



COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER  
17 SOUTH SEVENTH STREET  
ALLENTOWN, PA 18101-2400  
(610) 782-3082 FAX: (610) 871-2897

GLENN ECKHART  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

**TO:** Final Report Distribution  
**FROM:** Glenn Eckhart, County Controller  
**DATE:** November 18, 2014 G.E.  
**RE:** Audit of County of Lehigh Real Estate Tax Collections

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We have completed an audit of the *Statement of Final Settlement*, Lehigh County Real Estate Tax Duplicate, for the tax year ended December 31, 2013. Our report number 14-29 is attached.

The result of our audit is the amount of 2013 taxes (\$103,833,021) the fiscal officer was responsible for was collected or otherwise accounted for.

Attachment

AUDITS/REAL ESTATE TAX COLLECTIONS

**COUNTY OF LEHIGH, PENNSYLVANIA**

**REAL ESTATE TAX COLLECTIONS**

*Statement of Final Settlement  
2013 Lehigh County Real Estate Tax Duplicate  
and Controller's Opinion*

REPORT NO. 14-29

COUNTY OF LEHIGH, PENNSYLVANIA  
REAL ESTATE TAX COLLECTIONS

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JOHN A. FALK  
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Timothy Reeves, Fiscal Officer  
Office of Fiscal Affairs  
Lehigh County Government Center  
17 South Seventh Street  
Allentown, PA 18101-2400

We have audited the accompanying Statement of Final Settlement of Lehigh County Real Estate Tax Duplicate, for the tax year ended December 31, 2013 as listed in the Table of Contents. The financial statements are the responsibility of the office of fiscal affairs' management. Our responsibility is to express an opinion on the Statement of Final Settlement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as discussed in Note 1, the financial statements present only the Lehigh County real estate tax duplicate financial activity and does not purport to, and does not, present fairly the assets, liabilities, and results of operations of the County of Lehigh for the tax year ended December 31, 2013 in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the Statement of Final Settlement referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of the Lehigh County real estate tax duplicate for the tax year ended December 31, 2013, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of the office of fiscal affairs' management's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in dark ink, appearing to read 'Glenn Eckhart', written in a cursive style.

Glenn Eckhart  
County Controller

November 3, 2014  
Allentown, Pennsylvania

xc: Board of Commissioners  
Daniel K. McCarthy, Director of Administration  
Thomas S. Muller, County Executive

COUNTY OF LEHIGH, PENNSYLVANIA  
TIMOTHY REEVES, FISCAL OFFICER  
REAL ESTATE TAX COLLECTIONS

*Statement of Final Settlement  
Lehigh County Real Estate Tax Duplicate  
For the Tax Year Ended December 31, 2013  
(NOTE 1)*

Original Amount to be Collected Net of One Time Expiring Tax Credit (NOTE 2)	\$ 104,287,872
Additional Amounts to be Collected (Interim Billings)	272,287
Assessment Letter Changes (Additions, Deletions and Refunds)	<u>(727,138)</u>
<b><i>Amount for which Fiscal Officer is Responsible</i> .....</b>	<b><u>\$ 103,833,021</u></b>
Amount Collected From Taxpayers	\$ 100,430,782
<i>Add: Discounts</i>	1,786,871
<i>Less: Penalties</i>	<u>(264,112)</u>
Amount Collected at Gross Net of One Time Expiring Tax Credit Value of Tax Bills	101,953,541
Amount of Unpaid Taxes at Gross Net of One Time Expiring Tax Credit Value to be collected by the Tax Claim Bureau	2,401,860
Refunds at Gross Value Net of One Time Expiring Tax Credit Made by County Fiscal Office	<u>(522,380)</u>
<b><i>Amount Accounted for by Fiscal Officer</i> .....</b>	<b><u>\$ 103,833,021</u></b>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA  
TIMOTHY REEVES, FISCAL OFFICER  
REAL ESTATE TAX COLLECTIONS

*Notes to Statement of Final Settlement  
For the Tax Year Ended December 31, 2013*

1. Summary of Significant Accounting Policies

**A. Reporting Entity**

The County of Lehigh Real Estate Tax Duplicate's financial activity is a part of the County of Lehigh's reporting entity, included in the operating fund and is subject to annual financial audit by external auditors. This report is only for internal audit purposes.

**B. Basis of Accounting**

The accounting records of the County of Lehigh and the Statement of Final Settlement are maintained on the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

2. One-Time Expiring Tax Credit

In tax year 2013, a one-time expiring tax credit was granted in the amount of \$3,500,000. The credit was allowed if the county tax is paid in full during 2013. The amount of forfeited credit due to non-payment amounted to \$82,739.



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Lehigh County Government Center  
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We have audited the financial statements of Lehigh County Real Estate Tax Duplicate for the tax year ended December 31, 2013 and have issued our report thereon dated November 3, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered the office of fiscal affairs' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement of Final Settlement, but not for the purpose of expressing an opinion on the effectiveness of the office of fiscal affairs internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the office of fiscal affairs internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



As part of obtaining reasonable assurance about whether the office of fiscal affairs financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and other affected county offices and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read 'Glenn Eckhart', written in a cursive style.

Glenn Eckhart  
County Controller

November 3, 2014  
Allentown, Pennsylvania