



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 G.E.
DATE: October 25, 2016
RE: Audit of Clerk of Judicial Records – Recorder of Deeds Division

We have completed a financial audit of the Clerk of Judicial Records - Recorder of Deeds Division for the years ended December 31, 2014 and 2015. Our audit report number 16-32 is attached.

The result of our audit is the County of Lehigh received the proper amounts due from Clerk of Judicial Records - Recorder of Deeds Division.

Attachment

AUDITS/CJR-RECORDER OF DEEDS

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS – RECORDER OF DEEDS DIVISION

*Financial Audit for the Years Ended
December 31, 2014 and 2015*

REPORT NO. 16-32

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - RECORDER OF DEEDS DIVISION

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COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - RECORDER OF DEEDS DIVISION

Background

Clerk of Judicial Records-Recorder of Deeds Division Operations

The Clerk of Judicial Records - Recorder of Deeds Division is responsible for recording documents pertaining to real estate (including deeds and mortgages), miscellaneous papers, powers of attorney, secured transactions, preferential assessments (Act 319 & 515), commissions, maps, and military discharges. Records date back to 1812, the year Lehigh County was founded. These records are permanently maintained in book form for all documents recorded up to and including 4/19/2002, and on computer images for documents recorded 4/22/2002 and after. These records are permanently maintained on computer images and security microfilm for all documents recorded from 1812 to present. Records from 1812 and including 4/19/2002 also are permanently maintained in book form.

Elected Official

In November 2006 the voters of Lehigh County approved a referendum consolidating elected row officers for Clerk of Courts, Recorder of Deeds, and Register of Wills into one elected office, Clerk of Judicial Records, effective January 2008.

Source: County of Lehigh 2016 Budget



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JOHN A. FALK
DEPUTY CONTROLLER

Andrea E. Naugle, Clerk of Judicial Records
Lehigh County Courthouse
455 West Hamilton Street
Allentown, PA 18101-1614

We have audited the accompanying Statement of Receipts and Disbursements of the Clerk of Judicial Records – Recorder of Deeds Division for the years ended December 31, 2014 and 2015 as listed in the Table of Contents. The financial statements are the responsibility of the Clerk of Judicial Records-Recorder of Deeds Division's management. Our responsibility is to express an opinion on the Statement of Receipts and Disbursements 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 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 Clerk of Judicial Records – Recorder of Deeds Division 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 years ended December 31, 2014 and 2015 in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the Statement of Receipts and Disbursements referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Clerk of Judicial Records - Recorder of Deeds division for the years ended December 31, 2014 and 2015, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016 on our consideration of Clerk of Judicial Records - Recorder of Deeds Division'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', with a long horizontal flourish extending to the right.

Glenn Eckhart
County Controller

September 29, 2016
Allentown, Pennsylvania

xc: Deborah Casciotti, Chief Deputy, Clerk of Judicial Records – Recorder of Deeds Division
Board of Commissioners
Thomas Muller, County Executive
Timothy Reeves, Fiscal Officer
The Honorable Edward Reibman, President Judge

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - RECORDER OF DEEDS DIVISION

Statement of Receipts and Disbursements
for the Years Ended December 31, 2014 and 2015
(NOTE 1)

	<u>2014</u>	<u>2015</u>
RECEIPTS:		
Realty Transfer Taxes	28,503,660	36,295,396
Office Fees	1,026,579	1,168,548
JCS Fee	905,947	1,196,871
UPI Fee	372,930	405,140
Affordable Housing Fee	202,205	220,881
Notary and Writ Tax Fee	<u>24,636</u>	<u>26,058</u>
TOTAL RECEIPTS	31,035,957	39,312,894
 DISBURSEMENTS:		
Commonwealth of PA (NOTE 2)	15,023,690	19,152,868
Distribution to Other Taxing Authorities (NOTE 3)	13,982,115	17,819,906
County of Lehigh (NOTE 4)	<u>2,030,128</u>	<u>2,340,106</u>
TOTAL DISBURSEMENTS	31,035,933	39,312,880
 RECEIPTS OVER/(UNDER) DISBURSEMENTS	<u>24</u>	<u>14</u>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - RECORDER OF DEEDS DIVISION

Notes to Financial Statements for the Years Ended December 31, 2014 and 2015

1. Summary of Significant Accounting Policies

A. Reporting Entity

A portion of the Clerk of Judicial Records - Recorder of Deeds Division's financial activity is a part of the County of Lehigh's reporting entity, included in the general 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 Receipts and Disbursements 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. Commonwealth of Pennsylvania

Expenditures to the Commonwealth of Pennsylvania are broken down into the following categories:

	<u>2014</u>	<u>2015</u>
Realty Transfer Fees –		
Due to State	14,093,835	17,930,700
JCS Fee	905,924	1,196,835
Writ Taxes	22,757	24,175
Notary	<u>1,174</u>	<u>1,158</u>
TOTAL	<u>15,023,690</u>	<u>19,152,868</u>

3. Distribution to Other Taxing Authorities

Disbursements of realty transfer taxes are made monthly to cities, boroughs, townships, and school districts located within the boundaries of Lehigh County.

4. **County of Lehigh**

Expenditures to the County of Lehigh are broken down into the following categories:

	<u>2014</u>	<u>2015</u>
Office Fees	1,026,578	1,168,548
Commissions	428,415	545,537
UPI Fee	372,930	405,140
Affordable Housing	<u>202,205</u>	<u>220,881</u>
TOTAL	<u>2,030,128</u>	<u>2,340,106</u>



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Andrea E. Naugle, Clerk of Judicial Records
Lehigh County Courthouse
455 West Hamilton Street
Allentown, PA 18101-1614

We have audited the financial statements of Clerk of Judicial Records - Recorder of Deeds Division for the years ended December 31, 2014 and 2015 and have issued our report thereon dated September 29, 2016. 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 Clerk of Judicial Records - Recorder of Deeds Division's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement of Receipts and Disbursements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of Judicial Records - Recorder of Deeds Division's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Judicial Records - Recorder of Deeds Division's 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such as there is a 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 Clerk of Judicial Records – Recorder of Deeds Division’s 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*.

Clerk of Judicial Records-Recorder of Deeds Division’s response to the findings identified in our audit are included in this report. We did not audit Clerk of Judicial Records-Recorder of Deeds’s response and, accordingly, we do not express an opinion on it.

This report is intended solely for the information and use of management, and others within the entity, 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', with a stylized, flowing script.

Glenn Eckhart
County Controller

September 29, 2016
Allentown, PA

Lehigh County Clerk of Judicial Records

Civil Division

(610) 782-3148

Criminal Division

(610) 782-3077

Recorder of Deeds

Division

(610) 782-3162

Andrea E. Naugle
Lehigh County Courthouse
455 W. Hamilton Street - Room 122
Allentown, PA 18101-1614

Register of Wills

Division

(610) 782-3170

September 29, 2016

Mr. Glenn Eckhart
Lehigh County Controller
Lehigh County Government Center
17 S. Seventh Street
Allentown PA 18101

Re: Audit of Clerk of Judicial Records - Recorder of Deeds Division

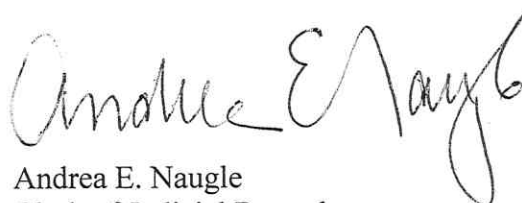
Dear Mr. Eckhart:

In response to the audit by your office of the Recorder of Deeds Division, we offer the following comments:

We certainly appreciate the audit of the financial records and the suggestions provided to assist us with continuing to carry out our accounting responsibilities in an excellent manner.

We also want to thank the auditor for his professional audit performance.

Very truly yours,



Andrea E. Naugle
Clerk of Judicial Records