



**Lehigh County**  
Pennsylvania


**OFFICE OF THE CONTROLLER**

Mark Pinsley, MBA

COUNTY CONTROLLER

Nanton John, CFE

DEPUTY CONTROLLER

**TO:** Final Report Distribution  
**FROM:** Mark Pinsley, County Controller   
**DATE:** June 7, 2024  
**RE:** Audit of County of Lehigh Real Estate Tax Collections 2023

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We have completed an audit of the *Statement of Final Settlement*, Lehigh County Real Estate Tax Collections, for the tax year ended December 31, 2023. Our report, number 24-15, is attached. We wish to thank the Fiscal and Assessment offices for their cooperation during the audit.

The results of our audit are:

- County real estate taxes billed for tax year 2023 amounted to \$120,005,884.
- Tax collections amounted to \$116,291,582 (after adjustment for discounts and penalties)
- Uncollected taxes amounted to \$1,666,569 and have been turned over to Elite Revenue Solutions, LLC for collection. This represents only 1.4% of billed taxes.

Attachment



**COUNTY OF LEHIGH, PENNSYLVANIA**  
**REAL ESTATE TAX COLLECTIONS**

*Statement of Final Settlement*  
*2023 Lehigh County Real Estate Tax Collections*  
*and Controller's Opinion*

REPORT NO. 24-15

COUNTY OF LEHIGH, PENNSYLVANIA  
2023 REAL ESTATE TAX COLLECTIONS

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COUNTY OF LEHIGH, PENNSYLVANIA  
2023 REAL ESTATE TAX COLLECTIONS

*Background\**

**Assessment Office:**

The Assessment Office is mandated by Pennsylvania Law to prepare the Tax Duplicate, listing all properties in the County and the corresponding assessed values. The Tax Duplicate becomes the warrant for the collection of real estate taxes for all taxing authorities. Beginning in January of each year, the start of our cycle of operation, this office maintains and authorizes revisions to the Tax Duplicate and processes other recorded documents to accurately adjust the assessment records to reflect transfers of ownership. The Assessment Office also maintains this information in a data base for public use. In addition, the Assessment Office is also responsible for administrating the enrollment of Act 72 of 2004, known as the Homeowner Tax Relief Act, Special Session Act 1 of 2006, Act 319, the Pennsylvania Farmland and Forest Land Act of 1974 and Act 515 of 1965.

**Bureau of Tax Claims:**

All local taxing districts in the Commonwealth of Pennsylvania operate under a Tax Claim Bureau in accordance with Act No. 542 of 1947, as amended, with the exception of Philadelphia (a consolidated city/county of the first class), Allegheny County (a second-class county), the political subdivisions therein, and Scranton (a second-class A city) and its school districts. The Tax Claim Bureau's objective is the enforcement of the Pennsylvania Real Estate Tax Sale Law, Public Law 1368, Act 542 of July 7, 1947. Act 542 provides a fair and efficient means for local governments in Pennsylvania to secure the collection of delinquent taxes. The Act further meets the provision that legislation be enacted to govern the sale of property for delinquent taxes so that title, free from liens and encumbrances, may be transferred to the purchasers of properties sold at County Treasurer's sales i.e. Upset and Judicial sales. Northeast Revenue is currently acting as the agent for the County's collection of delinquent taxes and sale of properties. The Upset sale is scheduled during September of each year and the Judicial sale is scheduled sometime thereafter. Tax parcels subject to Upset sale will be posted each year. Advertising of parcels subject to Upset sale will occur in the Morning Call, the East Penn Press and the Lehigh Law Journal.

\* Source: 2023 Adopted Budget



## OFFICE OF THE CONTROLLER

Mark Pinsley, MBA  
COUNTY CONTROLLER

Nanton John, CFE  
DEPUTY CONTROLLER

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

### ***Report on Financial Statements***

We have audited the accompanying Statement of Final Settlement of Lehigh County Real Estate Tax Collections of the Office of Fiscal Affairs' collection of real estate taxes, for the tax year ended December 31, 2023 (hereinafter referred to as the Schedules) and the related notes to the Schedules.

### ***Management's Responsibility for the Schedule***

Management is responsible for the preparation and fair presentation of these Schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Schedules, whether due to human error or fraud. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





### ***Opinion on the Schedules***

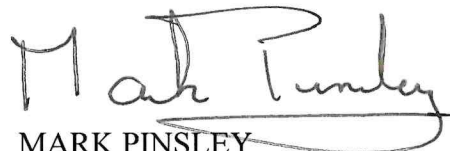
In our opinion, the Schedules referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Office of Fiscal Affairs' collection of real estate taxes for the tax year ended December 31, 2023, in accordance with the U.S. generally accepted accounting principles.

As discussed in Note 1, the Schedules 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 Schedules present only the Office of Fiscal Affairs' collection of real estate taxes 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, 2023 in conformity with the cash receipts and disbursements basis of accounting.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2024 on our consideration of the Office of Fiscal Affairs' 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* in considering management's internal control over financial reporting and compliance.



MARK PINSLEY  
Lehigh County Controller

June 5, 2024  
Allentown, Pennsylvania

Audited by: Joseph Buick

xc: Phillips Armstrong, County Executive  
Board of Commissioners  
Corey Cieslak, Real Estate Appraisal Director  
Edward Hozza, Jr., Director of Administration  
Robin Jacoby, Accountant II

COUNTY OF LEHIGH, PENNSYLVANIA  
 2023 REAL ESTATE TAX COLLECTIONS

*Statement of Final Settlement  
 Lehigh County Real Estate Tax Collections  
 For the Tax Year Ended December 31, 2023  
 (NOTE 1)*

Initial Billing (NOTE 2)		\$119,513,536
Additional Billing for Property Additions and Improvements		704,900
Adjustments for Taxable Assessment Reductions		<u>(212,552)</u>
<b><i>Net Amount Billed</i></b> .....		<b><u>\$ 120,005,884</u></b>
Amount Collected (NOTE 3)		
Cash Collections	\$116,291,582	
Discounts Earned	2,352,916	
Penalties Assessed	<u>(305,183)</u>	
Amount Collected at Face Value		\$118,339,315
Amount of Unpaid Taxes (NOTE 4)		<u>1,666,569</u>
<b><i>Amount Accounted for by Chief Fiscal Officer</i></b> .....		<b><u>\$120,005,884</u></b>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA  
2023 REAL ESTATE TAX COLLECTIONS

*Notes to Statement of Final Settlement  
For the Tax Year Ended December 31, 2023*

1. Summary of Significant Accounting Policies

A. Reporting Entity

The County of Lehigh real estate tax collection'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. Initial Billing

The initial billing is calculated by taking the taxable property assessment times the current millage rate, less adjustments for Act 319\* Agreements and other authorized adjustments.

Taxable Assessment	\$31,621,194,900
Millage Rate	<u>3.78</u>
Tax Amount	119,528,117
Less: Adjustments	<u>(14,581)</u>
Initial Billing	\$ 119,513,536

\*Act 319 "Pennsylvania Farmland and Forest Land Assessment Act" allows land parcels which are 10 acres or more and are devoted to agricultural and forest land use to be assessed at a value for that use rather than Fair Market Value. The intent of the act is to encourage property owners to retain their land in agricultural or forestland use, and to provide some tax relief to land owners.

3. Amount Collected

The "Gross" amount is the face value or actual tax bill amount. Payments made on or before May 31 receive 2% discounts.

4. Unpaid Taxes Turned Over to Elite Revenue Solutions LLC

Effective January 27, 2015, the County of Lehigh has contracted with an outside vendor, Elite Revenue Solutions LLC (formerly "Northeast Revenue Services, LLC"), for the collection of delinquent County of Lehigh real estate taxes.





## OFFICE OF THE CONTROLLER

Mark Pinsley, MBA     Nanton John, CFE  
COUNTY CONTROLLER     DEPUTY CONTROLLER

Timothy Reeves, Chief Fiscal Officer  
Office of Fiscal Affairs  
Lehigh County Government Center  
17 South Seventh Street  
Allentown, PA 18101-2401

We have audited, in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller of the United States; the accompanying Statement of Final Settlement of Lehigh County Real Estate Tax Collection of Office of Fiscal Affairs' collection of real estate taxes for the tax year ended December 31, 2023 (hereafter referred to the Schedules) and have issued our report thereon dated June 5, 2024.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the Schedules, we considered the Office of Fiscal Affairs' collection of real estate taxes internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of Fiscal Affairs' collection of real estate taxes 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 and correct misstatements on a timely basis. 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.

A significant deficiency is a deficiency, or a 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.

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. Significant deficiencies or material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



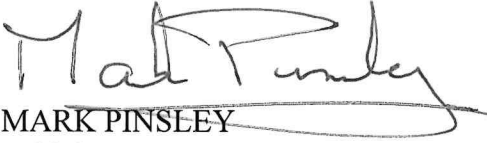
As part of obtaining reasonable assurance about whether the Office of Fiscal Affairs' collection of real estate taxes Schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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*. Our audit also included sufficient and appropriate tests for fraud, waste and abuse and we included in our report any material (either quantitatively or qualitatively) instances we noted; however, our audit procedures would not necessarily identify all instances of fraud, waste and abuse that may be reportable.

### ***Management's Response to the Audit***

If provided, the Office of Fiscal Affairs' collection of real estate taxes response to our audit is included in this report. We did not audit the Office of Fiscal Affairs' collection of real estate taxes response and, accordingly, we do not express an opinion on it.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, others within the entity; Phillips Armstrong, County Executive; Board of Commissioners; Edward Hozza, Jr., County Administrator; 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.

  
MARK PINSLEY  
Lehigh County Controller

June 5, 2024  
Allentown, PA