



County of Berks, Office of the Controller

Berks County Services Center

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Sandra M. Graffius, County Controller

Jack A. Linton, Esq., Solicitor

October 25, 2016

Mr. Jonathan DeCollo
Acting Prothonotary
Office of the Prothonotary
County of Berks, Pennsylvania

Re: Accountant's Compilation Report

Dear Mr. DeCollo:

We have completed our compilation of the financial statements for the Office of the Prothonotary as of December 31, 2014 and 2015 and have attached the final report.

This report is intended for the use of the Office of the Prothonotary's 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 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 Prothonotary
County of Berks, Pennsylvania
Jonathan DelCollo, Acting Prothonotary
Financial Statement Compilation
As of December 31, 2014 and 2015

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Report Distribution List

1. Jonathan DeCollo, Acting Prothonotary
2. Christian Y. Leinbach, County Commissioner Chair
3. Kevin S. Barnhardt, County Commissioner
4. Mark C. Scott, County Commissioner
5. Ronald Seaman, Chief Administrative Officer
6. Susan N. Denaro, Solicitor for Prothonotary
7. Eugene A. DePasquale, Pennsylvania Auditor General
8. Reinsel, Kuntz, Leshner LLP, Certified Public Accountants
9. Audit File



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Accountant's Compilation Report

Mr. Jonathan DelCollo
Prothonotary
Office of the Prothonotary
County of Berks, Pennsylvania

Report on the Financial Statements

We have compiled the accompanying financial statements of the Office of the Prothonotary, which comprise the statement of assets and liabilities – cash basis as of December 31, 2014 and 2015, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the years then ended, and the related notes to the financial statements. We have not audited the accompanying financial statements and, accordingly, do not express an opinion on the financial statements.

Management's Responsibility for the Financial Statements

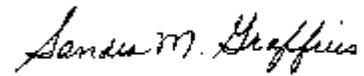
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances.

Accountant's Responsibility

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

A handwritten signature in black ink that reads "Sandra M. Graffius". The signature is written in a cursive style with a large initial 'S'.

Sandra M. Graffius, Controller
October 11, 2016

**Office of the Prothonotary
County of Berks, Pennsylvania
Statement of Assets and Liabilities – Cash Basis
As of December 31, 2014 and 2015**

Assets

| | <u>2014</u> | <u>2015</u> |
|-------------------------------------|---------------------|---------------------|
| Cash in Bank | \$ 1,125,863 | \$ 1,561,543 |
| Court-Ordered Deposits (See Note 3) | 45,351 | 45,374 |
| Change Fund/Petty Cash | 1,100 | 1,100 |
| | <hr/> | <hr/> |
| Total Assets | \$ 1,172,314 | \$ 1,608,017 |

Liabilities and Fund Balance

Liabilities

| | | |
|---|---------------------|---------------------|
| Funds Held in Escrow - Advanced Payments | \$ 823,423 | \$ 1,324,964 |
| Due to the County of Berks | 252,975 | 193,184 |
| Reserve for Court-Ordered Deposits | 45,351 | 45,374 |
| Due to Commonwealth of PA | 23,252 | 19,815 |
| Due to the County of Berks - Praecipe & Master Fees | 12,150 | 13,725 |
| Due to the County of Berks - Mediation Fees | 6,440 | 5,485 |
| Funds Held in Escrow - Rent | 6,875 | 2,646 |
| Due to Others | 442 | 1,430 |
| Due to County-Petty Cash/Change Fund | 1,100 | 1,100 |
| Due to Administrative Office of PA Courts | 306 | 294 |
| | <hr/> | <hr/> |
| Total Liabilities | \$ 1,172,314 | \$ 1,608,017 |

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

**Office of the Prothonotary
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
As of December 31, 2014 and 2015**

| <u>Receipts</u> | <u>2014</u> | <u>2015</u> |
|---|---------------------|---------------------|
| Prothonotary Fees | \$ 1,581,549 | \$ 1,500,282 |
| Advance Payments | 416,077 | 652,542 |
| Rent Escrow | 123,079 | 543,481 |
| E-Filing Fees | 138,134 | 355,302 |
| Commonwealth of PA, Fees and Taxes | 232,088 | 274,042 |
| Praecepte and Master Fees | 174,070 | 156,844 |
| Mediation Cost and Surcharge | 85,639 | 84,575 |
| Passport Fees | 28,100 | 38,600 |
| Other Receipts - Wage Attachment | 28,505 | 30,909 |
| Prothonotary Automation Fund | 31,320 | 30,765 |
| Photocopier Fees | 30,386 | 22,378 |
| Interest Income | 817 | 1,103 |
| Total Receipts | <u>2,869,764</u> | <u>3,690,823</u> |
| | | |
| <u>Disbursements</u> | | |
| County of Berks | 1,617,996 | 1,616,670 |
| Rent Escrow | 128,949 | 547,710 |
| E-Filing Fees | 110,907 | 352,471 |
| Commonwealth of PA | 222,369 | 277,435 |
| Praecepte and Master | 172,455 | 155,269 |
| Advanced Payments | 11,428 | 150,859 |
| Mediation Cost and Surcharge | 85,509 | 85,530 |
| Prothonotary Automation Fund | 31,075 | 30,945 |
| Other Payments - Wage Attachment | 28,093 | 29,922 |
| Photocopier Maintenance and Supplier | 1,560 | 8,157 |
| Bank Fees | 308 | 175 |
| Total Disbursements | <u>2,410,649</u> | <u>3,255,143</u> |
| | | |
| Cash receipts in excess of disbursements | 459,115 | 435,680 |
| | | |
| Cash account balance as of January 1 | <u>666,748</u> | <u>1,125,863</u> |
| | | |
| Cash account balance as of December 31 | <u>\$ 1,125,863</u> | <u>\$ 1,561,543</u> |

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

**Office of the Prothonotary
County of Berks, Pennsylvania
Notes to Financial Statements
As of December 31, 2014 and 2015**

Note 1: Nature of the office and significant accounting policies

Background and Reporting Entity:

The Office of the Prothonotary is responsible for filing and processing all civil actions (i.e., divorce, custody, protection from abuse, civil law suits etc.), equity actions, judgments, federal and local tax liens, city liens, family court matters, license suspension appeals, appeals to higher court, uniform commercial code filings, applications for passports, and arbitration hearings. This office also files all judgments, orders, decrees of the court, and sends out notices of such entry to parties and/or counsel in each case. The Prothonotary issues writs of execution and other writs, reviews pleadings filed for compliance with Pennsylvania Rules of Civil Procedure and Berks County Rules of Court, and collects filing fees for the County and writ tax and surcharges for the Commonwealth.

The actual operating expenses of the Prothonotary are paid by the County of Berks. These costs include the salaries and wages of office employees, fringe benefits, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statements of Cash Receipts, Disbursements, and Cash Balance.

Basis of accounting:

The books and records of the Office of the Prothonotary 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 generally accepted accounting principles. The cash basis of accounting is another comprehensive basis of accounting.

Cash and cash equivalents:

The Office of the Prothonotary considers cash and equivalents to be cash on hand, on deposit and investments with a maturity of three months or less when purchased.

Cash accounts:

The financial statements prepared for the Office of the Prothonotary reflect primarily trust and agency account activity. The account is maintained and reconciled by the Office of the Prothonotary. Administrative costs and expenses incurred by the Office of the Prothonotary are reflected on the books and records of the County of Berks and not on these financial statements

**Office of the Prothonotary
County of Berks, Pennsylvania
Notes to Financial Statements
As of December 31, 2014 and 2015**

Note 2: Cash and Equivalents

The following cash accounts are in the name of the County of Berks, Office of the Prothonotary, and are reflected in the County of Berks financial statements:

| Bank | Account Type | Bank Balance 12/31/14 | Carrying Value 12/31/14 |
|---------------|------------------|-----------------------------|-------------------------------|
| National Penn | General Checking | \$ 1,007,994 | \$ 1,009,143 |
| National Penn | E-Filing | 107,434 | 116,429 |
| National Penn | EFT liens | 291 | 291 |
| Cash | cash on hand | <u>1,100</u> | <u>1,100</u> |
| | | <u>\$ 1,116,819</u> | <u>\$ 1,126,963</u> |

| Bank | Account Type | Bank Balance 12/31/15 | Carrying Value 12/31/15 |
|---------------|------------------|-----------------------------|-------------------------------|
| National Penn | General Checking | \$ 1,461,477 | \$ 1,452,597 |
| National Penn | E-Filing | 102,347 | 108,427 |
| National Penn | EFT liens | 519 | 519 |
| Cash | cash on hand | <u>1,100</u> | <u>1,100</u> |
| | | <u>\$ 1,565,443</u> | <u>\$ 1,562,643</u> |

The general checking holds funds received by the Office of the Prothonotary in a trust and agency capacity and use of these funds, by the Office of the Prothonotary, is restricted.

The general checking account is an interest-bearing account. For the period from January 1, 2014 to December 31, 2015, this account earned \$1,919 of interest income. The EFT Liens account is used exclusively to process IRS tax lien activity. Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

Note: Additional interest of \$0.56 was earned from January 1, 2014 to December 31, 2015 on the National Penn EFT liens account.

**Office of the Prothonotary
County of Berks, Pennsylvania
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2015**

Note 3: Court-ordered deposits

Court-ordered deposits represent cash on deposit with local financial institutions that are maintained by the Office of the Prothonotary as directed by the civil court. These bank accounts are monies the court has ordered litigants in civil cases to place on deposit pending the outcome of a court case. The Office of the Prothonotary acts as an agent for the court by maintaining and reconciling these bank accounts until ordered by the court to make disbursements to the designated litigants of a court case. All interest earned or bank fees incurred are adjusted to the balance of these bank accounts and are not paid to or from the County of Berks. A corresponding liability for these funds is shown on the face of the financial statements and titled "Reserve for court-ordered deposits." As of year-end the Office of the Prothonotary was in control of seven separate bank accounts for court-ordered deposits.

SUPPLEMENTAL INFORMATION

Office of the Prothonotary
County of Berks, Pennsylvania
Schedule of County of Berks
Revenues and Direct Expenditures
As of December 31, 2014 and 2015
(Unaudited)

| | <u>2014</u> | <u>2015</u> |
|---|-----------------------------|-----------------------------|
| <u>Revenues</u> | <u>\$ 2,059,016</u> | <u>\$ 2,136,997</u> |
| <u>Direct Expenditures</u> | | |
| Salaries and Wages | \$ 1,153,481 | \$ 1,108,543 |
| Fringe Benefits | 305,653 | 313,526 |
| Software/Hardware Maintenance Contracts | 31,236 | 47,411 |
| Postage | 31,724 | 34,791 |
| Temporary Personnel | 16,954 | 22,300 |
| Other General Expenditures | 11,498 | 21,582 |
| Books and Subscriptions | 17,253 | 18,551 |
| Office Supplies | 18,920 | 14,911 |
| Telephone/Internet | 3,038 | 4,417 |
| Conference/Training/Travel | 2,554 | 2,556 |
| Association Dues | 835 | 835 |
| Professional Fees | 2,555 | 355 |
| Contracted Services | 259 | 115 |
| Advertising | 802 | - |
| | <u> </u> | <u> </u> |
| Total Direct Expenditures | <u><u>\$ 1,596,762</u></u> | <u><u>\$ 1,589,893</u></u> |