Beaver County Office of the

Register of Wills
and
Clerk of Orphans' Court

Audit Report for the Period
January 1, 2015 through December 31, 2016

David A. Rossi
Beaver County Controller

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THIRD STREET - BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: 724-728-5700

July 19, 2017

Tracey Patton
Register of Wills
and Clerk of Orphans' Court
Beaver County Courthouse
Beaver, PA 15009

Dear Ms. Patton:

We have audited the financial records of the Beaver County Office of the Register of Wills and Clerk of Orphans' Court for the period of January 1, 2015 through December 31, 2016 and have issued our report thereon dated July 19, 2017.

We conducted our audit to obtain reasonable assurance about whether the financial records are free of material misstatements.

Based upon our review of the financial records, in our opinion, the statement of revenues and expenditures is fairly stated in all material aspects.

David A. Rossi
Beaver County Controller

Scope and Objectives

Audit Scope:

January 1, 2015 through December 31, 2016

Audit Objectives:

The following objectives were performed during the audit:

- Prepare financial statements for the year reviewed
- Ensure that funds held in escrow are adequate
- Evaluate controls over the checking account
- Evaluate controls over cash
- Evaluate controls over general office procedures
- Ensure that receipts are applied properly, deposited in a timely manner, and disbursed to the proper payees
- Ensure that proper documentation is maintained in the case files
- Ensure that income due Beaver County was properly recorded and remitted
- Evaluate the controls over purchasing and the administration of the budget
- Ensure that reports and funds due to the Commonwealth are correct and remitted in a timely manner

Register of Wills / Clerk of Orphans' Court
Statement of Cash Receipts and Disbursements
For the year ended December 31, 2015

Beginning Cash Balance (1/1/2015):			
General Bank Account	26,612.20		
Inheritance Tax Funds on Hand	16,940.66		
			$ 43,552.86
Receipts:			
Inheritance Tax Collections		9,453,345.56	
Register of Wills			
Fees collected for Beaver County	208,461.12		
Inheritance Tax Commission	64,435.37		
Fees collected for the Commonwealth	25,418.00		
County Automation Fees	9,574.00		
		307,888.49	
Clerk of Orphans' Court			
Fees collected for Beaver County	66,817.45		
Fees collected for the Commonwealth	23,831.50		
County Automation Fees	10,930.00		
		101,578.95	
Total Receipts			9,862,813.00
Disbursements:			
PA Department of Revenue			
Inheritance Tax	(9,451,975.96)		
Fees	(49,570.50)		
		(9,501,546.46)	
Beaver County Treasurer			
Fees collected for Beaver County	(277,882.77)		
Inheritance Tax Commissions	(61,537.31)		
County Automation Fees	(20,627.50)		
		(360,047.58)	
Total Disbursements			(9,861,594.04)
Ending Cash Balance (12/31/2015):			
General Bank Account		26,461.56	
Inheritance Tax Funds on Hand		18,310.26	
Total Disbursements			$ 44,771.82

Register of Wills / Clerk of Orphans' Court
Statement of Cash Receipts and Disbursements
For the year ended December 31, 2016

Beginning Cash Balance (1/1/2016):			
General Bank Account	26,461.56		
Inheritance Tax Funds on Hand	18,310.26		
			$ 44,771.82
Receipts:			
Inheritance Tax Collections		9,563,205.34	
Register of Wills			
Fees collected for Beaver County	204,064.54		
Inheritance Tax Commission	64,171.31		
Fees collected for the Commonwealth	23,714.00		
County Automation Fees	12,562.00		
		304,511.85	
Clerk of Orphans' Court			
Fees collected for Beaver County	65,891.80		
Fees collected for the Commonwealth	23,051.50		
County Automation Fees	14,755.00		
		103,698.30	
Total Receipts			9,971,415.49
Disbursements:			
PA Department of Revenue			
Inheritance Tax	(9,569,294.89)		
Fees	(46,831.00)		
		(9,616,125.89)	
Beaver County Treasurer			
Fees collected for Beaver County	(270,985.84)		
Inheritance Tax Commissions	(67,069.37)		
County Automation Fees	(26,631.50)		
		(364,686.71)	
Total Disbursements			(9,980,812.60)
Adjustments:			
Miscellaneous adjustment			(12.50)
Ending Cash Balance (12/31/2016):			
General Bank Account		23,141.50	
Inheritance Tax Funds on Hand		12,220.71	
			$ 35,362.21

THE OFFICE OF THE REGISTER OF WILLS AND CLERK OF ORPHANS' COURT
NOTES TO THE ACCOUNTING STATEMENTS
FOR THE PERIOD JANUARY 1, 2015 THROUGH DECEMBER 31, 2016

Note 1: Summary of Significant Accounting Policies – The Office of the Register of Wills and Clerk of Orphans' Court reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: General Account - The general account of the Register of Wills and Clerk of Orphans' Court is utilized for all filing fees collected. [Inheritance Tax Receipts are deposited into a separate Inheritance Tax Account]. At the beginning of each month checks are issued to the County and the PA Department of Revenue from this checking account. These disbursements include all the receipts for the prior month.

Note 3: Inheritance Tax Account - This account is a local account which was approved and established in the name of the Department of Revenue. Inheritance Tax collections are considered disbursed once deposited into this account. The account is not a County account and the elected Beaver County official cannot withdraw or control the funds. Withdrawals are automatically transferred by the state every few days and the County later receives a "commission" from the state for providing the service of tax collection.

Note 4: Inheritance Tax Commission - The Register of Wills receives a monthly commission for acting as an agent to the Commonwealth of Pennsylvania for the purpose of collecting Inheritance Taxes. The commission rates and limits are determined in accordance with Act 207 of 1986, effective with tax collections made on and after January 1, 1988. The commission rates are 4.25% of $1.00 to $200,000 collected; 1.75% of $200,001 to $1,000,000 collected; and .5% of all collections in excess of $1,000,000.

Note 5: Automation Fee - The Register of Wills Automation Fee was established in January 2003 in order to provide funds to update and enhance their electronic records and equipment. The funds are transferred to the County Treasurer who maintains the funds in a separate checking account for use by the Registers Office.

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July 19, 2017

Tracey Patton
Register of Wills
and Clerk of Orphans' Court
Beaver County Courthouse
Beaver, PA 15009

Report on Internal Controls

We have audited the records of the Beaver County Office of the Register of Wills and Clerk of Orphans' Court for the period January 1, 2015 through December 31, 2016, and have issued our report thereon.

We planned and performed the audit to obtain reasonable assurance about whether the financial records were free of material misstatement. In planning and performing our audit of the Beaver County Office of the Register of Wills and Clerk of Orphans' Court for the period January 1, 2015 through December 31, 2016 we considered the office's internal control structure to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the office is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition,

and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statement in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted no matters involving the internal control structure and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

This report is intended solely for the information and use of management, the Office of the Controller, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

David A. Rossi
Beaver County Controller

An exit conference was held on July 28, 2017 at the Office of the Register of Wills and Clerk of Orphans' Court for the purpose of discussing the items presented in this report. Those in attendance were:

The Office of the Register of Wills and Clerk of Orphans' Court

Tracey Patton – Register of Wills and Clerk of Orphan's Court
Paula Boyd – First Deputy Register of Wills and Clerk of Orphans' Court

Beaver County Controller's Office

Cheryl Spagnola - Auditor

The results of the audit were discussed in their entirety during this conference.

As a part of the Office of the Controller's normal reporting procedure, a copy of this report will be posted in the Controller's section of the Beaver County website.