

DAUPHIN COUNTY TAX COLLECTION COMMITTEE

SUMMARY MINUTES

November 16, 2022

- Roll Call – A quorum was established.
- Delegates Present: J. Seeds, Middle Paxton Township; D. Grbich, Dauphin Borough; S. Miller, Lower Paxton Township; T. Houck, West Hanover Township; J. Lahr, Wayne Township and Halifax Area School District; M. Kelley, Harrisburg City; A. Jackson, Millersburg Borough; R. Stoner, Upper Paxton Township; M. Stonbraker, Highspire Borough; J. Lovett, Susquehanna Township; W. Schaeffer, Porter Township, R. Horney, Central Dauphin School District; M. Stokes, Harrisburg City School District; M. Shuler, Lower Dauphin School District; D. Franklin, Middletown Area School District; E. Petery, Millersburg Area School District; O. Anderson, Susquehanna Township School District.

Solicitor: G. Beneventano

Keystone Collections: Joe Lazzaro, Esq.

- The Chairperson called the meeting to order.
- No public comments were made.
- Summary Minutes of the September 21, 2022 meeting were presented for approval – A motion was made to accept and approve the September 21, 2022 summary minutes -- accepted and APPROVED.
- Financial report as of October 31, 2022 was presented for approval – A motion was made and seconded to accept and approve the October 31, 2022 financial report --accepted and APPROVED.
- Chairperson Julie Seeds reported that Kaye Thoma’s health continues to improve. She anticipates resuming her TCC duties after the first of the new year. The Chairperson made reference to the written synopsis of the TCC September meeting which was emailed to all delegates (voting and alternate) identified in our email database shortly after the September meeting. Going forward, it will be the Chairperson’s practice to release such a synopsis shortly after each TCC meeting. This synopsis will be sent in addition to the summary minutes which are prepared and sent to all delegates (voting and alternate) shortly before each TCC meeting. All of this is done in an effort to keep the TCC delegates (voting and alternate) fully informed about committee activities.
- The Chairperson explained that tonight, Keystone’s Joe Lazzaro will review the recently released SOC1, Type 2 internal controls report, a copy of which was emailed to all TCC delegates prior to the meeting. She stressed the importance of pages 27-46 of the report which addresses fourteen separate “Control Objectives,” along with a brief description of procedures performed by Boyer & Ritter and the respective test results. The Chairperson

made reference to a succinct explanation of an internal controls audit (see attachment) which she had circulated to the delegates prior to the meeting. She mentioned the five trust service principles – security, availability, processing integrity, confidentiality and privacy – which comprise all SOC1, Type 2 audits. And she explained that tonight, Joe will review some of these principles.

- Mr. Lazzaro thanked the Chairperson for the opportunity to address the TCC. He reported that the 4th quarter shows continued growth in earned income tax (EIT) collections. According to Mr. Lazzaro, as of early November 2022, EIT collections are 11.5% higher than the same time last year. In terms of dollars, Keystone has collected 11.6 million more this year than last year. Of this additional \$11.6 million in additional EIT collections, \$2,145,000.00 is attributable to delinquent recoveries. Mr. Lazzaro said that 2022 is “going to be the best year you’ve had, and it’s continuing.”
- Mr. Lazzaro attributed the continued increase to Keystone’s “good delinquent enforcement and compliance checks on the businesses and the individuals”. Keystone employees six attorneys and “a large IT team dedicated to delinquent recovery and compliance.” According to Mr. Lazzaro: “The delinquent [taxpayers] become compliant taxpayers going forward, so delinquent enforcement is effectively driving up your current numbers, as well as recovery in that year. **Old money, plus penalty, plus interest, that’s why you’re seeing continued upward mobility.**” (Emphasis added.)
- Mr. Lazzaro represented that the steady increase in EIT collections experienced by the taxing authorities within the Dauphin County Tax Collection District are not similarly experienced by tax collection committees for which Keystone is not the appointed collector. He explained that Keystone “attribute[s] a lot of that difference [in collections] to a lack of compliance and enforcement” by other tax collectors.
- As part of Keystone’s ongoing efforts to “fix and improve” its tax rolls, Mr. Lazzaro explained that “we’re sending out now all the [failure to file] notices to residents who appear on your tax rolls but didn’t file in 2021.” Some of the recipients of these notices will not owe EIT because they have retired (and thus are not subject to EIT), or because they have had no income for the respective tax period. Others, however, will respond to the failure to file notices by filing a return and paying the appropriate tax. Therefore, according to Mr. Lazzaro, “we do the failure to file notice every year right in November.”
- With respect to the current SOC1, Type 2 internal controls report (for the period July 1 2021 to June 30, 2022), Mr. Lazzaro described the audit process as one “created by the American Institute of Certified Public Accountants.” He said that the internal controls report is actually “a series of reports produced during an audit.” The five categories (previously described by Chairperson Seeds) are called “trust service principles.”
- The first trust service principle is “security.” According to Mr. Lazzaro: “That includes firewall, intrusion detection, multifactor authentication. They [i.e., Boyer & Ritter] do testing of all those walls, the notes around the information, around the data, around the financials.”

- The second trust service principle is “availability.” According to Mr. Lazzaro, availability is all about “performance monitoring, disaster recovery, incident handling.” It’s all about measuring “how do we respond.” He explained that “we actually had developed a pandemic response plan early on, and that had to be part of our protocols at Keystone.” When the pandemic hit in March of 2020, Keystone’s response plan “kicked into gear immediately. We didn’t miss one-day [of EIT collections]. Our operations went remote within 24 hours, and Keystone never stopped.”
- A third trust service principle is “confidentiality,” meaning “encryption, access controls, firewalls.” Mr. Lazzaro said this principle is all about ascertaining “what are the levels of privacy that we maintain over our data, over your data, over Social Security numbers, over income figures, all the private confidential information of your residents.”
- In response to a question about delinquent collections, Mr. Lazzaro emphasized that “we only go after “remitted” to where you live. * * * We only go after residents, your residents.” For example, “if they [live here but] work in Lancaster County, I’m going to go after them. If they live in Lancaster County and work here, that has nothing to do with [Keystone].”
- Chairperson Seeds thanked Mr. Lazzaro for his presentation. With respect to Keystone’s plan for disaster recovery, she pointed out that the TCC will find a succinct discussion of Keystone’s preparations on page 47 of the current SOC 1, Type 2 audit.
- Chairperson Seeds explained that the 2023 budget, as proposed, is very close to the approved budgets for 2021 and 2022. Once again, the budget provides that \$30,000.00 of the retained funds will be used cover the committee’s expenses. A motion was made to approve the 2023 budget as proposed – accepted and APPROVED.
- With respect to risk management, the Chairperson explained that the 2023 proposal from PennPRIME Trust is the same as 2022 – no increase. A motion was made to approve the 2023 proposal from PennPRIME Trust, accepted and APPROVED.
- Chairperson Seeds reminded the TCC that its contract with Keystone requires TCC approval of all refunds in excess of \$10,000.00. Keystone is requesting that the TCC make a refund to a taxpayer in the sum of \$18,189.28. A motion was made to approve the refund, accepted and APPROVED.
- The meeting formally adjourned at 7:20 PM.