

The Office of the Recorder of Deeds

**Audit Report
For the Period January 2017 through December 2018**

**David A. Rossi
Beaver County Controller**



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

April 11, 2019

Janice Jeschke Beall
Beaver County Recorder of Deeds
Beaver County Court House
Beaver, PA 15009

Dear Ms. Beall:

We have audited the financial records of the office of the Recorder of Deeds in the county of Beaver of the state of Pennsylvania for the period January 1, 2017 through December 31, 2018. Based upon this audit we have issued our report thereon dated April 11, 2019.

We conducted our audit to obtain reasonable assurance that the financial statements are free of material misstatement.

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

AUDIT SCOPE:

The scope of this audit encompasses the period from January 1, 2017 to December 31, 2018.

AUDIT OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the Recorder of Deeds checking accounts and change fund
- Ensure that funds are deposited timely
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied properly
- Ensure that reports and funds due to the Commonwealth are correct and remitted in a timely manner
- Ensure that proper documentation is maintained in the files
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

**THE OFFICE OF THE RECORDER OF DEEDS
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2017**

Beginning Balance (1/1/2017) \$ 572,386.34

Receipts:

Operating Account:

Local Transfer Tax	\$ 4,600,477.56
Justice Fund	626,928.50
County Recording Fees	471,978.16
Affordable Housing	133,289.00
Record Improvement	106,175.00
Cover Page Fee	41,676.00
Copy Fees	33,189.00
UCC Recording Fees	25,935.00
State Fees	13,042.50
Demolition Fund	11,970.00
Reference Fee	6,974.00
State Notary Commissions	454.00
Service Fees	<u>282.00</u>

Total: \$ 6,072,370.72

State Realty Tax Collections 4,545,572.10

State Realty Tax Commissions 45,914.86

Total Receipts 10,663,857.68

Disbursements:

Commonwealth of Pennsylvania:

Transfer Tax	\$ (4,550,192.46)
Justice Fund	(630,018.50)
Writs	(12,873.33)
Notary Commission	<u>(480.00)</u>

Total: \$ (5,193,564.29)

Beaver County School Districts (2,243,498.66)

Beaver County Municipalities (2,243,496.90)

Beaver County:

County Recording Fees	\$ (507,532.36)
Affordable Housing (85%)	(114,245.95)
Local Tax Commission (2%)	(91,571.52)
ROD Records Improvement – Act 8	(64,914.00)
State Transfer Tax Commission	(45,689.87)
Records Improvement – Act 8	(43,276.00)
Cover Page	(42,470.00)
Copy Fees	(32,912.00)
Recorders share of UCC fees	(26,315.00)
Affordable Housing (15%)	(20,161.05)
Reference Fee	(3,846.00)
Writ Tax Commission (3%)	(398.17)
Service Fee	<u>(107.00)</u>

Total: (993,438.92)

Total Disbursements (10,673,998.77)

Ending Balance (12/31/2017) **\$ 562,245.25**

**THE OFFICE OF THE RECORDER OF DEEDS
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2018**

Beginning Balance (1/1/2018) \$ 562,245.25

Receipts:

Operating Account:

Local Transfer Tax	\$ 5,219,152.78
Justice Fund	694,715.00
County Recording Fees	462,426.48
Demolition Fund	155,520.00
Affordable Housing	135,252.00
Record Improvement	104,985.00
Reference Fee	44,562.00
Cover Page Fee	41,312.00
Copy Fees	30,824.00
State Fees	12,424.00
UCC Recording Fees	19,095.00
Internet Copy Fees	5,434.98
Service Fees	<u>140.00</u>

Total: \$ 6,925,843.24

State Realty Tax Collections 5,141,820.22

State Realty Tax Commissions 51,937.57

Total Receipts 12,119,601.03

Disbursements:

Commonwealth of Pennsylvania:

Transfer Tax	\$ (5,163,039.09)
Justice Fund	(699,142.50)
Writs	<u>(12,043.03)</u>

Total: \$ (5,874,224.62)

Beaver County School Districts (2,595,291.42)

Beaver County Municipalities (2,595,288.08)

Beaver County:

County Recording Fees	\$ (459,043.57)
Demolition Fund	(156,210.00)
Affordable Housing (85%)	(115,472.50)
Local Tax Commission (2%)	(105,930.24)
ROD Records Improvement – Act 8	(63,375.00)
State Transfer Tax Commission	(52,877.37)
Reference Fee	(44,608.00)
Records Improvement – Act 8	(42,250.00)
Cover Page	(41,596.00)
Copy Fees	(31,674.50)
Affordable Housing (15%)	(20,377.50)
Recorders share of UCC fees	(19,475.00)
Writ Tax Commission (3%)	(372.47)
Service Fee	<u>(315.00)</u>

Total: (1,153,577.15)

Total Disbursements (12,218,381.27)

Ending Balance (12/31/2018) \$ 463,465.01

**THE OFFICE OF THE RECORDER OF DEEDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2017 THROUGH DECEMBER 31, 2018**

Note 1: Summary of Significant Accounting Policies - The office of the Recorder of Deeds 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: Beaver Realty Tax - PA Dept of Revenue Account - This account is a local account established by the Pennsylvania Department of Revenue. The Office of the Recorder of Deeds collects and deposits the state portion of realty taxes into this account; however they have no withdrawal authority or control of the funds once deposited. The account is maintained by the state which makes all withdraws by electronic funds transfers. All deposits into the account represent disbursements made by the Office of the Recorder of Deeds. All differences between Recorder of Deeds yearly receipts and disbursements are due to time lags in the depositing of these funds.

State Funds receipted in 2017 deposited in 2018	\$ 26,936.12
State Funds receipted in 2018 deposited in 2019	\$ 5,717.25

Note 3: Affordable Housing Revenue - Recording Fees collected by The Recorder of Deeds for Affordable Housing are distributed 85% to Community Development and 15% is maintained by The Recorders Office.

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April 11, 2019

Janice Jeschke Beall
Beaver County Recorder of Deeds
Beaver County Court House
Beaver, PA 15009

Report on Internal Control Structure

We have audited the accompanying statement of account of the office of the Recorder of Deeds, Beaver County, Pennsylvania, for the period January 1, 2017 to December 31, 2018, and have issued our report thereon dated April 11, 2019.

We conducted our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In planning and performing our audit of the office of the Recorder of Deeds, Beaver County, Pennsylvania, for the period January 1, 2017 to December 31, 2018, we considered the office's internal control structure to determine our auditing procedures for the purpose 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 of the Recorder of Deeds is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are 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 the financial statements 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 except for matters of compliance. 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 judgment, 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 the Office of the Controller, management, 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 April 11, 2019 at the Office of the Recorder of Deeds for the purpose of discussing this report. Those in attendance were:

The Office of the Clerk of Courts

Janice Jeschke Beall – Beaver County Recorder of Deeds

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.