



**County of Chester
Office of the Controller
Internal Audit Department**

**Audit Report
For the Years Ended
December 31, 2012 and 2011**

County of Chester
Register of Wills
Clerk of the Orphans' Court

Annual Financial Statement
Audit

Valentino F. DiGiorgio, III, Controller

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
ANNUAL FINANCIAL STATEMENT AUDIT
AS OF DECEMBER 31, 2012 and 2011

Terri Clark, Register
Register of Wills/Clerk of the Orphans' Court
Chester County Justice Center
201 W. Market Street, Suite 2200
West Chester, PA 19380

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

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COUNTY OF CHESTER

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VALENTINO F. DIGIORGIO, III
Controller

Internal Auditor's Report

Terri Clark, Register of Wills/Clerk of the Orphans' Court
Chester County Justice Center
201 W. Market Street, Suite 2200
West Chester, PA 19380

Report on the Financial Statements

We have audited the accompanying financial statements of Register of Wills/Clerk of the Orphans' Court (*Register*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2012 and 2011, and the related statements of cash receipts, disbursements and cash balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to annually audit the accounts of every row office within the County and to report the results of such audits to the Chester County Commissioners, the Chester County Court of Common Pleas, the Auditor General of Pennsylvania, and to the governing body of each political subdivision which is entitled to receive funds collected on its behalf by the *Register*.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. 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 financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

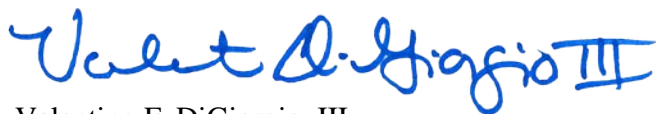
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the *Register* as of December 31, 2012 and 2011, and its cash receipts, disbursements and cash balances for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

Other Matter

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated April 9, 2013, on our evaluation of the *Register's* internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of an audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of our audit.



Valentino F. DiGiorgio, III
Controller

April 9, 2013

COUNTY OF CHESTER

REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT

STATEMENTS OF ASSETS AND LIABILITIES – CASH BASIS

DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash - Operating	\$ 99,963	\$ 84,771
Cash - Counseling Fees	28,172	27,841
Cash - Automation Fund	11,204	-
Cash - Court Ordered Escrow	9,076	9,076
Cash - Attorney for Minor	600	764
Cash - Petty Cash/Change Fund	100	100
	<hr/>	<hr/>
Total Assets	\$ 149,115	\$ 122,552
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities</u>		
Due to County - Fees	\$ 92,514	\$ 78,932
Due to County - Petty Cash/Change Fund	100	100
Due to County - Interest	31	487
Due to Commonwealth of PA - Computer Fees	3,572	3,501
Due to Commonwealth of PA - Marriage Fees	2,358	2,316
Due to Automation Fund	1,520	-
Restricted Funds - Adoption Counseling Fees	28,140	27,390
Restricted Funds - Automation Fund	11,204	-
Restricted Funds - Court Ordered Escrow	9,076	9,076
Restricted Funds - Adoption Attorney Fees	600	750
	<hr/>	<hr/>
Total Liabilities	\$ 149,115	\$ 122,552
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
OPERATING ACCOUNT
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Receipts</u>		
County of Chester – Fees	\$ 1,192,270	\$ 1,228,570
Commonwealth of PA – Marriage Fees	45,551	45,776
Commonwealth of PA – Computer Fees	45,426	45,778
Automation Fees	12,720	-
Interest	15	177
	1,295,982	1,320,301
Total Receipts	1,295,982	1,320,301
<u>Disbursements</u>		
County of Chester – Fees	1,178,688	1,225,713
Commonwealth of PA – Marriage Fees	45,510	45,735
Commonwealth of PA – Computer Fees	45,355	45,600
Automation Fees	11,200	-
Interest	37	201
	1,280,790	1,317,249
Total Disbursements	1,280,790	1,317,249
Cash Increase	15,192	3,052
Cash, Beginning of Year	84,771	81,719
	84,771	81,719
Cash, End of Year	\$ 99,963	\$ 84,771

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
COUNSELING FEES ACCOUNT
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Receipts</u>		
Attorney Fees	\$ 750	\$ 1,425
Interest	43	82
	793	1,507
<u>Disbursements</u>		
Interest*	462	-
	462	-
Cash Increase	331	1,507
Cash, Beginning of Year	27,841	26,334
	\$ 28,172	\$ 27,841

*Interest disbursement figure represents accrued interest from years 2009, 2010 and 2011.

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
AUTOMATION FEE ACCOUNT
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Receipts</u>		
Automation Fees	\$ 11,200	\$ -
Interest	4	-
Total Receipts	11,204	-
<u>Disbursements</u>		
Total Disbursements	-	-
Total Disbursements	-	-
Cash Increase	11,204	-
Cash, Beginning of Year	-	-
Cash, End of Year	\$ 11,204	\$ -

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
COURT ORDERED ESCROW ACCOUNT
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Receipts</u>		
Court Ordered Escrow	\$ -	\$ 9,076
Interest	-	34
	-	34
Total Receipts	-	9,110
<u>Disbursements</u>		
Court Ordered Escrow	-	26,221
	-	26,221
Total Disbursements	-	26,221
Cash Decrease	-	(17,111)
Cash, Beginning of Year	9,076	26,187
	9,076	26,187
Cash, End of Year	\$ 9,076	\$ 9,076

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER

REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
ATTORNEY FOR MINOR ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Receipts</u>		
Attorney Fees	\$ 1,500	\$ 2,100
Interest	<u>1</u>	<u>4</u>
Total Receipts	1,501	2,104
<u>Disbursements</u>		
Attorney Fees	1,650	2,400
Interest*	<u>15</u>	<u>-</u>
Total Disbursements	<u>1,665</u>	<u>2,400</u>
Cash Decrease	(164)	(296)
Cash, Beginning of Year	<u>764</u>	<u>1,060</u>
Cash, End of Year	<u><u>\$ 600</u></u>	<u><u>\$ 764</u></u>

*Interest disbursement figure represents accrued interest from years 2009, 2010 and 2011.

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

Note 1 - Summary of Significant Accounting Principles

Background and Reporting Entity

The *Register* acts as a conduit for the Commonwealth of Pennsylvania, the County of Chester, related political subdivisions, and the citizens it serves. Consequently, the *Register's* cash balance at any point in time represents undisbursed funds to one (or all) of these parties. For financial statement purposes, these undisbursed funds are included as a liability of the *Register*.

The actual operating expenses of the *Register* are paid by the County of Chester. These costs include the salaries and wages of *Register* employees, fringe benefits, office rent, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statement of Cash Receipts, Disbursements, and Cash Balance.

Basis of Accounting

The books and records of the *Register* are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when assessed or otherwise due and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and cash balance in accordance with generally accepted accounting principles.

Note 2 - Legal Matters

Our audit disclosed no pending litigation involving the *Register* or its Register of Wills/Clerk of the Orphans' Court (Terri Clark) for the year ended December 31, 2012.

SUPPLEMENTAL INFORMATION

COUNTY OF CHESTER

REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT

SCHEDULE OF COUNTY OF CHESTER
REVENUES AND DIRECT EXPENDITURES

FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011
(Unaudited)

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
County Fines and Costs	<u>\$ 1,433,047</u>	<u>\$ 1,451,783</u>
<u>Direct Expenditures</u>		
Salaries and Wages	\$ 532,699	\$ 545,890
Fringe Benefits	232,463	229,738
Telephone/Computer Charges	8,656	10,303
Postage	6,461	7,102
Legal Services	6,400	6,000
Office Supplies	6,073	3,608
Equipment Repairs and Maintenance	2,071	2,210
Reproduction Services	1,732	2,215
Employee Travel/Mileage	1,629	-
Training/Staff Development	1,042	-
Dues and Memberships	640	600
Books and Periodicals	475	398
Other General Expenses	185	17
Bonds	50	-
Other Professional Services	40	-
Other Supplies	-	68
Total Direct Expenditures	<u>\$ 800,616</u>	<u>\$ 808,149</u>

Note 1: The revenue figure per the County of \$1,433,047 differs from the amount disbursed to the County by the *Register* of \$1,178,688. This results from the use of the cash basis of accounting by the *Register* and the modified accrual basis of accounting by the County. The *Register* recognizes the disbursement as of the check date, while the County recognizes the revenue in the year the fines and costs are collected by the *Register*. In addition, commissions collected on inheritance taxes are not included in this disbursement total since they are transferred with journal entries.



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VALENTINO F. DIGIORGIO, III
Controller

April 9, 2013

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of Register of Wills/Clerk of the Orphans' Court (*Register*) as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the *Register's* internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *Register's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Register's* internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the *Register's* financial statements will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether the *Register's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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*.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Our audit disclosed no significant deficiencies or material weaknesses that, in our opinion, pose a significant risk to the *Register* or the County of Chester.

This report is intended for the information of the Chester County Commissioners, the Chester County Court of Common Pleas, the Auditor General of Pennsylvania, and all other political affiliates served by the *Register*. This report is, however, a matter of public record, and its distribution is not limited.



Valentino F. DiGiorgio III
Controller

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2012

An exit conference was not warranted for the audit of the Register of Wills/Clerk of Orphans' Court, Register of Wills Terri Clark has accepted the report as presented.