

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



Services Center, 12th Floor
633 Court Street
Reading, PA 19601-4311

Phone: 610.478.6150
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Mark C. Scott, Commissioner Chair
Christian Y. Leinbach, Commissioner
Kevin S. Barnhardt, Commissioner

Sandra M. Graffius, Controller
Jack A. Linton, Esq., Solicitor

November 12, 2014

Mr. Larry Medaglia
Register of Wills/Clerk of Orphans' Court
Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania

Re: Internal Auditor's Report

Dear Mr. Medaglia:

We have completed our compilation of the financial statements of the Office of the Register of Wills/Clerk of Orphans' Court for the year ended December 31, 2013, and have attached the report for your review and consideration.

Since there was no significant finding or instance of non-compliance noted, no response is required and the attached report is the final report.

This report is intended for the use of the Office of the Register of Wills/Clerk of Orphans' Court management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions concerning the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

**Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania**

Larry Medaglia, Register of Wills/Clerk of Orphans' Court

Annual Financial Report

As of December 31, 2013

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Report Distribution List

1. Larry Medaglia, Register of Wills/Clerk of Orphans' Court
2. Christian Y. Leinbach, County Commissioner Chair
3. Kevin S. Barnhardt, County Commissioner
4. Mark C. Scott, County Commissioner
5. Carl Geffken, Chief Operations Officer
6. Philip J. Edwards, Solicitor for Register of Wills/Clerk of Orphans' Court
7. Eugene A. DePasquale, Pennsylvania Auditor General
8. Reinsel, Kuntz, Leshner LLP, Certified Public Accountants
9. Audit File

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Internal Auditor's Report

Mr. Larry Medaglia
Register of Wills/Clerk of Orphans' Court
Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania

We have compiled the accompanying statement of assets, liabilities and fund balance – cash basis as of December 31, 2013 for the Office of the Register of Wills/Clerk of Orphans' Court, a unit of the County of Berks, Pennsylvania, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements are the responsibility of the Office of the Register of Wills/Clerk of Orphans' Court management.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 1, the accounts of the Office of the Register of Wills/Clerk of Orphans' Court are maintained, and the accompanying financial statements are prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have included a report on our consideration of the Office of the Register of Wills/Clerk of Orphans' Court internal control structure and on its compliance with laws and regulations. We have reviewed compliance and internal control matters in accordance with the Commonwealth of Pennsylvania Third Class County Code and County of Berks ordinances and resolutions and have included applicable comments related thereto in the respective report.

Sandra M. Graffius, Controller
April 29, 2014

**Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania
Statement of Assets, Liabilities and Fund Balance – Cash Basis
As of December 31, 2013**

Assets	
Cash in bank	\$ 141,667
Cash on hand	<u>150</u>
Total assets	<u>\$ 141,817</u>
Liabilities and Fund Balance	
Liabilities	
Due to the County of Berks	\$ 74,766
Due to Commonwealth of PA	5,584
Funds held in escrow	<u>61,317</u>
Total liabilities	<u>141,667</u>
Fund balance	<u>150</u>
Total liabilities and fund balance	<u>\$ 141,817</u>

The accompanying notes are an integral part of these financial statements.
See accountant's compilation report.

**Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2013**

Receipts

Register of Wills: fees & escrow funds	\$ 1,023,224
Clerk of Orphans' Court: fees & escrow funds	494,967
Other revenue	<u>122,639</u>
Total receipts	<u>1,640,830</u>

Disbursements

County of Berks	1,534,673
Commonwealth of PA	88,238
Refunds	800
Bank fees	<u>3,405</u>
Total disbursements	<u>1,627,116</u>

Cash receipts in excess of disbursements	13,714
Cash account balance as of January 1	<u>127,953</u>
Cash account balance as of December 31	<u>\$ 141,667</u>

The accompanying notes are an integral part of these financial statements.
See accountant's compilation report.

**Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2013**

Note 1: Nature of the Office and Significant Accounting Policies

Nature of the Office:

The Register of Wills and Clerk of the Orphans' Court is an elected official who serves as a dual officeholder and whose primary function is to determine whether the document offered for probate should be received as the last will of the decedent. When disputes arise at the time of probate, the Register, as a quasi-judicial officer, is empowered to hold hearings, take testimony, review evidence and render decisions on how the administration of the estate shall proceed.

Responsibilities as Clerk of Orphans' Court include maintaining the docket and files for adoptions, guardianships and other matters which may come before the Orphans' Court Judge, as well as taking applications for, and issuing, marriage licenses.

The Register of Wills is a mandated keeper of all records filed here, and since those records must be kept forever, the office is a resource for genealogical information.

Fees are collected for various services associated with these and other duties. Other revenues include commissions earned on inheritance taxes collected for the Commonwealth of PA, and royalties received from MyFamily.Com, an internet web page for genealogy research. The Register of Wills/Clerk of Orphans' Court also acts as an escrow agent for court ordered deposits, administrator bonds and adoption fees.

Basis of Accounting:

The books and records of the Office of the Register of Wills/Clerk of Orphans' Court are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is another comprehensive basis of accounting.

Cash and cash equivalents:

The Office of the Register of Wills/Clerk of Orphans' Court considers cash and equivalents to be cash on hand, on deposit and investments with a maturity of three months or less when purchased.

Cash accounts:

The financial statements compiled for the Office of the Register of Wills/Clerk of Orphans' Court reflect primarily trust and agency account activity. The account is maintained and reconciled by the Office of the Register of Wills/Clerk of Orphans' Court. Administrative costs and expenses incurred by the Office of the Register of Wills/Clerk of Orphans' Court are reflected on the books and records of the County of Berks and not on these financial statements.

**Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
December 31, 2013**

Note 2: Cash and Equivalents

The following cash accounts are in the name of the County of Berks, Office of the Register of Wills/Clerk of Orphans' Court, and are reflected in the County of Berks financial statements:

Bank	Account Type	Bank Balance	Carrying Value
National Penn	general checking	\$ 138,405	\$ 141,667
Cash	cash on hand	150	150
		\$ 138,555	\$ 141,817

The general checking holds funds received by the Office of the Register of Wills/Clerk of Orphans' Court in a trust and agency capacity and use of these funds, by the Office of the Register of Wills/Clerk of Orphans' Court, is restricted.

Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

Note 3: Due to County of Berks

The balance due to the County of Berks as of December 31, 2013, is comprised of the following:

December fees	\$ 72,336
Current period adjustments	(120)
Total	\$ 72,216

Note 4: Due to Commonwealth of PA

The balance due to the Commonwealth of PA as of December 31, 2013 is comprised of December fees.

**Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
December 31, 2013**

Note 5: Funds held in escrow

Funds held in escrow are comprised of adoption investigation fees, adoption counseling fees, court ordered deposits and estate administrator bonds. The following schedule is a summary of the funds held in escrow as of year end:

Adoption investigation fees	\$ 7,970
Adoption counseling fees	46,647
Court ordered deposits	2,200
Estate administrator bonds	<u>4,500</u>
Total	<u>\$ 61,317</u>

Adoption investigation fees are remitted annually to Berks County Children & Youth Services for all adoptions that have been completed. Adoption counseling fees are retained in escrow until an Orphans' Court Judge authorizes payment for counseling services.

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Internal Auditor's Report on Compliance and Internal Controls

Mr. Larry Medaglia
Register of Wills/Clerk of Orphans' Court
Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania

In completing our internal audit of the Office of the Register of Wills/Clerk of Orphans' Court for the year ended December 31, 2013, we performed tests for compliance with certain financial provisions of laws, regulations, contracts, grants, and applicable policies. Noncompliance is considered a significant finding when it could have a direct and material effect on related financial information. The results of our tests disclosed no instances of noncompliance.

We also performed tests of the Office of the Register of Wills/Clerk of Orphans' Court's internal control over financial information and noted no significant findings in internal controls. Significant findings involve matters coming to our attention relating to deficiencies in the design or operation of the internal control over financial information that, in our judgment, could adversely affect the Office of the Register of Wills/Clerk of Orphans' Court's ability to adequately and properly record, process, summarize and report financial data.

This report is intended for the information and use of the County of Berks Board of Commissioners and the Office of the Register of Wills/Clerk of Orphans' Court's management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
April 29, 2014

**Office of the Register of Wills/Clerk of Orphans' Court
County of Berks, Pennsylvania
Report on Internal Controls as of April 29, 2014
Status of Prior Year Results**

<u>Description of Condition</u>	<u>Corrective Action Implemented</u>
No prior year audit findings	N/A