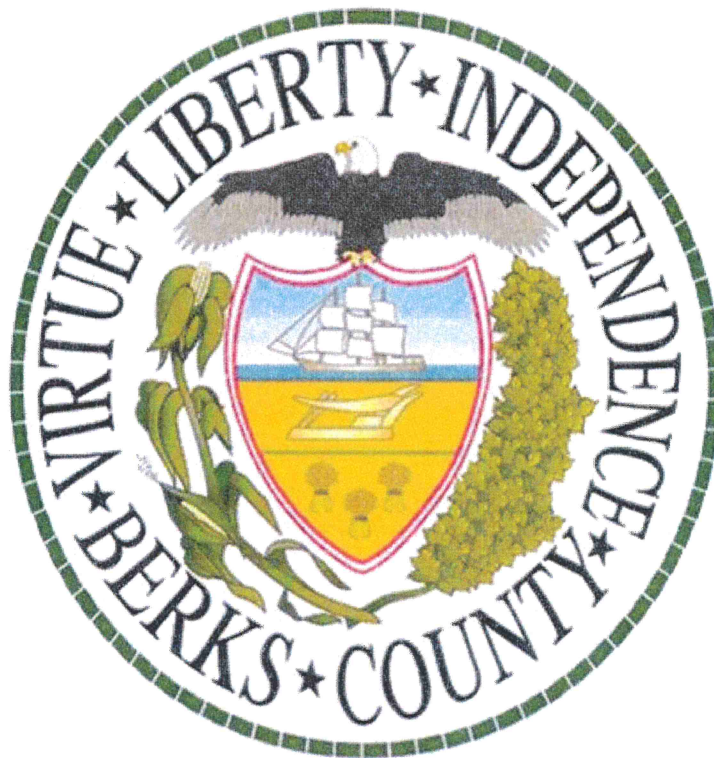


**Office of the Prothonotary
County of Berks, Pennsylvania**

Prothonotary Jonathan K. Del Collo

Annual Financial Statement Audit

For the Year Ended December 31, 2023



Contents

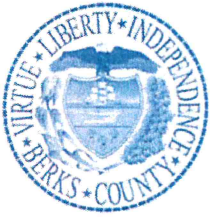
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Office of the Controller



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Joseph E. Rudderow III, Controller
Eugene Orlando, Esq., Solicitor

INTERNAL AUDITOR'S REPORT

Prothonotary Jonathan K. Del Collo
Office of the Prothonotary
Berks County Courthouse, 2nd Floor
633 Court Street
Reading, PA 19601

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Change in Cash Balance of the Office of the Prothonotary as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Office of the Prothonotary's basic financial statements as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, its cash receipts, disbursements and cash balance for the year ending December 31, 2023, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Office of the Prothonotary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office of the Prothonotary's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Internal Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to annually audit the accounts of every elected official's office within the County and to report the results of such audits to the Berks County Commissioners, the Berks County Solicitor, and the Auditor General of Pennsylvania.

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Prothonotary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office of the Prothonotary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is 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. Our opinion is not modified with respect to this matter.

Management has omitted the management's discussion and analysis. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, on our consideration of the Office of the Prothonotary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office of the Prothonotary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office of the Prothonotary's internal control over financial reporting and compliance.



Joseph E. Rudderow III, Controller
December 31, 2024

**Office of the Prothonotary
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2023**

Receipts

Prothonotary Fees	\$	1,194,683
E-Filing and E-Conversion Fees		276,513
Rent Escrow		264,749
Commonwealth of PA Fees and Taxes		223,625
Praeipie and Master Fees		134,450
Advance Payments		112,065
Interest		57,062
Wage Attachment		29,014
Prothonotary Automation Fund		26,875
PFA Sheriff Fees		9,058
Payment of Arbitrators		8,950
Act 119		5,548
Appeal Credit Card		2,800
Court Fines		2,300
Refunds/Adjustments		2,118
County/Sheriff Abuse Fees		2,050
Photocopy Fees		1,913
Total Receipts	\$	2,353,773

Disbursements

Prothonotary Fees		1,209,861
Advance Payments		383,507
E-Filing and E-Conversion Fees		277,324
Rent Escrow		235,497
Commonwealth of PA Taxes and Fees		222,178
Praeipie and Master Fees		137,713
Wage Attachment		28,887
Prothonotary Automation Fund		26,785
PFA Sheriff Fees		9,166
Interest		8,699
Payment of Arbitrators		8,300
Act 119		5,519
Appeal Credit Card		2,800
Court Fines		2,300
County/Sheriff Abuse Fees		2,100
Photocopy Fees		2,097
Refunds/Adjustments		1,670
Total Disbursements		2,564,403

Cash Decrease		(210,630)
Cash, Beginning of Year		1,567,988
Cash, End of Year	\$	1,357,358

The accompanying notes are an integral part of the financial statement.

**Office of the Prothonotary
County of Berks, Pennsylvania
Notes to Financial Statement
For the Year Ended December 31, 2023**

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 lawsuits 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 statement prepared for the Office of the Prothonotary reflects primarily Custodial account activity. The accounts are maintained and reconciled by the Office of the Prothonotary. The financial statement also reflects the collection and transfer of fees to a special Prothonotary automation fund (Act 164), which was mandated by the Pennsylvania legislature for the purpose of office automation. The Prothonotary's share of the County record improvement fund (PS 21052.1), a special revenue-operating fund, is a separate compilation. 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 Statement - Continued
For the Year Ended December 31, 2023**

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:

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Tompkins VIST	Operating Account	\$ 1,245,159	\$ 1,239,445
Tompkins VIST	EFT Account	26	26
Tompkins VIST	E-Filing Account	<u>111,202</u>	<u>117,887</u>
		<u>\$ 1,356,387</u>	<u>\$ 1,357,358</u>

The Operating Account holds funds received by the Office of the Prothonotary in a Custodial capacity and use of these funds, by the Office of the Prothonotary, is restricted.

Note 3: Legal Matters

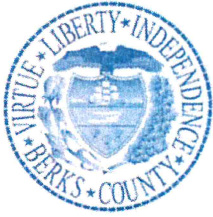
Our audit disclosed no pending litigation involving the Office of the Prothonotary or Mr. Jonathan K. Del Collo, Prothonotary, which would affect the financial statements for the year ended December 31, 2023.

Note 4: Subsequent Events

Management has evaluated subsequent events through December 31, 2024, which is the date the financial statement was available to be issued.

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Joseph E. Rudderow III, Controller
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Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Prothonotary Jonathan K. Del Collo
Office of the Prothonotary
Berks County Courthouse, 2nd Floor
633 Court Street
Reading, PA 19601

In planning and performing our audit of the financial statement of the Office of the Prothonotary for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Office of the Prothonotary's 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 statement, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Prothonotary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of the Prothonotary's 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 statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Recommendations that we consider to be significant deficiencies.

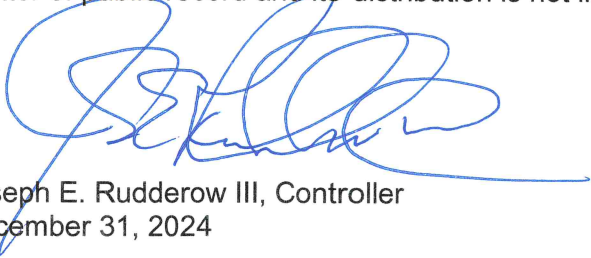
- Inability to summarize and reconcile Cost Books

The management of the Office of the Prothonotary's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The management of the Office of the Prothonotary's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

As part of obtaining reasonable assurance about whether the Office of the Prothonotary's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect in the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to the management of the Office of the Prothonotary in a separate letter dated December 31, 2024.

This report is intended solely for the information and use by the management of the Office of the Prothonotary and other affected county offices, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Joseph E. Rudderow III, Controller
December 31, 2024

**Office of the Prothonotary
County of Berks, Pennsylvania
Schedule of Audit Findings and Recommendations**

Significant Deficiency

Finding #1: Inability to Summarize and Reconcile Cost Books

There is an inability to summarize and reconcile Rent Escrow and Advance Payment transactions from the Cost Books. The Prothonotary records advance payments and rents held in escrow on a case-by-case basis in manual ledger books called Cost Books. This system has been in place long before the current, or prior, Prothonotary took office. Due to the age and manual nature of this recording system, there is no way for the Prothonotary to produce a detailed summary of individual account balances that can be easily reconciled to spreadsheet balances. The detail of account activity has to be compiled and summarized manually. The Cost Books contain many entries, going back to 1978, which should have been resolved previously. The unresolved Cost Books issues also are preventing the Prothonotary's office from adhering to State rules regarding escheatment of funds. This is a known issue for the Prothonotary's office and has been noted as a Finding and then Significant Deficiency in prior years.

Disposition: Significant Deficiency. This was listed as a Significant Deficiency in previous audits and has not been corrected. It is noted that the Prothonotary is currently in the process of attempting to rectify the situation and clean up the cost books. The lack of ability to summarize and reconcile Rent Escrow and Advance Payment transactions is a significant concern for the Prothonotary's Office and creates a substantial risk for potential fraud. Additionally, it causes an inability to correctly escheat necessary funds to the State. We recommend that the Prothonotary continues the efforts to remedy this Cost Book situation and follows through until this issue is satisfactorily resolved.

Management's Response:

Finding #1: Significant Deficiency – Inability to Summarize and Reconcile Cost Books

Prothonotary Jonathan K. Del Collo's Response:

We continue to work to correct this finding. Reconciliation of cost books is quite difficult and was neglected by previous Prothonotaries before being tackled by the current Prothonotary and his staff. Much money has been paid out already thanks to the hard work of the Prothonotary Office Manager (formerly our Account Clerk who currently doubles as Account Clerk due to our office not having any luck or success with previous Account Clerks) and the Chief Deputy. We continue to make progress on concluding the complete reconciliation of the cost books and will be implementing a completely new e-filing, case management and accounting module in 2025 which should negate the issue going forward. Further, the Prothonotary's Office continues to work with the Controller's Office to establish a fully funded back date in which we will then be able to move forward permanently.

**Office of the Prothonotary
County of Berks, Pennsylvania
Schedule of Prior Year Audit Findings and Recommendations**

Significant Deficiencies and Management's Response (for Prior Year-2022)

Inability to Summarize and Reconcile Cost Books

Condition: There is an inability to summarize and reconcile Rent Escrow and Advance Payment transactions from the Cost Books. The Prothonotary records advance payments and rents held in escrow on a case-by-case basis in manual ledger books called Cost Books. This system has been in place long before the current, or prior, Prothonotary took office. Due to the age and manual nature of this recording system, there is no way for the Prothonotary to produce a detailed summary of individual account balances that can be easily reconciled to spreadsheet balances. The detail of account activity must be compiled and summarized manually.

The Cost Books contain many entries, going back to 1978, which should have been resolved previously. This is a known issue for the Prothonotary's office and has been noted as a Finding and then Significant Deficiency in prior years.

Recommendation: This was listed as a Significant Deficiency in previous audits and has not been corrected. It is noted that the Prothonotary is currently in the process of attempting to rectify the situation and clean up the cost books. The lack of ability to summarize and reconcile Rent Escrow and Advance Payment transactions is a significant concern for the Prothonotary's Office and creates a substantial risk for potential fraud. We recommend that the Prothonotary continues the efforts to remedy this Cost Book situation and follows through until this issue is satisfactorily resolved.

Management's Response: We continue to work to correct this finding. Reconciliation of cost books is quite difficult and was neglected by previous Prothonotaries before being tackled by the current Prothonotary and his staff. Much money has been paid out already thanks to the hard work of the Prothonotary Office Manager (formerly our Account Clerk) and the Chief Deputy.

We continue to make progress on concluding the complete reconciliation of the cost books and have secured verbal assurance from the Leadership Team that the County is willing to subsidize the reconciliation to bring everything into balance. However, we are not sure this will be necessary as we are currently in discussion with the Controller's Office to establish a fully funded back date in which we will then be able to move forward permanently.