



County of Chester
Office of the Controller
Internal Audit Department

Annual Financial Statement Audit
For the Years Ended
December 31, 2018 and 2017

County of Chester

*Office of the Register of Wills/
Clerk of the Orphan's Court*

Independent Auditor's Report

Margaret Reif, Controller

COUNTY OF CHESTER
OFFICE OF THE REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
ANNUAL FINANCIAL STATEMENT AUDIT
AS OF DECEMBER 31, 2018 and 2017

Terri Clark, Register of Wills/ Clerk of the Orphans' Court
Office of the 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
OFFICE OF THE REGISTER OF WILLS/CLERK OF THE ORPHAN’S COURT
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017
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Chester County Justice Center
201 W. Market Street, Suite 2200
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INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Office of the Register of Wills/Clerk of the Orphan's Court (*Register*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2018 and 2017, 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 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, 2018 and 2017, 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 May 8, 2019 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.



Margaret Reif
Controller

May 8, 2019

COUNTY OF CHESTER

OFFICE OF THE REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT

STATEMENTS OF ASSETS AND LIABILITIES – CASH BASIS

DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash - Operating	\$ 110,016	\$ 113,141
Cash - Automation Fund	86,230	72,378
Cash - Counseling Fees	33,117	32,589
Cash - Court Ordered Escrow	9,076	9,076
Cash - Attorney for Minor	2,400	3,000
Petty Cash/Change Fund	100	100
	<hr/>	<hr/>
Total Assets	\$ 240,939	\$ 230,284
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities</u>		
County of Chester	\$ 100,341	\$ 101,123
Commonwealth of PA	8,447	10,318
Restricted Funds - Automation Fund	87,590	74,207
Restricted Funds - Adoption Counseling Fees	32,985	32,460
Restricted Funds - Court Ordered Escrow	9,076	9,076
Restricted Funds - Adoption Attorney Fees	2,400	3,000
Petty Cash/Change Fund	100	100
	<hr/>	<hr/>
Total Liabilities	\$ 240,939	\$ 230,284
	<hr/> <hr/>	<hr/> <hr/>

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

COUNTY OF CHESTER

OFFICE OF THE 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Receipts</u>		
Fees	\$ 1,613,489	\$ 1,600,793
Total Receipts	1,613,489	1,600,793
<u>Disbursements</u>		
County of Chester	1,457,308	1,516,446
Commonwealth of PA	138,296	129,640
Automation Fund	21,010	20,800
Total Disbursements	1,616,614	1,666,886
Cash Increase (Decrease)	(3,125)	(66,093)
Cash, Beginning of Year	113,141	179,234
Cash, End of Year	<u>\$ 110,016</u>	<u>\$ 113,141</u>

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

COUNTY OF CHESTER

OFFICE OF THE 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Receipts</u>		
Automation Fee Deposits	\$ 21,010	\$ 20,800
Interest	<u>318</u>	<u>258</u>
Total Receipts	21,328	21,058
<u>Disbursements</u>		
Automation Expenses	<u>7,476</u>	<u>10,332</u>
Total Disbursements	<u>7,476</u>	<u>10,332</u>
Cash Increase (Decrease)	13,852	10,726
Cash, Beginning of Year	<u>72,378</u>	<u>61,652</u>
Cash, End of Year	<u>\$ 86,230</u>	<u>\$ 72,378</u>

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COUNTY OF CHESTER

OFFICE OF THE 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Receipts</u>		
Attorney Fees	\$ 525	\$ 375
Interest	<u>132</u>	<u>129</u>
Total Receipts	657	504
<u>Disbursements</u>		
Attorney Fees	-	-
Interest	<u>129</u>	<u>33</u>
Total Disbursements	<u>129</u>	<u>33</u>
Cash Increase (Decrease)	528	471
Cash, Beginning of Year	<u>32,589</u>	<u>32,118</u>
Cash, End of Year	<u><u>\$ 33,117</u></u>	<u><u>\$ 32,589</u></u>

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

COUNTY OF CHESTER

OFFICE OF THE 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Receipts</u>		
Court Ordered Escrow	\$ -	\$ 77,500
	<hr/>	<hr/>
Total Receipts	-	77,500
<u>Disbursements</u>		
Court Ordered Escrow	-	77,500
	<hr/>	<hr/>
Total Disbursements	-	77,500
Cash Increase (Decrease)	-	-
Cash, Beginning of Year	9,076	9,076
	<hr/>	<hr/>
Cash, End of Year	\$ 9,076	\$ 9,076
	<hr/> <hr/>	<hr/> <hr/>

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

COUNTY OF CHESTER

OFFICE OF THE 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Receipts</u>		
Attorney Fees	\$ 2,400	\$ 3,000
Total Receipts	2,400	3,000
<u>Disbursements</u>		
Attorney Fees	3,000	1,800
Total Disbursements	3,000	1,800
Cash Increase (Decrease)	(600)	1,200
Cash, Beginning of Year	3,000	1,800
Cash, End of Year	<u>\$ 2,400</u>	<u>\$ 3,000</u>

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

COUNTY OF CHESTER

OFFICE OF THE REGISTER OF WILLS/CLERK OF THE ORPHAN'S COURT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

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 – Automation Fee Fund

The *Register* established a new fund on May 1, 2012 pursuant to the Court of Common Pleas, Pennsylvania Orphans' Court Division Fee Bill: 42 P.S. 21022.1 and 210321.1. To bring the Register of Wills/Clerk of the Orphans' Court into line with the automation/modernization efforts of the other court-related offices, a \$10.00 automation fee is charged on all initial filings. The fees collected under this automation fund are used by the Register of Wills/Clerk of the Orphans' Court solely for the purpose of automation, computerization and document reproduction within the offices of same.

COUNTY OF CHESTER

OFFICE OF THE REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

Note 3 – Escrow Account

The *Register* functions as an escrow agent for litigants pursuant to a court order or the rules of the Court of Common Pleas, Pennsylvania Orphans' Court Division. If there is a dispute among parties of a case on how to distribute funds for a particular estate, the Court of Common Pleas can instruct the *Register* via court order to establish an escrow account in the estate's name. Any withdraws or deposits must be approved under order of the Court. Once a case has been settled, the Court of Common Pleas instructs the *Register* via court order whether the County is to retain the escrow funds or if the funds are to be paid out to a party of the case. If money is to be paid out, a poundage fee is charged on the principal amount and is payable to the County.



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INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of the Office of the Register of Wills/Clerk of the Orphan's Court (*Register*) as of and for the year ended December 31, 2018, 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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters**

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 disclosed no 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.



Margaret Reif
Controller

COUNTY OF CHESTER
OFFICE OF THE REGISTER OF WILLS/CLERK OF THE ORPHAN'S COURT
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2018

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