



County of Berks, Office of the Controller

Berks County Services Center

633 Court Street, 12th Floor

Reading, PA 19601-4311

Phone (610) 478-6150

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Sandra M. Graffius, County Controller

Jack A. Linton, Esq., Solicitor

September 21, 2015

Mr. Frederick Sheeler
Recorder of Deeds
Office of the Recorder of Deeds
County of Berks, Pennsylvania

Re: Internal Auditor's Audit Report

Dear Mr. Sheeler:

We have completed our audit of the financial statements of the Office of the Recorder of Deeds for the year ended December 31, 2013, and have attached the report for your review and consideration.

Since there were no findings noted, no response is required and the attached report is the final report.

This report is intended for the use of the Office of the Recorder of Deeds management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions concerning the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

**Office of the Recorder of Deeds
County of Berks, Pennsylvania**

Frederick Sheeler, Recorder of Deeds

Financial Audit

For the Period January 1, 2013 to December 31, 2013

Contents

Report Distribution List	1
Internal Auditor's Report	2
Statement of Receipts, Disbursements and Changes in Cash Balance—Cash Basis	3
Notes to Financial Statements	4
Internal Auditor's Report on Compliance and Internal Controls	5

Report Distribution List

1. Frederick Sheeler, Recorder of Deeds
2. Christian Y. Leinbach, County Commissioner Chair
3. Kevin S. Barnhardt, County Commissioner
4. Mark C. Scott, County Commissioner
5. Carl Geffken, Chief Operations Officer
6. Allen R. Shollenberger, Solicitor
7. Eugene A. DePasquale, Pennsylvania Auditor General
8. Reinsel Kuntz Leshner LLP, Certified Public Accountants
9. Audit File



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Internal Auditor's Report

Mr. Frederick Sheeler
Recorder of Deeds
Office of the Recorder of Deeds
County of Berks, Pennsylvania

We have audited the Statement of Receipts, Disbursements and Changes in Cash Balance—Cash Basis for the year ended December 31, 2013 for the Office of the Recorder of Deeds. The financial statement is the responsibility of the Office of the Recorder of Deeds management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accounts of the Office of the Recorder of Deeds are maintained, and the accompanying financial statements are prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above present fairly, in conformity with the cash basis of accounting, the cash account balance of the Office of the Recorder of Deeds, as of December 31, 2013, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

This report is intended for the information of the County of Berks Board of Commissioners and the Office of the Recorder of Deeds management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
September 21, 2015

**Office of the Recorder of Deeds
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance—Cash Basis
For the Year Ended December 31, 2013**

Receipts	2013
County Recording Fees	\$ 1,483,169
County Image/Copy Sales	260,125
County Affordable Housing	619,541
County Commission on Local RTT	242,847
County Commission on State RTT	95,029
Parcel ID Fee	556,340
Prepaid Receipts (Draw Down)	11,493
State Writ and Bond Fees	33,859
Planning Commission Fees	1,240
Interest Income	1,787
Local Realty Transfer Tax	11,899,472
State Judicial Fees	1,164,778
State Share of Real Estate Transfer Tax	9,407,853
Record Improvement Fund	263,815
County Miscellaneous	8,585
County Rejection Fee	<u>18,090</u>
 Total Receipts	 <u>26,068,023</u>
 Disbursements	
Realty Transfer Tax to Local Authorities	12,231,458
Realty Transfer Tax to Commonwealth	9,741,350
Recording Fees and Commission to County	2,048,377
Writ and Judicial Fees - Commonwealth	1,228,758
Record Improvement Fund	265,960
Parcel ID Fees	367,760
Image/Copy Sales to County	260,649
Interest to County of Berks	1,787
Planning Commission	1,240
Affordable Housing - Program Portion	532,042
Affordable Housing - 7.5% ROD Portion	46,945
Affordable Housing – 7.5% CD Portion	46,945
Commonwealth of PA – Notary Fees	1,484
Miscellaneous Disbursements / Refunds	<u>14,212</u>
 Total Disbursements	 <u>26,788,967</u>
 Cash disbursements in excess of receipts	 (720,944)
 Cash account balances as of January 1	 <u>1,638,018</u>
 Cash account balances as of December 31	 <u>\$ 917,074</u>

The accompanying notes are an integral part of these financial statements.

**Office of the Recorder of Deeds
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2013**

Note 1: Nature of the office and significant accounting policies

Nature of the office:

All Deeds, mortgages, and real estate transfers must be officially recorded if they are to be binding in a court of law. The official recording officer for the County of Berks is the Recorder of Deeds. The Office of the Recorder of Deeds maintains copies of all Deeds, mortgages, and miscellaneous transactions pertaining to real estate dating back to 1752. The Recorder of Deeds also collects 1% Pennsylvania Realty Transfer Tax for the Commonwealth, 93 municipalities and school districts in the County of Berks, and one school district in the County of Chester.

Basis of accounting:

The books and records of the Office of the Recorder of Deeds are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with accounting principles generally accepted in the United States of America. The cash basis of accounting is another comprehensive basis of accounting.

Note 2: Realty transfer tax collections for the Commonwealth of PA

The Office of the Recorder of Deeds collects a 1% realty transfer tax on behalf of the Commonwealth of Pennsylvania. These cash collections are deposited daily into a bank account maintained by the commonwealth. The Office of the Recorder of Deeds has no signature authority on this account nor has any rights to the funds kept in this account. This account does not appear on the books or records of the County of Berks. The Office of the Recorder of Deeds receives a 1% commission for collection efforts made on behalf of the Commonwealth.



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Internal Auditor's Report on Compliance and Internal Controls

Mr. Frederick Sheeler
Recorder of Deeds
Office of the Recorder of Deeds
County of Berks, Pennsylvania

In planning and performing our audit of the financial statement of the Office of Recorder of Deeds as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Office of Recorder of Deeds 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of Recorder of Deeds internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of Recorder of Deeds 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 statements will not be prevented, or detected and corrected on a timely basis.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

The report is intended for the information of the County of Berks Board of Commissioners and the Office of the Office of Recorder of Deeds management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
September 21, 2015