, please feel free to contact us.

Respectfully submitted,

Ulster County Comptroller

Objectives

The objective of this audit was to determine whether all delinquent tax payments collected by the Ulster County Department of Finance were accurately reported and disbursed to the City of Kingston in 2015.

Background

Property taxes due to school districts that remain unpaid at the time the collecting officer is required by law to return the warrant will become a liability of the County, as the County is responsible for settling the unpaid taxes with the school district for all amounts owed on properties located in all municipalities outside of city limits.¹ In Ulster County, the Department of Finance is responsible for the enforcement and collection of delinquent property and school taxes in accordance with this statute.

School tax bills are mailed in September of each year and are typically payable without penalty through September 30th. Schools generally assess a 1% penalty from October 1st through the end of their collection period. Each district has its own cut-off date for tax collections that is reflective of their individual billing and collection process.

Specific to the City of Kingston, delinquent school tax collections made after December 15th of each year are payable to the County, who collects and records all subsequent payments and disburses all such collections on a monthly basis back to the City. The County collects the delinquent tax owed, the applicable interest owed (2% for City of Kingston school taxes), and a 5% penalty for late payment. The interest collected is passed along to the City, while the penalty payment is retained by the County.

After a period of two years has expired on delinquent tax properties, the County makes payment to the City for those delinquent taxes that have gone uncollected. This payment is made on an annual basis on February 1st of each year. All subsequent tax collections are then retained by the County, as the City has already been made whole for that tax collection year.

In 2015, the County collected and remitted \$3,394,730 of current delinquent taxes and interest on a monthly basis to the City of Kingston. Additionally, the County made a settlement payment to the City for \$1,586,168 – making \$4,980,898 in total tax remittances for the year. Please see the chart below for a summary of payments made to the City of Kingston in 2015.

¹ See NYS Real Property Tax Law § 1330

City of Kingston School Tax Payments Made in 2015				
Payment Date	Total Amount	Description	Tax	Interest
2/26/2015	\$ 1,586,167.68	Payment to KSD for settlement of 2012/13 unpaid taxes	\$ 1,258,863.24	\$ 327,304.44
3/5/2015	\$ 679,754.03	KSD Monthly Tax payments	\$ 636,290.37	\$ 43,463.66
3/26/2015	\$ 365,451.63	KSD Monthly Tax payments	\$ 350,942.68	\$ 14,508.95
4/29/2015	\$ 414,951.42	KSD Monthly Tax payments	\$ 397,404.82	\$ 17,546.60
5/20/2015	\$ 415,022.77	KSD Monthly Tax payments	\$ 392,874.26	\$ 22,148.51
6/10/2015	\$ 457,851.36	KSD Monthly Tax payments	\$ 428,176.60	\$ 29,674.76
7/8/2015	\$ 148,279.63	KSD Monthly Tax payments	\$ 136,641.95	\$ 11,637.68
8/20/2015	\$ 129,862.44	KSD Monthly Tax payments	\$ 118,558.84	\$ 11,303.60
9/23/2015	\$ 157,167.16	KSD Monthly Tax payments	\$ 141,014.39	\$ 16,152.77
10/15/2016	\$ 212,930.92	KSD Monthly Tax payments	\$ 191,605.17	\$ 21,325.75
11/19/2016	\$ 141,507.69	KSD Monthly Tax payments	\$ 124,748.19	\$ 16,759.50
12/17/2015	\$ 79,629.38	KSD Monthly Tax payments	\$ 70,763.83	\$ 8,865.55
1/28/2016	\$ 192,321.63	KSD Monthly Tax payments	\$ 175,051.25	\$ 17,270.38
	\$ 4,980,897.74			

Scope

We examined all delinquent tax collections received by the County on behalf of the City of Kingston for the period of January 1, 2015, to December 31, 2015. We further tested the subsequent disbursement of these collections to the City during the same timeframe.

Our audit included the monthly analysis of all revenue collections made by the County for delinquent tax payments, as well as the agreement of those individual receipts to the monthly disbursement made to the City in the following month.

This audit was conducted in conformance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence in order to provide a reasonable basis for our findings and conclusions that are based on our audit objectives.

Findings & Recommendations

Based on our review, all delinquent tax payment collections made on behalf of the City of Kingston between January 1, 2015, and December 31, 2015, have been accurately reported and disbursed.

Conclusion

We conclude that all delinquent tax payments received during the audit period were accurately reported and disbursed to the City of Kingston.