



RECORDER OF DEEDS/
REGISTER OF WILLS/
CLERK OF ORPHANS' COURT

HUNTINGDON COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2003 TO DECEMBER 31, 2006

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Independent Auditor's Report

The Honorable Thomas W. Wolf
Secretary
Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statements of receipts and disbursements of the Recorder of Deeds/Register of Wills/Clerk of Orphans' Court, Huntingdon County, Pennsylvania (County Officer), for the period January 1, 2003 to December 31, 2006, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*. These Statements are the responsibility of the county office's management. Our responsibility is to express an opinion on these Statements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Sections 401(b) and 401(d) of *The Fiscal Code* to audit the accounts of each county officer to determine whether all moneys collected on behalf of the Commonwealth have been correctly reported and promptly transmitted. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Sections 401(b) and 401(d) of *The Fiscal Code*.

Independent Auditor's Report (Continued)

In our opinion, the Statements referred to above present, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period ended December 31, 2006, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statements and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Statements are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Statements or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards* and this finding, along with the views of management, are described in the Finding and Recommendation section of the report.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding the security of case files. The County Officer should strive to implement the recommendation and corrective action noted in this examination report. During our current examination, we noted a weakness in the internal controls over the security of case files that need corrective action. This significant deficiency increases the risk for funds to be lost, stolen, or misappropriated.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the County Officer and is not intended to be and should not be used by anyone other than these specified parties.

August 21, 2007

JACK WAGNER
Auditor General

RECORDER OF DEEDS
HUNTINGDON COUNTY
REALTY TRANSFER TAXES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

Receipts:

Realty Transfer Taxes (Note 2)	\$ 3,308,501
Disbursements to Department of Revenue (Note 4)	<u>(3,308,501)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2006	<u><u>\$ -</u></u>

Notes to the Statements of Receipts and Disbursements are an integral part of this report.

RECORDER OF DEEDS
HUNTINGDON COUNTY
WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

Receipts:

Writ Taxes	\$ 21,056
Judicial Computer System/Access To Justice Fees	<u>349,930</u>
Total Receipts (Note 2)	370,986
Commissions (Note 3)	<u>(632)</u>
Net Receipts	370,354
Disbursements to Department of Revenue (Note 4)	<u>(370,354)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2006	<u><u>\$ -</u></u>

Notes to the Statements of Receipts and Disbursements are an integral part of this report.

REGISTER OF WILLS
HUNTINGDON COUNTY
INHERITANCE TAXES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

Receipts:

Inheritance Taxes (Note 2)	\$ 5,803,286
Disbursements and credits to Department of Revenue (Note 4)	<u>(5,803,286)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2006	<u><u>\$ -</u></u>

Notes to the Statements of Receipts and Disbursements are an integral part of this report.

CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
MARRIAGE LICENSE TAXES, SURCHARGES, FEES AND
JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

Receipts:

Marriage License Taxes	\$ 477
Marriage License Application Surcharges	9,530
Marriage License Declaration Fees	9,530
Judicial Computer System/Access To Justice Fees	<u>8,690</u>
Total Receipts (Note 2)	28,227
Disbursements to Department of Revenue (Note 4)	<u>(28,227)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2006	<u><u>\$ -</u></u>

Notes to the Statements of Receipts and Disbursements are an integral part of this report.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

1. Criteria

The Statements of Receipts and Disbursements (Statements) have been prepared in accordance with Title 72 P.S. Section 401 (b) of *The Fiscal Code*, which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Department of Revenue with a report to enable them to settle an account covering any delinquency.

The Statements were prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Revenue. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

2. Receipts

Recorder Of Deeds

Receipts consist of monies collected on behalf of the Department of Revenue. These include monies collected for the following taxes and fees:

- The Pennsylvania Realty Transfer Tax is a documentary stamp tax of 1 percent on the value of the interest in real property transferred by deed.
- Writ Taxes represent a \$.50 tax imposed on various types of documents and a \$10 tax on notary public commissions processed through the office.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee, for filings after November 1, 2002, imposed for each filing of a deed, mortgage, or property transfer.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

2. Receipts (Continued)

Register Of Wills

Receipts consist of monies collected on behalf of the Department of Revenue less commissions on these monies. These include monies collected for the following taxes and fees:

- Inheritance Taxes represent inheritance taxes filed with the Register of Wills.
- Judicial Computer System/Access To Justice Fees represent fees (\$5.00 for filings prior to November 1, 2002 and \$10.00 for filings afterwards) imposed for the initiation of any civil action or legal proceeding, including the filing of petitions for grants of letters, and first filing in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts.

For the purpose of reporting the collection of Judicial Computer System/Access To Justice Fees to the Department of Revenue, the office combined the Register of Wills and Clerk of Orphans' Court collections and reported them on the Clerk of Orphans' Court's monthly report. Therefore, the amount reported on the Clerk of Orphans' Court's statement of receipts and disbursements includes the fees collected for the office of the Register of Wills.

Clerk Of Orphans' Court

Receipts consist of monies collected on behalf of the Department of Revenue. These include monies collected for the following taxes, surcharges, and fees:

- The Marriage License Tax is a \$.50 tax on all marriage licenses filed with the Clerk of Orphans' Court.
- The Marriage License Application Surcharge is a \$10.00 surcharge imposed on all marriage license applications.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

2. Receipts (Continued)

Clerk Of Orphans' Court (Continued)

- The Marriage License Declaration Fees is a \$13.00 fee imposed for the issuance of a marriage license or declaration and for returns thereof to the Department of Health, \$2.50 of which shall be for the use of the county where the license is issued, and \$.50 for the use of the Commonwealth (Marriage License Tax), plus \$10.00 (Marriage License/Declaration Fees). The statement of receipts and disbursements only reflects the portion collected on behalf of the Commonwealth.
- Judicial Computer System/Access To Justice Fees represent fees (\$5.00 for filings prior to November 1, 2002 and \$10.00 for filings afterwards) imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts.

3. Commissions

Acting in the capacity of an agent for the Commonwealth, the Recorder of Deeds/Register of Wills is authorized to collect a commission on the Commonwealth portion of taxes as follows:

<u>Tax</u>	<u>Commission</u>
Realty Transfer	1%
Writ	3%
Inheritance	4.25% \$1.00 to \$200,000.00 1.75% next \$800,000.00 .50% thereafter

Recorder of Deeds commissions of \$33,085 for Realty Transfer Taxes and Register of Wills commissions of \$99,016 for Inheritance Taxes were paid to the County by the Department of Revenue, which are not reflected in the statements of receipts and disbursements.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

4. Disbursements And Credits To Department Of Revenue

Recorder Of Deeds

Realty Transfer Taxes

The Recorder of Deeds participates in the Department of Revenue's cash management system for Realty Transfer Taxes. Under this system, the "Agent" deposits Realty Transfer Tax collections to a local account approved and established in the name of the Department of Revenue, thereby eliminating the need for the agent to issue a check to disburse these taxes.

Total disbursements are comprised as follows:

Deposits into the Department of Revenue's cash management account	<u>\$ 3,308,501</u>
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Writ Taxes and Judicial Computer System/Access To Justice Fees

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	<u>\$ 370,354</u>
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Register Of Wills

Inheritance Taxes

The Register of Wills participates in the Department of Revenue's cash management system for Inheritance Taxes. Under this system, the "Agent" deposits Inheritance Tax collections to a local account approved and established in the name of the Department of Revenue, thereby eliminating the need for the agent to issue a check to disburse these taxes.

Total disbursements and credits are comprised as follows:

Deposits into the Department of Revenue's cash management account	\$ 5,802,737
Credits issued by the Department of Revenue	<u>549</u>
Total	<u>\$ 5,803,286</u>

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

4. Disbursements And Credits To Department Of Revenue (Continued)

Clerk Of Orphans' Court

Total disbursements are comprised as follows:

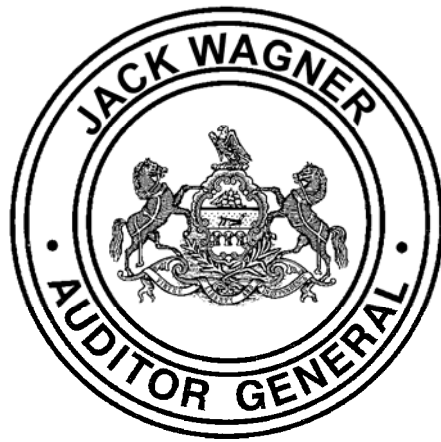
Checks issued to the Department of Revenue	<u>\$ 28,227</u>
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5. Balance Due Department Of Revenue (County) For The Period January 1, 2003 To December 31, 2006

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

6. County Officer Serving During Examination Period

Janet E. Hanks served as Recorder of Deeds/Register of Wills/Clerk of Orphans' Court during the period January 1, 2003 to December 31, 2006.



RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

Finding - Certain Case Files Stored At Unsecured Public Area

During our examination, it was discovered that certain estate case files containing important legal documents are stored in file cabinets in an unsecured public area within the main hall of the courthouse. These file cabinets, though locked, can be opened with very little force and cannot be seen from any of the county offices.

It is the responsibility of the county and the county office to ensure that important court related documents are safeguarded.

Without this control, official records could be stolen, tampered with or destroyed. Safeguarding is essential since these records contain very important legal documents that may be required at subsequent court proceedings.

This condition was cited in the prior audit period ending December 31, 2002.

Recommendation

We again recommend that the county office and other responsible county officials take all necessary and reasonable steps to ensure that the county office's official files and documents are stored in a secured area and still available for subsequent legal proceedings if needed.

Management's Response

The County Officer stated:

Currently there is not enough adequate safe storage area in the office. County officials have been aware of the problem for many years. The Recorder of Deeds/ Register of Wills/Clerk of Orphans Court filed a lawsuit against the County Commissioners on November 14, 2003 for, among other things, not providing adequate storage and security for records.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we made the following recommendations:

- That the County should require the vendor to obtain written authorization from the County before using any Data File Utility procedures.
- That the office should require user IDs for county offices users.
- That the office should require the vendor to provide monitoring reports which include the date, time, reason for change(s), change(s) made, and who made the change(s). The County should routinely review these reports to determine that access was appropriate and that data was not improperly altered.

During our current examination, we noted that the office complied with our recommendations.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

This report was initially distributed to:

The Honorable Thomas W. Wolf
Secretary
Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania Courts
Administrative Office of Pennsylvania Courts

Recorder of Deeds/Register of Wills/
Clerk of Orphans' Court
Huntingdon County
Courthouse
223 Penn Street
Huntingdon, PA 16652

The Honorable Janet E. Hanks

Recorder of Deeds/ Register of Wills/
Clerk of Orphans' Court

The Honorable R. Dean Fluke

Chairman of the Board of Commissioners

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.