



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: May 14, 2014
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, 2010, 2011, 2012 and 2013. Our audit report number 14-8 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, 2010, 2011, 2012 and 2013*

REPORT NO. 14-8

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

Table of Contents

	Page
Background Information	1
OPINION OF GLENN ECKHART LEHIGH COUNTY CONTROLLER	2-3
Statement of Receipts and Disbursements for the Years Ended December 31, 2010, 2011, 2012 and 2013	4
Notes to Financial Statement	5-6
Comments on Compliance/Internal Control	7-8
Clerk of Judicial Records' Response	9

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.



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

Andrea E. Naugle, Clerk of Judicial Records
Lehigh County Courthouse
455 W. 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, 2010, 2011, 2012 and 2013 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, 2010, 2011, 2012 and 2013 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, 2010, 2011, 2012 and 2013, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2014 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.



Glenn Eckhart
County Controller

May 7, 2014
Allentown, Pennsylvania

xc: Board of Commissioners
The Honorable Carol McGinley, President Judge
Thomas Muller, County Executive
Timothy Reeves, Fiscal Officer
Deborah Casciotti, Chief Deputy, clerk of judicial records – recorder of deeds division

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

*Statement of Receipts and Disbursements
for the Years Ended December 31, 2010, 2011, 2012 and 2013*
(NOTE 1)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
RECEIPTS:				
Realty Transfer Taxes	20,553,964	20,181,827	23,946,141	23,901,418
Office Fees	1,310,334	1,220,166	1,397,890	1,382,116
JCS Fee	948,222	853,591	1,004,813	995,295
UPI Fee	482,600	422,270	505,070	496,060
Affordable Housing Fee	243,846	217,741	249,631	253,702
Notary and Writ Tax Fee	<u>29,259</u>	<u>26,918</u>	<u>31,249</u>	<u>31,108</u>
TOTAL RECEIPTS	23,568,225	22,922,513	27,134,794	27,059,699
DISBURSEMENTS:				
Commonwealth of PA (NOTE 2)	11,076,064	10,814,988	12,875,176	12,839,905
Distribution to Other Taxing Authorities (NOTE 3)	10,145,483	9,943,294	11,746,800	11,728,330
County of Lehigh (NOTE 4)	<u>2,346,678</u>	<u>2,164,231</u>	<u>2,512,818</u>	<u>2,491,464</u>
TOTAL DISBURSEMENTS	23,568,225	22,922,513	27,134,794	27,059,699
RECEIPTS OVER/(UNDER) DISBURSEMENTS	0	0	0	0

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, 2010, 2011, 2012 and 2013

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Realty Transfer Fees –				
Due to State	10,099,418	9,935,254	11,840,015	11,814,398
JCS Fee	948,574	853,590	1,004,803	995,296
Writ Taxes	26,970	25,046	29,130	28,993
Notary	<u>1,102</u>	<u>1,098</u>	<u>1,228</u>	<u>1,218</u>
TOTAL	<u>11,076,064</u>	<u>10,814,988</u>	<u>12,875,176</u>	<u>12,839,905</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Office Fees	1,310,334	1,220,165	1,397,889	1,382,116
UPI Fee	482,600	422,270	505,070	496,060
Commissions	309,898	304,055	360,228	359,586
Affordable Housing	<u>243,846</u>	<u>217,741</u>	<u>249,631</u>	<u>253,702</u>
TOTAL	2,346,678	2,164,231	2,512,818	2,491,464



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

Andrea E. Naugle, Clerk of Judicial Records
Lehigh County Courthouse
455 W. 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, 2010, 2011, 2012 and 2013 and have issued our report thereon dated May 7, 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 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*.

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 black ink, appearing to read 'Glenn Eckhart', written in a cursive style.

Glenn Eckhart
County Controller

May 7, 2014
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

May 7, 2014

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

Andrea E. Naugle
Clerk of Judicial Records