

**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, 2017**



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## **Report Distribution List**

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10. Audit File

**COUNTY OF BERKS, PENNSYLVANIA**  
**Office of the Controller**



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Christian Y. Leinbach, Chair  
Kevin S. Barnhardt, Commissioner  
Mark C. Scott, Esq., Commissioner

Sandra M. Graffius, Controller  
Tony Distasio, Esq., Solicitor

**Internal Auditor's Report**

Register of Wills, Mr. Larry Medaglia  
Office of the Register of Wills/Clerk of Orphans' Court  
Berks County Services Center, 2<sup>nd</sup> Floor  
633 Court Street  
Reading, PA 19601

*Report on the Financial Statement*

We have audited the accompanying Statement of Receipts, Disbursements and Changes in Cash Balance of the Office of the Register of Wills/Clerk of Orphans' Court for the year ending December 31, 2017.

*Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of the financial statement 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 statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatements, whether due to fraud or error.

*Internal Auditor's Responsibility*

Our responsibility is to annually audit the accounts of Row offices within the County and to report the results of such audits to the Berks County Commissioners, the Berks County Solicitor, and the Auditor General of Pennsylvania.

Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

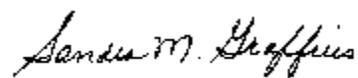
In our opinion, the financial statement referred to above present fairly, in all material respects, the cash receipts, disbursements and cash balance for the year ending December 31, 2017 in accordance with the cash basis of accounting described in Note 1.

### *Basis of Accounting*

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is 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 Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated August 29, 2018, on our evaluation of the Office of the Register of Wills/Clerk of Orphans' Court'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 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  
August 29, 2018

**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, 2017**

**Receipts**

Register of Wills: Fees	\$ 950,262
Clerk of Orphans' Court: Fees	296,980
Inheritance Tax Commissions	181,580
Internet Royalties	1,080
Other Revenue	746
Bonds	<u>500</u>
<b>Total Receipts</b>	<b><u>1,431,148</u></b>

**Disbursements**

County of Berks	1,295,153
Commonwealth of PA	118,270
Refunds	8,427
Bank Fees	<u>2,534</u>
<b>Total Disbursements</b>	<b><u>1,424,384</u></b>

<b>Cash receipts in excess of disbursements</b>	<b>6,764</b>
Cash, beginning of year	<u>164,117</u>
<b>Cash, end of year</b>	<b><u><u>\$ 170,881</u></u></b>

The accompanying notes are an integral part of the financial statement.

**Office of the Register of Wills/Clerk of Orphans' Court  
County of Berks, Pennsylvania  
Notes to Financial Statement  
For the Year Ended December 31, 2017**

**Note 1: Nature of the Office and Significant Accounting Policies**

**Background and Reporting Entity:**

The Office of the Register of Wills/Clerk of Orphans' Court acts as a conduit for the Commonwealth of Pennsylvania, the County of Berks, related political subdivisions, and the citizens it serves. Consequently, the Register of Wills/Clerk of Orphans' Court cash balance at any point in time represents undisbursed funds to one (or all) of these parties.

The actual operating expenses of the Register of Wills/Clerk of Orphans' Court are paid by the County of Berks. These costs include the salaries and wages of Register of Wills/Clerk of Orphans' Court 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 Receipts, Disbursements, and Changes in Cash Balance.

**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 statement presented herein does not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is an other 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 and on deposit, and investments with a maturity of three months or less when purchased.

**Cash Accounts:**

The financial statement prepared for the Office of the Register of Wills/Clerk of Orphans' Court reflects 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 this financial statement.

**Office of the Register of Wills/Clerk of Orphans' Court  
County of Berks, Pennsylvania  
Notes to Financial Statement – Continued  
For the Year Ended December 31, 2017**

**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
BB&T	Checking	\$ 167,875	\$ 170,881

The general checking account 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: Legal Matters**

Our audit disclosed no pending litigation involving the Office of the Register of Wills/Clerk of Orphans' Court or Mr. Larry Medaglia, Register of Wills that would affect the financial statement for the year ended December 31, 2017.

**Note 4: Subsequent Events**

Management has evaluated subsequent events through August 29, 2018, which is the date the financial statement was available to be issued.

# COUNTY OF BERKS, PENNSYLVANIA

## Office of the Controller



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

Register of Wills, Mr. Larry Medaglia  
Office of the Register of Wills/Clerk of Orphans' Court  
Berks County Services Center, 2<sup>nd</sup> Floor  
633 Court Street  
Reading, PA 19601

In planning and performing our audit of the financial statement of the Office of the Register of Wills/Clerk of Orphans' Court for the year ended December 31, 2017, 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 statement, 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.

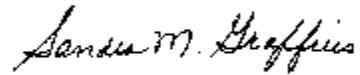
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 statement is 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 solely for the information and use by the management of the Office of the Register of Wills/Clerk of Orphans' Court and other affected county offices, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is 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  
August 29, 2018