



# County of Berks, Office of the Controller

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**Berks County Services Center**

633 Court Street, 12th Floor

Reading, PA 19601-4311

Phone (610) 478-6150

Fax (610) 478-6890

**Sandra M. Graffius, County Controller**

Jack A. Linton, Esq., Solicitor

July 5, 2016

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: Exit Conference confirmation

Dear Mr. Medaglia:

This is to confirm the exit conference scheduled for July 7, 2016, at 9:00 am that will be held at your office.

We have completed our audit of the financial statements for the Office of the Register of Wills/Clerk of Orphans' Court for the year ended December 31, 2015 and have attached an advanced draft copy of the report for your review prior to the meeting. At this time we will be discussing findings and other necessary items.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions prior to the exit conference, please contact our office.

Sincerely,

Oliver J. Arthur



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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 audit of the financial statements for the Office of the Register of Wills/Clerk of Orphans' Court for the year ended December 31, 2015, and have attached the report for your review and consideration.

Since there was no material weakness/significant deficiency or instance of non-compliance noted during the audit, 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's 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 during the course of our audit. If you have any questions concerning our audit or 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 Statement Audit**

**For the Year Ended December 31, 2015**

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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. Philip J. Edwards, Solicitor for Register of Wills/Clerk of Orphans' Court
6. Eugene A. DePasquale, Pennsylvania Auditor General
7. Reinsel, Kuntz, Leshner LLP, Certified Public Accountants
8. 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  
*Report on the Financial Statements*

We have audited the accompanying financial statements of the Office of the Register of Wills/Clerk of Orphans' Court, which comprise the statement of assets and liabilities – cash basis as of December 31, 2015, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year 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 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 judgement, 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Office of the Register of Wills/Clerk of Orphans' Court as of December 31, 2015, and its cash receipts, disbursements and cash balance for the year then ended in accordance with the cash basis of accounting described in Note 1.

### *Basis of Accounting*

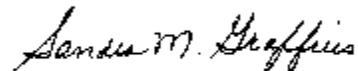
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not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

### *Other Matters*

The Supplemental information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated July 5, 2016 on our evaluation of the Office of the Register of Wills/Clerk of Orphans' Court 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 the audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of the audit.



Sandra M. Graffius, Controller  
July 5, 2016

**Office of the Register of Wills/Clerk of Orphans' Court  
County of Berks, Pennsylvania  
Statement of Assets and Liabilities – Cash Basis  
As of December 31, 2015**

**Assets**

Cash - Checking Account	\$ 143,438
Cash - Petty Cash/Change Fund	<u>150</u>
<b>Total Assets</b>	<b><u><u>\$ 143,588</u></u></b>

**Liabilities**

Funds held in escrow	\$ 69,394
Due to the County of Berks	66,705
Due to Commonwealth of PA	7,339
Due to County - Petty Cash/Change Fund	<u>150</u>
<b>Total Liabilities</b>	<b><u><u>\$ 143,588</u></u></b>

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

**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, 2015**

**Receipts**

Register of Wills: fees & escrow funds	\$ 860,071
Clerk of Orphans' Court: fees & escrow funds	297,624
Other Revenue	<u>144,011</u>

<b>Total Receipts</b>	<u>1,301,706</u>
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**Disbursements**

County of Berks	1,188,563
Commonwealth of PA	115,983
Bank fees	2,809
Refunds	<u>420</u>

<b>Total Disbursements</b>	<u>1,307,775</u>
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<b>Cash disbursements in excess of receipts</b>	(6,069)
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Cash account balance as of January 1	<u>149,507</u>
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<b>Cash account balance as of December 31</b>	<u><u>\$ 143,438</u></u>
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The accompanying notes are an integral part of these financial statements.

**Office of the Register of Wills/Clerk of Orphans' Court  
County of Berks, Pennsylvania  
Notes to Financial Statements  
For the Year Ended December 31, 2015**

**Note 1: Nature of the office and significant accounting policies**

**Background and Reporting Entity:**

The Register acts as a conduit for the Commonwealth of Pennsylvania, the County of Berks, 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 Berks. 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 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.

**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	Checking	\$ 139,413	\$ 143,438
Cash	Cash on hand	<u>150</u>	<u>150</u>
		<u>\$ 139,563</u>	<u>\$ 143,588</u>

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 do not exceed \$250,000 and, therefore, are fully covered by FDIC insurance.

**Office of the Register of Wills/Clerk of Orphans' Court  
County of Berks, Pennsylvania  
Notes to Financial Statements  
For the Year Ended December 31, 2015**

**Note 3: Legal Matters**

Our audit disclosed no pending litigation involving the Office of the Register of Wills/Clerk of Orphans' Court or Larry Medaglia that would affect the financial statements for the year ended December 31, 2015.

**SUPPLEMENTAL INFORMATION**

**Office of the Register of Wills/Clerk of Orphans' Court  
County of Berks, Pennsylvania  
Schedule of County of Berks  
Revenues and Direct Expenditures  
For the Year Ended December 31, 2015  
(Unaudited)**

**Revenues**

County Fines and Fees	<u>\$ 1,360,133</u>
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**Direct Expenditures**

Salaries and Wages	\$ 684,205
Fringe Benefits	161,682
Software/Hardware Maintenance Contracts	16,045
Advertising	9,818
Office Equipment/Copier Maintenance	8,533
Office Supplies	5,244
Postage	4,179
Other Miscellaneous Direct Costs	2,084
Telephone Local/Long Distance	2,063
Conference/Training	<u>1,521</u>

<b>Total Direct Expenditures</b>	<b><u>\$ 895,374</u></b>
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Jack A. Linton, Esq., Solicitor

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

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 planning and performing our audit of the financial statements of the Office of the Register of Wills/Clerk of Orphans' Court as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Office of the Register of Wills/Clerk of Orphans' Court's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Office of the Register of Wills/Clerk of Orphans' Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of the Register of Wills/Clerk of Orphans' Court's internal control.

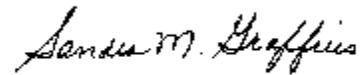
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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 by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, 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. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether the Office of the Register of Wills/Clerk of Orphans' Court'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 in 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.

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. This report is, however, a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Sandra M. Graffius".

Sandra M. Graffius, Controller  
July 5, 2016