

The Office of the Recorder of Deeds

**Audit Report
For the Period January 1, 2007
through December 31, 2008**

**David A. Rossi
Beaver County Controller**

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September 16, 2009

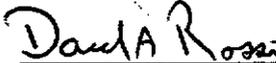
Janice Jeschke Beall
Beaver County Recorder of Deeds
Beaver County Courthouse
Beaver, PA 15009

Dear Ms. Beall:

We have audited the financial records of the office of the Recorder of Deeds for the period January 1, 2007 through December 31, 2008. Based upon this audit we have issued our report thereon dated August 28, 2009.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

Based upon our review of the Recorder of Deeds records we have made observations and recommendations as detailed in this report.



David A. Rossi
Beaver County Controller

AUDIT SCOPE:

The scope of this audit encompassed the period from January 1, 2007 to December 31, 2008.

AUDIT OBJECTIVES:

Through the completion of an Internal Control Questionnaire, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepared a financial statement for each year reviewed
- Evaluated controls over the office checking accounts and change fund
- Ensured that funds are deposited timely
- Ensured that funds received are disbursed to the proper payees
- Ensured that funds held in escrow are adequate and properly documented
- Ensured that funds receipted are correctly applied to proper case
- Ensured that receipts are voided for valid reasons
- Ensured that reports and funds due the Commonwealth and Beaver County are correct and remitted in a timely manner
- Ensured that proper documentation is maintained in the file
- Evaluated controls over cash
- Evaluated controls over expenditures and administration of budget
- Evaluated controls over general office procedures

**THE OFFICE OF THE RECORDER OF DEEDS
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2007**

Beginning balance (1/1/07) \$ 629,019.57

Receipts:

Money Market Account:

Local Realty Tax Collections	\$ 5,017,314.13
County Recording Fees	506,352.24
Justice Fund	236,280.00
Affordable Housing Collections	182,858.00
Act 8 Record Improve. Fund	132,560.00
Copy Fees	33,728.00
UCC Recording Fees	31,730.00
State Fees	15,630.50
Bank Interest Record Improvement	8,248.35
State Notary Commissions	512.00

Total: \$ 6,165,213.22

State Realty Tax Collections 5,013,798.68

State Realty Tax Commissions 52,668.20

Bank Interest Money Market 15,577.70

Total Receipts \$ 11,247,257.80

Disbursements:

Commonwealth of Pennsylvania:

Realty Tax	\$ (5,067,326.23)
Justice Fund	(240,440.00)
PA Writ & UCC Fees	(15,299.35)
Notary Commission	(504.00)

Total: \$ (5,323,569.58)

Beaver County School Districts (2,485,978.32)

Beaver County Municipalities (2,479,932.38)

Beaver County:

County Recording Fees	(515,797.74)
Affordable Housing (85%)	(158,556.45)
Act 8 - used	(108,437.83)
Local Tax Collection Commission	(105,264.55)
Records Improvement - Act 8	(53,862.00)
State Transfer Tax Commission	(52,668.17)
Copy Fees	(34,855.50)
Affordable Housing (15%)	(27,980.55)
Beaver County UCC Fees (Proth)	(27,504.40)
Bank Interest Money Market	(19,538.02)
Beaver County UCC Fees (Recorder)	\$ (3,750.60)
Writ Tax Commission (3%)	(473.15)

Total: \$ (1,108,688.96)

Total Disbursements \$ (11,398,169.24)

Adjustments:

Deposit Errors	60,950.99
Misc.	(100.00)
Bank Error	(68.00)
NSF Service Fees	(33.80)
	<u>\$ 60,749.19</u>

Ending Balance (12/31/07) \$ 538,857.32

** Bank Errors = \$(68.00) 10/07 bank fee error / \$(0.09) 11/14/07 Bank Stmt error / \$0.09 12/07 Bank Correction

** Deposit Errors = \$(234.5) 1/07 Overpayment on Recording Fees to County / \$(0.20) 7/17/07 State Transfer Tax short on deposit slip / \$61,185.32 7/07 State Deposit Correction / \$(0.03) 9/07 State Commission check corrected /

** NSF Service Fees = \$35.00 2/07 Service Fee for Jeter NSF Replacement check / \$(138.80) 3/07 Service Fees to County less \$1.20 Deposit Errors / \$35.00 10/07 Baker NSF Fee / \$(35.00) 11/07 Baker NSF Fees / \$70.00 12/07 NSF Fees for Experience Title replacement check for \$5,250.00

** Misc. = \$(100.00) 8/07 Change for Cash Registers

**THE OFFICE OF THE RECORDER OF DEEDS
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2008**

Beginning balance (1/1/08) **\$ 538,857.32**

Receipts:

Money Market Account:

Local Realty Tax Collections	\$	2,963,121.49
County Recording Fees		401,674.98
Justice Fund		193,860.00
Affordable Housing Collections		143,624.00
Record Improvement Collections		110,635.00
Copy Fees		27,055.50
UCC Recording Fees		15,485.00
State Fees		13,889.50
CB Record Improvement Interest		2,532.14
State Notary Commissions		585.00
FNB Record Improvement Interest		153.57

Total: \$ 3,872,616.18

State Realty Tax Collections		2,949,439.28
State Realty Tax Commissions		33,044.18
CB Money Market Interest		1,939.00
FNB Operating/Sweep Acct Interest		25.75

Total Receipts **\$ 6,857,064.39**

Disbursements:

Commonwealth of Pennsylvania:

Realty Tax	\$	(2,963,835.52)
Justice Fund		(195,950.00)
PA Writ & UCC Fees		(13,704.65)
Notary Commission		(641.00)

Total: \$ (3,174,131.17)

Beaver County School Districts		(1,498,682.64)
Beaver County Municipalities		(1,498,284.66)

Beaver County:

County Recording Fees		(406,076.98)
Act 8 - used		(147,318.59)
Affordable Housing (85%)		(123,494.80)
Local Tax Collection Commission		(61,162.60)
Records Improvement - Act 8		(44,802.00)
State Transfer Tax Commission		(28,478.15)
Copy Fees		(26,966.00)
Affordable Housing (15%)		(21,793.20)
Prothonotary Share UCC Fees		(10,366.40)
Beaver County UCC Fees (Recorder)	\$	(6,733.60)
Bank Interest Money Maker		(4,172.50)
Writ Tax Commission (3%)		(423.85)

Total: \$ (881,788.67)

Total Disbursements \$ (7,052,887.14)

Adjustments:

NSF Service Fees		(233.20)
Bank Error		30.20
Deposit Errors		14.55

\$ (188.45)

Ending Balance (12/31/08)

\$ 342,846.12

** Bank Errors = \$10 1/08 Bank Stmt Error / \$.20 2/08 Bank Error Local Transfer Tax / \$10 3/08 Bank Stmt Error / \$1 5/08 Bank Stmt Error Money Market Acct / \$1 7/08 Bank Stmt Error State Acct / (\$1) 6/08 Bank Stmt Error Correction to Money Market Acct. / (\$1) 8/09 Bank Stmt Error Correction to State Account / \$10 12/08 Bank Error Correction to FNB Lead Account

** Deposit Errors = \$.20 3/08 General Check Error / (\$.80) 3/08 Deposit Slip Error 3/12/08 / (\$.20) 4/08 Short 3% Writ to County / \$15.35 9/08 Error on Act 8 Distribution

** NSF Service Fees = \$57 1/08 Replacement NSF Chase & Irwin / (\$254.20) 6/08 Service Fees & Bank Errors to County / (\$36) 12/08 Service Fee & Bank Errors to County

**THE OFFICE OF THE RECORDER OF DEEDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2007 THROUGH DECEMBER 31, 2008**

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 withdrawals 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 received in 2006 deposited in 2007	\$ 12,442.31
State Funds received in 2007 deposited in 2008	\$ 20,199.88
State Funds received in 2008 deposited in 2009	\$ 5,804.64

Note 3: Affordable Housing Revenue - Recording Fees collected by The Recorder of Deeds for Affordable Housing are distributed 85% to Community Development and 15% to the General Fund.

Note 4: Beaver County UCC Fees – UCC Recording fees collected by The Office of the Recorder of Deeds are distributed 88% to the Prothonotary's office and 12% to the General Fund.

**As of August 2008, UCC fees are no longer being distributed to the Prothonotary's office.

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August 28, 2009

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

Report on Internal Control Structure

We have audited the records of the Beaver County Office of the Recorder of Deeds for the period January 1, 2007 to December 31, 2008, and have issued our report thereon dated August 28, 2009.

We conducted our audit in accordance with generally accepted auditing standards and 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 records are free of material misstatement.

In planning and performing our audit of the Beaver County Office of the Recorder of Deeds for the period January 1, 2007 to December 31, 2008, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial records and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the Recorder of Deeds office 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.

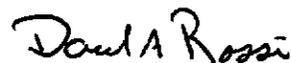
For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure. Compliance with applicable laws and regulations was considered 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 under standards established by the American Institute of Certified Public Accountants. 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 records 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

**The Office of the Recorder of Deeds
Observation Summary
January 1, 2007 through December 31, 2008**

OBSERVATIONS AND RECOMMENDATIONS

There were no observations associated with this audit.

An exit conference was held on August 28, 2009 for the purpose of discussing the items presented in this report. Those in attendance were:

The Recorder of Deeds

Janice Jeschke Beall – Elected official, Recorder of Deeds

Chrislyn Hardesty – First Deputy

Beaver County Controller's Office

Shannon L. Hebb - Auditor

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

An Audit Response Form has been submitted to the Recorder of Deeds office for completion. This form restates all findings noted in the Audit. All responses will be incorporated into the Final Audit and become a part of said Report. As part of the Office of the Controller's normal reporting procedures, a copy of this report will be posted in the Controller's section of the Beaver County website.

**THE OFFICE OF THE BEAVER COUNTY RECORDER OF DEEDS
AUDIT RESPONSES
FOR THE PERIOD JANUARY 2007 THROUGH DECEMBER 2008**

**The Office Beaver County Recorder of Deeds
Audit Responses
January 2007 Through December 2008 Audit**

Summary Of Observations:

There were no observations associated with this audit.

Response:

No response necessary.

Signature of Elected Official:

Janice Jericho Beal

Date:

9/14/08