



# County of Berks, Office of the Controller

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**Berks County Services Center**

633 Court Street, 12th Floor

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**Sandra M. Graffius, County Controller**

Jack A. Linton, Esq., Solicitor

October 7, 2014

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

Re: Internal Auditor's Report

Dear Mr. Sheeler:

We have completed our compilation of the financial statements of the Office of the Recorder of Deeds for the two years ended December 31, 2012, 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**

**Annual Financial Report**

**For the Two Years Ended December 31, 2012**

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## **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 compiled the statement of assets, liabilities and fund balance – cash basis for the two years ended December 31, 2012 for the Office of the Recorder of Deeds, a unit of the County of Berks, Pennsylvania, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the two years then ended. These financial statements are the responsibility of the Office of the Recorder of Deeds management.

The prior report issued, for the three years ended December 31, 2010, had no financial statement presentation. As a result, we performed a limited review of the 2011 bank accounts of the Office of Recorder of Deeds. The review included compiling cash proofs and testing of receipts, disbursements and voided transactions for the following accounts and time periods:

General – January 1, 2011 to December 31, 2011

State Realty – January 1, 2011 to December 31, 2011

Writ – January 1, 2011 to December 31, 2011

There were no findings noted from the above testing. 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.

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.

Sandra M. Graffius, Controller  
September 30, 2014

**Office of the Recorder of Deeds  
County of Berks, Pennsylvania  
Statement of Assets, Liabilities and Fund Balance – Cash Basis  
As of December 31, 2012**

Assets	
Cash in bank	\$ 1,637,868
Cash on hand – petty cash	<u>150</u>
Total Assets	<u>\$ 1,638,018</u>
Liabilities and Fund Balance	
Liabilities	
Due to Local Authorities	\$ 1,092,569
Due to County of Berks	35,462
Due to Commonwealth of PA-Writ & Judicial	116,620
Realty Transfer Tax Due to Commonwealth	369,527
Cash on hand – petty cash	150
Funds held in Escrow	18,547
Interest due to County of Berks	<u>132</u>
Total Liabilities	<u>1,633,007</u>
Fund balance	<u>5,011</u>
Total liabilities and fund balance	<u>\$ 1,638,018</u>

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

**Office of the Recorder of Deeds  
County of Berks, Pennsylvania  
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis  
For the two Years Ended December 31, 2012**

Receipts	<b>2012</b>
Recording Fees	\$ 1,548,732
Image/Copy Sales	306,285
Affordable Housing	631,342
County Commission on Local RTT	223,473
County Commission on state RTT	94,210
County Commission on Writ Tax	990
Prepaid Receipts (Draw Down)	9,741
Writ and bond fees	34,205
Desk space rentals	5,925
Interest Income	3,257
Local Realty Transfer Tax	10,950,189
State Judicial Fees	1,209,898
State Share of Real Estate Transfer Tax	9,326,829
Record Improvement Fund	273,345
County Miscellaneous	10,254
Rejection Fee	<u>4,735</u>
 Total Receipts	 <u>24,633,410</u>
 Disbursements	
Realty transfer tax to local authorities	10,950,189
Realty transfer tax to Commonwealth	9,326,828
Recording fees and commission to County	1,858,474
Writ and Judicial Fees - Commonwealth	1,125,492
Record improvement fund	270,545
Image/Copy Sales to County	305,242
Desk rental revenue to County of Berks	5,885
Interest to County of Berks	3,125
Planning Commission	1,040
Affordable Housing - Program Portion	528,795
Affordable Housing - 7.5% ROD portion	46,658
Affordable Housing – 7.5% CD portion	46,658
Commonwealth of PA – Notary Fees	1,124
Misc. Disbursements / Refunds	<u>10,918</u>
 Total Disbursements	 24,480,973
 Cash receipts in excess of disbursements	 152,437
 Cash account balances as of January 1	 <u>1,485,581</u>
 Cash account balance as of December 31	 <u>\$ 1,638,018</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, 2012**

**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.

**Cash and cash equivalents:**

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

**Trust and agency accounts:**

The financial statements prepared for the Office of the Recorder of Deeds and audited by the Office of the Controller reflect only the trust and agency account activity. These accounts are maintained and reconciled by the Office of the Recorder of Deeds. Administrative costs and expenses incurred by the Office of the Recorder of Deeds are reflected on the books and records of the County of Berks in general and not on these financial statements.

In addition to trust and agency accounts, the Office of the Recorder of Deeds maintains a special legislation fund, the Record Improvement Fund, which is the subject of a separate audit.

**Note 2: Cash and equivalents**

The following cash accounts are in the name of the County of Berks, Office of the Recorder of Deeds, and are reflected in the County of Berks financial statements. These accounts hold funds received by the Office of the Recorder of Deeds in a trust and agency capacity and use of these funds, by the Office of the Recorder of Deeds, is restricted.

**Office of the Recorder of Deeds  
County of Berks, Pennsylvania  
Notes to Financial Statements  
December 31, 2012**

**Note 2: Cash and equivalents (continued):**

<u>Bank</u>	<u>Account Title / Type</u>	<u>Bank Balance</u>	<u>Book Value</u>
VIST Bank	General - checking	\$ 937,697	\$ 1,151,501
VIST Bank	State Realty	155,771	369,527
VIST Bank	Writ - checking	102,443	116,840
Cash	Petty Cash	150	150
		<u>\$ 1,196,061</u>	<u>\$ 1,638,018</u>

Amounts on deposit in excess of FDIC limits were collateralized by the financial institution with securities held by that entity.

**Note 3: Due to local authorities**

Amounts in this account represent collections of a 1% Pennsylvania realty transfer tax received by the Office of the Recorder of Deeds. These collections are made on behalf of 93 municipalities and school districts within the County of Berks, and one school district in the County of Chester. These funds are remitted to the respective local authorities within one month following the collection.

**Office of the Recorder of Deeds  
County of Berks, Pennsylvania  
Notes to Financial Statements  
December 31, 2012**

**Note 4: Due to the County of Berks**

The amount due to the County of Berks is for collections from the following sources:

Recording fees	\$ 22,368
Image/Copy Sales	1,043
Affordable Housing	9,231
Record Improvement Fund	2,800
Planning Commission	<u>20</u>
Total	<u>\$ 35,462</u>

**Note 5: Due to the Commonwealth of PA**

The amount due to the Commonwealth is for collections from the following sources:

Judicial fees	\$ 116,422
Writ fees	<u>198</u>
Total	<u>\$ 116,620</u>

**Note 6: 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.

**Note 7: Funds held in escrow**

In order for title searchers and other frequent users of the Office of the Recorder of Deeds services to be more efficient, individual escrow accounts are set up with the Office that are drawn upon as services are rendered. These funds are held in the general account and tracked through the Record Fusion receipting/cashiering system. The balance presented as of December 31, 2012 is the amount of escrow funds currently in the Office of the Recorder of Deeds possession as of that date.