

THE OFFICE OF BEAVER COUNTY TAX CLAIM BUREAU  
BEAVER, PENNSYLVANIA

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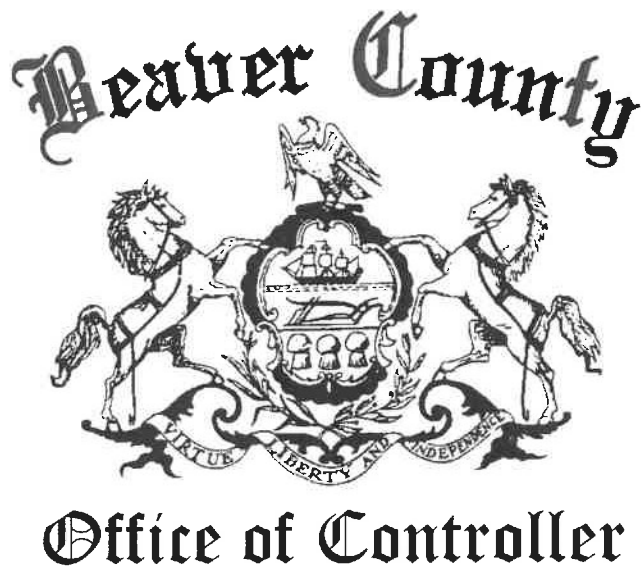
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# FINANCIAL EXAMINATION REPORT

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*FOR THE PERIOD OF*  
January 1, 2015 through December 31, 2022



*Maria Longo, CONTROLLER*

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[www.beavercountypa.gov](http://www.beavercountypa.gov)

May 13, 2025

Mr. Joshua Eckelberger  
810 Third Street  
Beaver, PA 15009

Dear Mr. Joshua Eckelberger:

Following this letter is our draft examination report of the financial affairs and related compliance of the Tax Claim Bureau of Beaver County, Pennsylvania (the "Office"), for the period of January 1, 2015 through December 31, 2022. Included in this report is also a compilation of the Schedules of Cash Receipts and Disbursements for the years ended December 31, 2022, for the Office of the Tax Claim Bureau. As a result of our work, we developed a series of findings and recommendations which are included in the report following the notes to the financial statements. Please review the report and contact us with any questions or comments you may have. We will be pleased to discuss our findings and recommendations with you and your staff. The individual findings and recommendations have been associated with a number to facilitate tracking and follow-up in subsequent years. By implementing the proposed recommendations, we believe that significant improvements in internal controls will be accomplished while enhancing efficiency and effectiveness of the Office's operations.

We also ask you to provide us with the following by June 10, 2025, regarding this report:

- a) A signed and dated copy on letterhead of the enclosed management representation letter after you reviewed it. If changes to the letter are needed, please let us know.
- b) Your written response or comments to the findings noted during our examination is encouraged. Provided we receive all written responses from your Office on time, we will either include them in this report or revise our current draft report, as deemed appropriate.

Finally, I would like to thank you and your staff for the courtesy and cooperation provided to us during the conduct of our work.

Very truly yours,



Maria Longo  
Beaver County Controller

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MARIA LONGO  
CONTROLLER



BENJAMIN ZORICH  
CHIEF DEPUTY CONTROLLER

DAVID NEELY  
SOLICITOR

May 13, 2025

Tax Claim Bureau of Beaver County, Pennsylvania

REPORT OF COUNTY CONTROLLER

We have examined the financial affairs relating to the Tax Claim Bureau General Account and Tax Claim Bureau Sale Account and related compliance with the pertinent provisions of law of the Office of Assessment and Tax Claim Bureau of Beaver County, Pennsylvania (the "Office"), for the period of January 1, 2020 through December 31, 2022 solely for the purposes of satisfying Article 17 of Title XVI of the Pennsylvania Statutes and for providing recommendations for improvement to internal control and effectiveness over the Office's operations. The financial affairs, operation, and compliance with applicable law are the responsibility of the Office's management. We do not express an opinion or provide any assurance on the information examined because the limited procedures executed do not provide us with sufficient evidence to express an opinion. We did, however, find several instances that warrant mention and recommendations for correction and/or improvement. These instances are described in the section entitled Findings and Recommendations.

We have also compiled the Schedules of Cash Receipts and Disbursements for the period of January 1, 2020 through December 31, 2022.

Our examination procedures were performed through the date of this report and, as such, we may have included findings and/or observations encountered up to that date.

This report is intended for the information and use of the Office and the Beaver County Board of Commissioners, and is not intended and should not be used by anyone other than these specified parties. However, public policy dictates that this report is a matter of public record and its distribution is not limited.

  
Beaver County Controller



# COUNTY OF BEAVER, PENNSYLVANIA

## SCHEDULES OF RECEIPTS AND DISBURSEMENTS

### OFFICE OF ASSESSMENT / TAX CLAIMS

FOR THE YEARS ENDED DECEMBER 31, 2020 & DECEMBER 31, 2021

	2020	2021
<b><u>Receipts</u></b>		
Departmental Earnings	1,429,003	1,646,893
Total Receipts	\$1,429,003	\$1,646,893
<b><u>Disbursements</u></b>		
Salaries & Benefits	946,373	927,636
Personnel Expense	10,130	6,428
Occupancy	17,308	14,641
Communication	278,239	222,763
Supplies & Minor Equipment	40,420	22,307
Transportation	5,642	5,539
Consultant/Contracted Services	95,001	86,580
Capital Outlay	10,917	-
Other Disbursements	88,143	65,548
Total Disbursements	\$1,492,172	\$1,351,442
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<b>\$(63,169)</b>	<b>\$295,451</b>

**COUNTY OF BEAVER, PENNSYLVANIA**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**OFFICE OF ASSESSMENT / TAX CLAIMS**  
**FOR THE SIX MONTHS ENDED December 31, 2022**

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	<u>2022</u>
<b><u>Receipts</u></b>	
Departmental Earnings	1,246,320
Total Receipts	<u>\$1,246,320</u>
<b><u>Disbursements</u></b>	
Salaries & Benefits	908,702
Personnel Expense	7,968
Occupancy	14,616
Communication	259,009
Supplies & Minor Equipment	20,534
Transportation	5,454
Consultant/Contracted Services	140,590
Other Disbursements	<u>71,513</u>
Total Disbursements	<u>\$1,428,387</u>
<b>Excess (Deficiency) of Receipts</b>	
<b>Over Disbursements</b>	<u><b>\$(182,066)</b></u>

**COUNTY OF BEAVER, PENNSYLVANIA**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**TAX CLAIMS FUND**

FOR THE YEARS ENDED DECEMBER 31, 2020 & DECEMBER 31, 2021

	2020	2021
<b><u>Receipts</u></b>		
Real Estate Taxes	14,778,308	14,330,050
Sales Proceeds	1,464,635	1,878,926
Interest Income	124	52
Total Receipts	<u>\$16,243,067</u>	<u>\$16,209,029</u>
<b><u>Disbursements</u></b>		
From Tax Receipts:		
County	5,279,244	5,416,924
Municipal and School District	9,408,681	8,888,470
Miscellaneous	86,058	54,996
From Sales Proceeds:		
County Commission	90,789	373,373
Upset Sale	382,024	708,781
Private Sale	6,920	8,851
Judicial Sale	47,046	670,864
Repository Sale	222,855	283,313
Total Disbursements	<u>\$15,523,617</u>	<u>\$16,405,572</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>\$719,450</u>	<u>\$(196,543)</u>
Cash and Cash Equivalents		
Balance - Beginning	<u>\$2,450,929</u>	<u>\$3,170,379</u>
Cash and Cash Equivalents		
Balance - Ending	<u><u>\$3,170,379</u></u>	<u><u>\$2,973,836</u></u>

**COUNTY OF BEAVER, PENNSYLVANIA**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**TAX CLAIMS FUND**  
**FOR THE SIX MONTHS ENDED December 31, 2022**

	<u>2022</u>
<b><u>Receipts</u></b>	
Real Estate Taxes	12,437,002
Sales Proceeds	2,079,527
Interest Income	303
Total Receipts	<u>\$14,516,832</u>
<b><u>Disbursements</u></b>	
From Tax Receipts:	
County	4,624,653
Municipal and School District	7,708,407
Refunds	2,017
From Sales Proceeds:	
County Commission	146,598
Upset Sale	554,374
Private Sale	-
Judicial Sale	114,109
Repository Sale	280,584
Total Disbursements	<u>\$13,430,742</u>
<b>Excess (Deficiency) of Receipts</b>	
<b>Over Disbursements</b>	<u>\$1,086,090</u>
Cash and Cash Equivalents	
Balance - Beginning	<u>\$2,973,836</u>
Cash and Cash Equivalents	
Balance - Ending	<u><u>\$4,059,926</u></u>

**Tax Claim Bureau**  
**Notes to Financial Statements**  
**For the period January 1, 2015, through December 31, 2022**

Note A – OFFICE DESCRIPTION

The Office of the Tax Claim Bureau of Beaver County, Pennsylvania, (the “Office”) performs a number of functions for the general public, the citizenry of Beaver County, and Beaver County’s government (the “County”). While working with a single director and on shared physical premises, the functions of the Office can be divided into those of the Office of Assessment (“Assessment”) and those of the Office of the Tax Claim Bureau (“Tax Claims”). The controller’s office has focused primarily on the Tax Claim department for this audit.

*Tax Claims:*

Tax Claims receives reports of delinquent real estate taxes from local tax jurisdictions and subsequently proceeds with a collection effort of such past-due County, Municipal, and School District real estate taxes. Tax Claims follows statute to inform affected property owners of balances due and procedures to be followed in the case that delinquent balances are not satisfied. Receipts of taxes and costs due on properties are deposited into a Tax Claims checking account. Disbursements are made on a quarterly basis to the various jurisdictions and to the County’s General Fund pursuant to the Pennsylvania Real Estate Tax Sale Law. Properties for which taxes are not collected within a certain time are subjected to auction-style tax sales. The first sale a property will be exposed to is called the Upset Sale. Minimum bids are established that amount to all taxes and penalties due, as well as costs and interest imposed by Tax Claims and certain municipal and state liens. Other possible liens are not included in the minimum bid; however, any existing liens remain with the property beyond the deed transfer. Properties not sold at Upset Sale will be subject to Private Sale, whereby interested buyers can place offers to buy these properties. After a process that necessitates public disclosure and approval from the affected taxing jurisdictions, the property can be sold. Under Private Sale, properties will not be sold for less than claims and costs on record and cost of consummation. Approximately one year after the Upset Sale properties that remain unsold with delinquent taxes outstanding are subjected to another auction-style tax sale, the Judicial Sale. In a Judicial Sale minimum bid amounts consist of costs incurred and charged by Tax Claims under Court approval.

**Tax Claim Bureau**  
**Notes to Financial Statements (continued)**  
**For the period January 1, 2015, through December 31, 2022**

Note A – OFFICE DESCRIPTION (continued)

*Tax Claims* (continued):

Properties that do not receive bids at Judicial Sale are placed on a list called the Repository of Unsold Properties (the “Repository”). Properties on the Repository are available for purchase by the public in a process similar to that of the Private Sale. Funds collected from all approved and confirmed sales are ultimately disbursed to the appropriate taxing districts and lien holders.

A more complete narrative of the Office’s functions can be found on the County’s website.

The Chief County Assessor is the Office’s Director (the “Director”). The Director is an appointed public official selected by the Board of Commissioners.

The combined assessment and tax claim office is staffed by approximately fourteen full-time employees, in addition to the Director and 3 irregular or temporary appeals board members. Non-managerial positions are part of collective bargaining agreements.

The Office is an integral part of the County, a local government entity. As such, it is subject to the policies and procedures set by Beaver County’s governing body and any applicable laws.

The Director and his management staff are responsible for the accuracy of the financial information produced at the Office. Management is also responsible for establishing and maintaining internal controls to safeguard the financial resources for which it is accountable. Internal controls are designed to:

1. Prevent or timely detect unauthorized acquisition, use, or disposition of assets;
2. Ensure the reliability of financial reporting; and
3. Provide reasonable assurance that applicable laws and regulations are complied with.

Note B – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES AND FISCAL PROCEDURES

The Office reports on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when received and expenses are recognized when the disbursement is made. The Office does not periodically prepare schedules of cash receipts and disbursements. For purposes of this examination, the Controller’s Office prepared the schedules of receipts and disbursements included with this report.

**Tax Claim Bureau**  
**Notes to Financial Statements (continued)**  
**For the period January 1, 2015, through December 31, 2022**

**Note B – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES AND FISCAL PROCEDURES (continued)**

The Office manages the Tax Claim Bureau General Account and Tax Claim Bureau Sale Account, bank accounts that are used for the transactions that take place regarding the collection of delinquent taxes and the proceeds from the sale of parcels, respectively. The Office accepts cash, personal checks, and certified checks for the collection of delinquent real estate taxes and costs. In addition to these forms of payment, the Office also accepts attorney's escrow checks for proceeds from the sale of properties. Assessment-related cash transactions are deposited into the County's General Fund cash accounts. All disbursements made from the Office are submitted to the Controller's Office for payment.

All transactions of the Office for the period of examination are included in the scope of this report.

The schedules of receipts and disbursements are presented as internally reported by the County. The Tax Claims Agency Fund acts as an escrow fund for all financial transactions relating to Tax Claims. Funds are collected by means of delinquent balance payments and from proceeds of tax sales. Later those collections are paid out to the corresponding taxing jurisdictions and lienholders. No net income or expense is recorded in this fund. The Office of Assessment / Tax Claims is a function of the County's General Fund. All income and expenses of the Office are recorded here, regardless of whether they are related to Assessment or Tax Claims. Examples of income are all payments for tax claim costs, commission (except on the portion of County taxes), and over-the-counter sales. Expenses are comprised primarily of wages and related benefits of Office personnel.

**Note C – OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES AND REPRESENTATIONS**

The Controller reported certain findings along with recommendations for improvement as a result of the examination performed. The section detailing these findings and recommendations follows this note. Additionally, the Office has provided responses and comments to specific items in this report. The Controller, in turn, may have remarked to these statements. These responses and comments, selected ancillary documentation provided along with the responses and comments, and the Controller's remarks have been included in this report as well. Finally, the Office has made certain representations to the Controller which are included as the last section of this report.

# **Summary of Prior Audit Findings**

**Audit Period 1/1/2012 - 6/30/2014**



***Prior Finding #1: Records and information management***

This finding was previously noted, and no changes or corrections were presented to the auditors. Please refer to current findings for more details.

***Prior Finding #2: Bankruptcies – Tax Claims***

This finding was previously noted and still stands. Please refer to current findings for more details.

***Prior Finding #3: Compliance with Pennsylvania Real Estate Tax Sale Law – Act of July 7, 1947, P.L. 1368, No. 542, Cl.53***

The audit revealed that there is a need to establish processes and procedures across all areas. This improvement would assist in addressing the findings from the previous audit related to compliance.

***Prior Finding #4: General observations of the Tax Sales' process***

The audit highlighted the need to establish processes and procedures across all areas. Improving these aspects would help address the findings from the previous audit, including those related to this one.

***Prior Finding #5: Unclear payment receipts issued for delinquent tax payments***

During the current cost testing, the Controller's office found that payment receipts remain unclear regarding cost fees. Reviewing a receipt does not clarify what costs the property owner has paid.

***Prior Finding #6: Inadequate fees charged***

During the current cost-testing, the Controller's office found no instances of inadequately charged fees, as such this finding appears to be remediated.

***Prior Finding #7: Signatures on receipt confirmations - Notice of Return and Claim***

During our testing, the Controller's office discovered that the files were not organized sufficiently to verify whether signatures on receipt confirmations were obtained. There were multiple instances noted by the Controller's office where a signature could not be obtained.

***Prior Finding #8: Missing information on transactions reducing costs***

During testing the Controller's office found that the files were missing information, but none of that information pertained to transactions that reduced costs.

***Prior Finding #9: Inaccurate listing of properties - “Repository of Unsold Properties”***

During the audit, the Controller's office conducted random tests on the unsold properties in the repository, but no properties with zero balances were identified, as such this finding appears to be remediated.

***Prior Finding #10: Non-supported bank deposit for Tax Claim Bureau***

During testing the Controller's office identified a discrepancy between the total sales and the total amount deposited at the bank for both the upset sale and the judicial sale. According to Josh Eckelberger, the Tax claim office follows the requirements outlined in Section 205 of PARESTL. Tax claim does not issue cash refunds at the time of the sale when payment is made by check; instead, refunds are processed later. The controller's office did not find any corresponding refunds that accounted for the discrepancies.

# **Findings and Recommendations**

**Finding 1:     *Insufficient processes and procedures***

During the audit, it became evident that there is a significant deficiency in the established processes and procedures for handling general administrative and bookkeeping tasks. This lack of a structured administrative framework leaves clerks to interpret and manage these responsibilities according to their own discretion. Such autonomy can result in inconsistencies and potential inaccuracies in both administrative and bookkeeping records.

The Tax Claim Office shared the NSF Checks process during the audit, focusing solely on the clerks' handling of their duties. Unfortunately, this process failed to incorporate a crucial element related to the supervisory role, which is essential for oversight and accountability. To ensure efficiency and accuracy, it is vital that the processes and procedures comprehensively address the responsibilities of both supervisors and clerks alike, creating a unified approach that encompasses all aspects of administrative and bookkeeping functions.

**Recommendations:**

The Controller's office recommends implementing clear policies and procedures for administrative and financial functions. This will enhance consistency, accuracy, and accountability throughout the organization. Key focus areas include, but are not limited to, cash receipts, refunds, costing, exceptions, tax certifications, tax sales, escheating, voids, non-sufficient funds (NSF), reconciliations, and bookkeeping practices.

By establishing these policies, Tax Claim will create a strong framework that minimizes misunderstandings among staff. Clear guidelines will promote transparency and improve the department's financial health.

**Finding 2:     *Records and Information Management: Inadequate Documentation***

Currently, the tax claim office follows the County Records Manual regarding the duration for which they keep records. The manual states the following:

- Cash register receipts are kept for three years.
- Delinquent tax records are retained for one year.
- Judicial sale record retention varies:
  - All forms and petitions are kept permanently.
  - Distribution sheets are kept permanently.
  - Receipts for payments are retained for three years.
- Notices regarding the return of claims and postings are retained permanently if the property goes to sale. If delinquent taxes have been paid, these notices are kept for one year.
- For private sale records, retention also varies:
  - All forms and petitions are kept permanently.
  - Distribution sheets are kept permanently.
  - Receipts for payments are retained for three years.

- Refund letters should be retained for a period of three years.
- Tax Claim Dockets are permanently kept if the property is sold. If delinquent taxes are paid, they should be retained for one year.
- Tax Claim Reports are maintained for three years.
- Tax Collector Return Sheets are retained permanently if the property goes to sale. If delinquent taxes have been paid, they should be kept for one year.
- Tax Lien Certificates are retained for as long as they hold administrative value. Tax Sale Ledgers are kept permanently for administrative, legal, and historical purposes.
- The retention guidelines for Upset Sale records are as follows:
  - The Title Report is retained permanently.
  - Distribution sheets are retained permanently.
  - Proof of all notice forms is retained permanently.
  - Receipts for payments are retained for three years.

During the audit, the Controller's office identified numerous instances where documentation was either absent or poorly organized. In several cases, files were so disorderly that it became difficult to locate specific information or interpret the details effectively. This disarray hindered the auditor's ability to conduct a thorough review and raised concerns about the overall management of records:

Out of 30 properties tested that were sold from the repository, the Controller's office found the following issues: two properties were missing resolutions, one file contained no current documents (all were from over a year ago), and two others had multiple documents that were poorly organized, making it difficult to determine whether the files were processed correctly.

Out of the twelve properties tested that were up for sale during the 2022 Judicial sale, seven were successfully sold. However, upon reviewing the files, it was noticed that the receipt from the Beaver County Tax Claim Bureau was missing. This raises concerns about the completeness of the documentation.

### **Recommendation:**

The Controller's office recommends that the Tax Claim office establish protocols for file management, outlining what must be included in the files as well as what is recommended. This could take the form of a checklist. This is a finding that has not been remediated since the prior period of 1/1/2012 - 6/30/2014.

It is suggested that the Tax Claims office consider transitioning to electronic storage for property files using a dedicated computer system. All documentation can be scanned and organized into individual folders for each property. Once the files are scanned, the physical records can be safely disposed of.

When additional storage space is required, the oldest data can be archived electronically within the office, allowing for efficient use of resources.

### **Finding 3:     *Annual tax Rollover***

During the audit, we examined the annual rollovers for the tax years 2022 and 2023. The auditors identified discrepancies in some figures when comparing the amounts rolled over by the borough, school, and county with those recorded in the tax claim system.

For the 2023 tax rollover, the auditors found a variance of \$19,882, with the largest discrepancy occurring in Beaver Borough/School District, which amounted to \$9,712. In 2022, the tax rollover showed a variance of \$9,175, with the most significant difference in Freedom Borough/School District, totaling \$9,316.

Some variances indicate that a higher amount was rolled over than what was reported by the borough, school, or county. This is why the variance for Freedom in 2022 exceeds the overall total variance. Regardless of whether the variance is positive or negative, it is essential to provide an explanation and documentation supporting any discrepancies.

### **Recommendations:**

The Controller's office strongly advises the establishment of a thorough and meticulously detailed process for managing the annual tax rollover. This procedure is critical as it involves handling a significant amount of financial resources, which necessitates careful oversight. Since the rollover is conducted only once a year, it is vital to develop a comprehensive set of guidelines that clearly delineates each step involved in the process, such as data collection, verification, calculations, and reporting.

Additionally, the process should include protocols for identifying, documenting, and addressing any variances or discrepancies that may arise. This documentation is essential not only for ensuring accuracy and accountability but also for facilitating audits and future reference. Establishing this detailed framework will help minimize errors, enhance compliance, and streamline the overall tax rollover process.

### **Finding 4:     *Bankruptcies – Tax Claims***

During the audit, the auditors examined 10 properties marked as "B" in our records, indicating that the owners are undergoing bankruptcy. These properties are legally protected in bankruptcy court, meaning they cannot be sold to settle tax payments. As a result, Tax Claims does not include "B" properties in any of their sales.

The audit team reviewed bankruptcy court documents for these properties, which had unpaid tax balances ranging from \$0 to \$14,217.42. The findings included:

1. Four of the ten properties had their bankruptcies discharged in 2023 and 2024, with a total tax owed of approximately \$38,304.33.

2. Two properties did not have any bankruptcy documents in their files.
3. One property with delinquent taxes is no longer in bankruptcy as of 2024, according to the website. It is unclear whether this property was present at the 2024 Upset Sale as the audit fieldwork was completed prior to the sale date.

Moreover, it was noticed that the website appears to update bankruptcy statuses around the middle of the year. However, without a transparent policy outlining these updates, it has become increasingly challenging to track changes effectively.

#### **Recommendation:**

The office has a valuable opportunity to enhance its approach to tracking bankruptcies related to properties involved in tax claims. By proactively addressing the management of these cases, we can mitigate potential delays in tax collections and ensure that no funds are lost. This would foster a fairer treatment of all taxpayers under the law. This finding has made improvements since the prior audit period of 1/1/2012 - 6/30/2014.

#### **Finding 5:   *Exceptions (properties that have a law suit filed after property is sold in sale)***

During the audit testing, the controller's office evaluated 57 properties that were presented for sale in one of the three annual tax claim sales. The auditors found that eight of these properties had exceptions filed against them. Of those eight, seven had exceptions that the Controller's office believed could potentially have been avoided.

Three of the seven property owners involved paid their taxes either on the day of the sale or shortly thereafter, resulting in the courts voiding the sale. One buyer was removed from the sale because the Tax Claim Department failed to contact the property owner as required by law properly. Additionally, one property had already been sold at a sheriff's sale before the tax claim sale but was not removed from the sale list, leading to the court's cancellation of the sale. Another property had been transferred to PennDOT before the sale, resulting in the court dismissing the buyer of the tax claim's sale. Finally, the last property was found to have additional outstanding debts after the sale closed, and the buyer requested to use the overbid amount to settle those debts.

#### **Recommendations:**

The Controller's office strongly advises the development of comprehensive procedures for the three tax claim sales. By implementing detailed processes, we can more effectively cross-check for errors and discrepancies that may arise. While it is a reality that exceptions cannot be entirely eradicated, establishing these thorough protocols will significantly minimize the occurrence of such issues. This proactive approach aims to enhance accuracy and accountability throughout the sales process.