



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

**Audit Report
For the Years Ended
December 31, 2013 and 2012**

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

**Annual Financial Statement
Audit**

Norman MacQueen, Controller

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
ANNUAL FINANCIAL STATEMENT AUDIT
AS OF DECEMBER 31, 2013 and 2012

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
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

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COUNTY OF CHESTER

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NORMAN MACQUEEN
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, 2013 and 2012, 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, 2013 and 2012, 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 October 29, 2014, 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.



Norman MacQueen
Controller

October 29, 2014

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
STATEMENTS OF ASSETS AND LIABILITIES – CASH BASIS
DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash - Operating	\$ 85,853	\$ 99,963
Cash - Court Ordered Escrow	162,076	9,076
Cash - Automation Fund	30,570	11,204
Cash - Counseling Fees	29,758	28,172
Cash - Attorney for Minor	1,350	600
Cash - Petty Cash/Change Fund	100	100
Total Assets	\$ 309,707	\$ 149,115
 <u>Liabilities</u>		
Due to County - Fees	\$ 78,816	\$ 92,514
Due to County - Petty Cash/Change Fund	100	100
Due to County - Interest	43	31
Due to Commonwealth of PA - Fees	5,677	5,930
Due to Automation Fund	1,360	1,520
Restricted Funds - Court Ordered Escrow	162,076	9,076
Restricted Funds - Automation Fund	30,570	11,204
Restricted Funds - Adoption Counseling Fees	29,715	28,140
Restricted Funds - Adoption Attorney Fees	1,350	600
Total Liabilities	\$ 309,707	\$ 149,115

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Receipts</u>		
County of Chester – Fees	\$ 1,177,069	\$ 1,192,270
Commonwealth of PA – Fees	90,111	90,977
Automation Fees	19,180	12,720
Interest	-	15
	-	15
Total Receipts	1,286,360	1,295,982
<u>Disbursements</u>		
County of Chester – Fees	1,190,766	1,178,688
Commonwealth of PA – Fees	90,364	90,865
Automation Fees	19,340	11,200
Interest	-	37
	-	37
Total Disbursements	1,300,470	1,280,790
Cash Increase (Decrease)	(14,110)	15,192
Cash, Beginning of Year	99,963	84,771
Cash, End of Year	\$ 85,853	\$ 99,963

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Receipts</u>		
Court Ordered Escrow	\$ 153,000	\$ -
Total Receipts	153,000	-
<u>Disbursements</u>		
Court Ordered Escrow	-	-
Total Disbursements	-	-
Cash Increase	153,000	-
Cash, Beginning of Year	9,076	9,076
Cash, End of Year	\$ 162,076	\$ 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
AUTOMATION FEE ACCOUNT
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Receipts</u>		
Automation Fees	\$ 19,340	\$ 11,200
Interest	26	4
Total Receipts	19,366	11,204
 <u>Disbursements</u>		
Total Disbursements	-	-
Total Disbursements	-	-
Cash Increase	19,366	11,204
Cash, Beginning of Year	11,204	-
Cash, End of Year	\$ 30,570	\$ 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
COUNSELING FEES ACCOUNT
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Receipts</u>		
Attorney Fees	\$ 1,650	\$ 750
Interest	43	43
Total Receipts	1,693	793
<u>Disbursements</u>		
Counseling	75	-
Interest*	32	462
Total Disbursements	107	462
Cash Increase	1,586	331
Cash, Beginning of Year	28,172	27,841
Cash, End of Year	\$ 29,758	\$ 28,172

*2012 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
ATTORNEY FOR MINOR ACCOUNT**

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Receipts</u>		
Attorney Fees	\$ 1,950	\$ 1,500
Interest	-	1
Total Receipts	1,950	1,501
<u>Disbursements</u>		
Attorney Fees	1,200	1,650
Interest*	-	15
Total Disbursements	1,200	1,665
Cash Increase (Decrease)	750	(164)
Cash, Beginning of Year	600	764
Cash, End of Year	\$ 1,350	\$ 600

*2012 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, 2013 and 2012

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, 2013.

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, 2013 and 2012
(Unaudited)

	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
County Fines and Costs	\$ 1,373,298	\$ 1,433,047
<u>Direct Expenditures</u>		
Salaries and Wages	\$ 502,574	\$ 532,699
Fringe Benefits	222,670	232,463
Legal Services	12,750	6,400
Telephone/Computer Charges	7,779	8,656
Postage	6,946	6,461
Office Supplies	6,047	6,073
Equipment Repairs and Maintenance	2,885	2,071
Reproduction Services	2,528	1,732
Other General Expenses	875	185
Books and Periodicals	812	475
Employee Travel/Mileage	779	1,629
Dues and Memberships	600	640
Training/Staff Development	475	1,042
Bonds	-	50
Other Professional Services	-	40
Total Direct Expenditures	\$ 767,720	\$ 800,616

Note 1: The revenue figure per the County of \$1,373,298 differs from the amount disbursed to the County by the Register of \$1,190,766. 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.



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NORMAN MACQUEEN
Controller

October 29, 2014

Terri Clark, Register of Wills/Clerk of the Orphans' Court
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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, 2013, 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

We noted certain matters that we reported to management of the *Register* in a separate letter dated October 29, 2014, regarding Inheritance Tax receipts.

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.



Norman MacQueen
Controller

COUNTY OF CHESTER
REGISTER OF WILLS/CLERK OF THE ORPHANS' COURT
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2013

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.