




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: April 2, 2025
RE: Financial 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, 2022 and 2023. Our audit number 25-10 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-RECORDEROFDEEDS



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

*Financial Audit for the Years Ended
December 31, 2022 and 2023*

REPORT NO. 25-10

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

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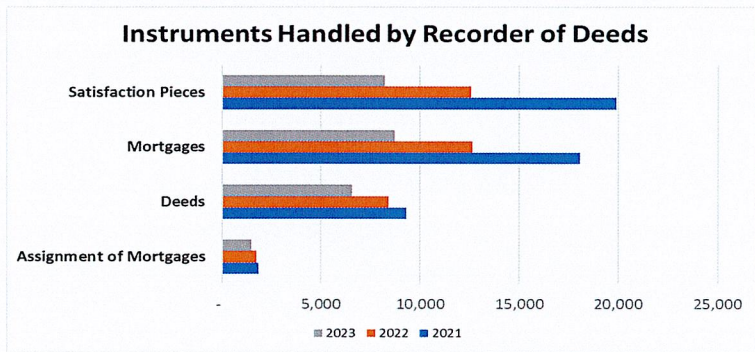
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Clerk of Judicial Records' Response	No Response

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

Background

As a result of an amendment to the Home Rule Charter, effective January 2008, the offices of Clerk of Courts, including Civil and Criminal Divisions (Prothonotary and Clerk of Courts), Register of Wills and Recorder of Deeds were abolished and a new position of Clerk of Judicial Records was created to combine four divisions into one office. In March 2011, the Recorder of Deeds Office was relocated to the courthouse and completed consolidation of all four divisions in one office area. A central file review area was created adjacent to the Clerk’s Office. The Elected Clerk of Judicial Records is responsible for maintaining complete, accurate and up-to-date file records for the Civil, Criminal and Register of Wills Divisions of the Lehigh County Court system in accordance with existing laws and remains current with all new legislation. The Clerk is also responsible for recording all deeds and mortgages and real estate matters in the Recorder of Deeds Division. The Register of Wills Division probates wills and collects inheritance taxes for the Commonwealth of Pennsylvania. To fulfill this responsibility, it is the mission of the Clerk of Judicial Records’ Divisions to provide various services to the Courts, attorneys, title companies, other government agencies and the general public. It is the Clerk of Judicial Records’ goal to maintain efficient quality services. The objectives to meet this goal are timely completion and submission of all required reports to various agencies of the Court system and other state agencies to receive, process and maintain complete and accurate records of all moneys received, including moneys collected on behalf of individuals and held in escrow for the Court. The Clerk of Judicial Records Office files date back to 1812. The Clerk of Judicial Records’ Divisions are an integral part of the Court System and Land Records of Lehigh County.

Source: County of Lehigh 2023 Budget



Summary of Receipts by Receipt Type for Years 2021-2023

Receipts:	2021	2022	2023
Realty Transfer Taxes	\$ 52,666,416	\$ 66,142,907	\$ 48,734,142
Office Fees	\$ 1,807,330	\$ 1,688,838	\$ 1,797,923
JCS/ATJ	\$ 2,029,767	\$ 1,471,824	\$ 1,051,694
Affordable Housing	\$ 319,827	\$ 247,206	\$ 179,600
Notary & Writ Taxes	\$ 34,253	\$ 26,670	\$ 20,620
UPI Fees	\$ 600,660	\$ 457,150	\$ 305,810
Total Receipts:	\$ 57,458,253	\$ 70,034,595	\$ 52,089,789



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INDEPENDENT AUDITOR'S REPORT

Michelle Graupner, Clerk of Judicial Records
Lehigh County Courthouse
455 West Hamilton Street
Allentown, PA 18101-1614

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying Statement of Receipts and Disbursements of Clerk of Judicial Records-Recorder of Deeds Division for the years ended 2022 and 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of Clerk of Judicial Records-Recorder of Deeds Division for the years ended 2022 and 2023, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Clerk of Judicial Records-Recorder of Deeds Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements were prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Also 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 2022 and 2023, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, mis- representations, or the override of certain internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and GAS, we:

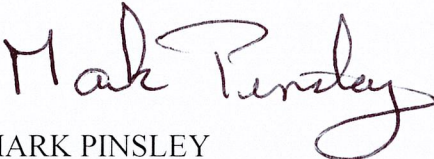
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Clerk of Judicial Records-Recorder of Deeds Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clerk of Judicial Records-Recorder of Deeds Division's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025 on our consideration of Clerk of Judicial Records-Recorder of Deeds Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements 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

March 31, 2025
Allentown, Pennsylvania

Audited by: Nam Tran

xc: Phillips Armstrong, County Executive
Lisa Stella-Ali, Chief Deputy, Clerk of Judicial Records-Recorder of Deeds Division
Board of Commissioners
Catherine Faries, Assistant Chief Deputy, Clerk of Judicial Records-Recorder of Deeds Division
Edward Hozza, Director of Administration
The Honorable J. Brian Johnson, President Judge
Timothy Reeves, Chief Fiscal Officer

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

*Statement of Receipts and Disbursements
for the Years Ended December 31, 2022 and 2023*
(NOTE 1)

	<u>2022</u>	<u>2023</u>
RECEIPTS:		
Realty Transfer Taxes	66,142,907	48,734,142
Office Fee	2,391,568	1,799,954
JCS Fee	1,471,824	1,051,694
UPI Fee	457,150	333,620
Affordable Housing Fee	247,206	179,575
Notary and Writ Tax Fee	26,670	20,669
NSF Fees	<u>0</u>	<u>20</u>
TOTAL RECEIPTS	70,737,325	52,119,673
 DISBURSEMENTS:		
Commonwealth of PA (NOTE 2)	34,206,634	25,169,879
Distribution to Other Taxing Authorities (NOTE 3)	32,441,500	23,904,733
County of Lehigh (NOTE 4)	<u>4,089,191</u>	<u>3,045,061</u>
TOTAL DISBURSEMENTS	70,737,325	52,119,673
 RECEIPTS OVER/(UNDER) DISBURSEMENTS	 <u>0</u>	 <u>0</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, 2022 and 2023

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.

C. Clerk of Judicial Records During the Audit Period

Andrea Naugle served as the Clerk of Judicial Records for the period January 1, 2022 to September 29, 2023. Michelle Graupner was appointed Acting Clerk on November 9, 2023.

2. Commonwealth of Pennsylvania

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

	<u>2022</u>	<u>2023</u>
Realty Transfer Fees –Due to State	32,708,943	24,098,140
JCS Fee	1,471,822	1,051,692
Writ Taxes & Notary	<u>25,867</u>	<u>20,047</u>
TOTAL	<u>34,206,632</u>	<u>25,169,879</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.

	<u>2022</u>	<u>2023</u>
Realty Transfer Taxes	32,441,499	23,904,734

4. **County of Lehigh**

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

	<u>2022</u>	<u>2023</u>
Office Fees	2,391,575	1,799,977
Commissions	993,265	731,889
UPI Fee	457,150	333,620
Affordable Housing	<u>247,204</u>	<u>179,574</u>
TOTAL	<u>4,089,194</u>	<u>3,045,060</u>



**Independent Auditor’s Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with
Government Auditing Standards**

Michelle Graupner, 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 Statement of Receipts and Disbursements of Clerk of Judicial Records-Recorder of Deeds Division for the years ended 2022 and 2023 (hereinafter referred to as the Schedules) and have issued our report thereon dated March 31, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clerk of Judicial Records-Recorder of Deeds Division’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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-Recorder of Deeds Division’s internal control.

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 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. *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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.



Compliance and Other Matters

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*.

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.

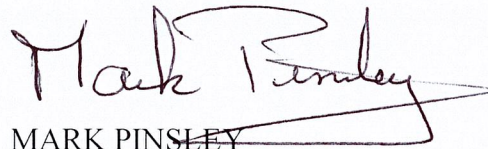
Management’s Response to the Audit

If provided, the Clerk of Judicial Records-Recorder of Deeds Division’s response to our audit is included in this report. We did not audit the Clerk of Judicial Records-Recorder of Deeds 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; Edward Hozza, Director of Administration; Board of Commissioners; The Honorable J. Brian Johnson, President Judge; Timothy Reeves, Fiscal Officer; Lisa Stella-Ali, Chief Deputy, Clerk of Judicial Records-Recorder of Deeds Division; and Catherine Faries, Assistant Chief Deputy, Clerk of Judicial Records-Recorder of Deeds Division 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

March 31, 2025
Allentown, PA