



**TO:** Final Report Distribution

**FROM:** Mark Pinsley, County Controller

**DATE:** January 28<sup>th</sup>, 2021

**RE:** Audit of The Clerk of Judicial Records - Register of Wills Division

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We have completed a financial audit of The Clerk of Judicial Records-Register of Wills Division for the years ended December 31, 2018 and 2019. Our audit report number 21-03 is attached.

The results of our audit is the County of Lehigh received the proper amounts due for The Clerk of Judicial Records-Register of Wills division.

Attachment

AUDITS/CJR-REG OF WILLS DIV



**COUNTY OF LEHIGH, PENNSYLVANIA**  
**CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION**

*Financial Audit for the Years Ended  
December 31, 2018 and 2019*

REPORT NO. 21-03

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION

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COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION

*Background*

Clerk of Judicial Records-Register of Wills Division Operations

The Clerk of Judicial Records-Register of Wills Division probates wills and collects taxes for the Commonwealth of Pennsylvania. It assists the public, title searchers, attorneys, and genealogists in the research of information from the probate files. Records date back to 1812.

The “Schedule of Filing Fees” used during the audit period has 13 different fees for filing “Letters Testamentary/Administration”. These fees are based on the estimated estate value. In addition, there are other fees that are charged to most new estates. These fees include: filing an inventory, short certificate, filing the inheritance tax return, and the Commonwealth of Pennsylvania’s Judicial Computer Project Fee. In December, 2017 Clerk of Judicial Records–Register of Wills began using an updated fee schedule.

When a new estate is probated, the attorney of record or a family member comes into the register of wills office to probate the estate. At this time, a fee is charged for this service. Some fees are on a sliding scale and some fees are fixed amounts. After the fees are paid, the estate is probated. The inheritance tax return is sent to the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania reviews the inheritance tax return for errors and omissions and the inheritance tax is calculated. The Commonwealth of Pennsylvania sends a “Notice of Inheritance Tax Appraisal, Allowance or Disallowance of Deductions and Assessment of Tax” to all parties. After the “Notice of Inheritance Tax Appraisal, Allowance or Disallowance of Deductions and Assessment of Tax” has been received, the Register of Will’s staff reviews all county fees charged. If the county fees initially charged are less than what they should be, the attorney or family member is billed the difference.

Source: Lehigh County website  
Pennsylvania Department of Revenue website



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

***Report on Financial Statements***

We have audited the accompanying Statements of Receipts and Disbursements of the Clerk of Judicial Records-Register of Wills Division for the years ended December 31, 2018 and 2019 (hereinafter referred to as the Schedules) and the related notes to the Schedules.

***Management's Responsibility for the Schedules***

Management is responsible for the preparation and fair presentation of the 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 audits. 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***

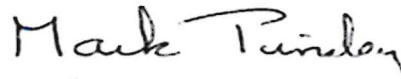
In our opinion, the Schedules referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Clerk of Judicial Records-Register of Wills Division for the years ended December 31, 2018 and 2019, in accordance with the U.S. generally accepted accounting 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 Clerk of Judicial Records-Register of Wills Division's 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, 2018 and 2019 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 January 13<sup>th</sup>, 2021 on our consideration of Clerk of Judicial Records-Register of Wills 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* in considering management's internal control over financial reporting and compliance.



MARK PINSLEY  
County Controller

January 13<sup>th</sup>, 2021  
Allentown, Pennsylvania

Audited by: Nam Tran

xc: Phillips Armstrong, County Executive  
Board of Commissioners  
Edward Hozza, Director of Administration  
The Honorable J. Brian Johnson, President Judge  
Timothy Reeves, Fiscal Officer  
Diana Dergham, Chief Deputy, Clerk of Judicial Records-Register of Wills

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION

*Statement of Receipts and Disbursements  
for the Year Ended December 31, 2018 and 2019*  
(NOTE 1)

	<u>2018</u>	<u>2019</u>
Fees and Collections:		
Inheritance Tax	\$ 29,894,005	\$ 28,441,068
Office Filing and Other Fees	489,770	465,718
Judicial Computer Project Fees	48,179	48,944
Automation Fees	6,741	7,040
Electronic Filing Fee	6,741	7,040
Overpayments	0	106
Return Check Fee	120	320
Total Fees and Collections:	\$ 30,445,556	\$ 28,970,236
Commissions:		
Commissions for Tax Collection (NOTE 2)	\$ 164,362	\$ 159,297
Total Receipts:	\$ 30,609,918	\$ 29,129,533
Disbursements:		
Commonwealth of PA (NOTE 3)	\$ 29,942,184	\$ 28,490,012
County of Lehigh (NOTE 4)	667,734	639,521
Total Disbursements	\$ 30,609,918	\$ 29,129,533
Receipts Over (Under) Disbursements	\$ 0	0

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION

*Notes to Financial Statements for the Years Ended December 31, 2018 and 2019*

1. **Summary of Significant Accounting Policies**

**A. Reporting Entity**

A portion of the Clerk of Judicial Records-Register of Wills 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. The remaining financial activity is part of other governmental entities. 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 require the accrual basis of accounting.

2. **Commissions for Tax Collection**

Acting in the capacity of an agent for the Commonwealth, the counties' Register of Wills offices are paid commissions for collection of Inheritance Taxes. Effective January 1, 1988, the following rates are in effect:

- 4.25% of the first \$1.00 to \$200,000.00
- 1.75% of \$200,000.01 to \$1,000,000.00
- 0.50% of all collections in excess of \$1,000,000.00.

3. **Commonwealth of Pennsylvania**

Amounts remitted to the state from the County of Lehigh are in the following categories:

	<u>2018</u>	<u>2019</u>
Inheritance Tax	\$29,894,005	\$ 28,441,068
Judicial Computer Project Fees	48,179	48,944
<b>Disbursements to Commonwealth of PA</b>	<u>\$29,942,184</u>	<u>\$ 28,490,012</u>



4. **County of Lehigh**

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

	<b><u>2018</u></b>	<b><u>2019</u></b>
Office Filing and Other Fees	\$489,770	\$465,718
Commissions for Tax Collection	164,362	159,297
Automation Fees	6,741	7,040
Electronic Filing Fee	6,741	7,040
Overpayments	0	106
Return Check Fee	120	320
	<hr/>	<hr/>
<b>Disbursements to County of Lehigh</b>	<b><u>\$667,734</u></b>	<b><u>\$639,521</u></b>



**Lehigh County**  
Pennsylvania

**OFFICE OF THE CONTROLLER**

Mark Pinsley, MBA    Thomas Grogan, CPA  
COUNTY CONTROLLER    DEPUTY CONTROLLER

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

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 Statements of Receipts and Disbursements of the Clerk of Judicial Records-Register of Wills Division for the years ended December 31, 2018 and 2019 (hereafter referred to as the Schedules) and have issued our report thereon dated January 13<sup>th</sup>, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the Schedules, we considered the Clerk of Judicial Records-Register of Wills Division's 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 Clerk of Judicial Records-Register of Wills 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 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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Clerk of Judicial Records-Register of Wills Division's 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.

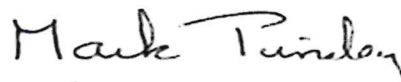
### ***Management's Response to the Audit***

The Clerk of Judicial Records-Register of Wills Division's response to our audit is included in this report. We did not audit the Clerk of Judicial Records-Register of Wills Division's 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, and Phillips Armstrong, County Executive; Board of Commissioners; Edward Hozza, Director of Administration; The Honorable J. Brian Johnson, President Judge; Timothy Reeves, Fiscal Officer; and Diana Dergham, Chief Deputy, Clerk of Judicial Records-Register of Wills 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  
County Controller

January 13<sup>th</sup>, 2021  
Allentown, PA