
County of Berks, Pennsylvania

Annual Financial Report

for the Year Ending December 31,
2013

Commissioners:

Christian Y. Leinbach, Chair

Kevin S. Barnhardt, Vice Chair

Mark C. Scott, Esq.

Prepared by the

Office of the Controller

Annual Financial Report

Year ended December 31, 2013

County of Berks

Table of Contents: Page(s)

Financial Information:

Independent Auditor's Report 1 – 3

Basic Financial Statements

Statement of Net Position FS 2 – 3

Statement of Activities FS 4 – 5

Balance Sheet – Governmental Funds FS 6 – 7

Reconciliation of the Governmental Funds Balance Sheet to the Statement
of Net Position FS 8

Statement of Revenues, Expenditures and Changes in Fund Balances
- Governmental Funds FS 10 – 11

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities FS 12

Statement of Net Position – Proprietary Funds – Enterprise Funds FS 13

Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)
Proprietary Funds – Enterprise Funds FS 14

Statement of Cash Flows – Proprietary Funds – Enterprise Funds FS 15

Statement of Fiduciary Net Position – Fiduciary Funds FS 16

Statement of Changes in Fiduciary Net Position – Fiduciary Funds FS 17

Statement of Net Position (Deficit) – Component Units FS 18

Statement of Activities /Revenues, Expenses, and Changes in Net Position
(Deficits) – Component Units FS 19

Notes to Financial Statements

Note 1 – Nature of Entity and Summary of Significant Accounting
Policies N 1

Note 2 – Cash and Investments N 13

Note 3 – Restricted Assets N 20

Note 4 – Real Estate Taxes N 22

Annual Financial Report

Year ended December 31, 2013

County of Berks

Table of Contents (continued): Page(s)

Financial Statements (continued)

Note 5 – Interfund Balances and Activity	N 22
Note 6 – Capital Assets	N 24
Note 7 – Employee Retirement Trust Plan	N 30
Note 8 – Future Lease Rentals Receivable and Related Debt	N 34
Note 9 – Risk Management	N 35
Note 10 – Long-Term Debt	N 39
Note 11 – Fund Balance Policy	N 55
Note 12 – Obligations Under Capital Leases	N 59
Note 13 – Commitments and Contingencies	N 59
Note 14 – Contractual Agreement Revenue	N 62
Note 15 – Legal Compliance	N 63
Note 16 – Litigation	N 63
Note 17 – Post Employment Benefit Plans other than Pensions	N 63
Note 18 – Subsequent Events	N 65

Required Supplemental Information

<u>Berks County Employee’s Retirement Fund</u> Schedule of Employer Contributions	RSI 1
<u>General Fund</u> Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - General Fund – Budget and Actual	RSI 2 – 4
<u>Children and Youth Services</u> Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) –Children and Youth Services Special Revenue Fund – Budget and Actual	RSI 5
<u>Community Development</u> Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) –Community Development Special Revenue Fund – Budget and Actual	RSI 6

Annual Financial Report

Year ended December 31, 2013

County of Berks

Table of Contents (continued): Page(s)

Required Supplemental Information (continued)

Health Choices

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
- Health Choices Special Revenue Fund – Budget and Actual RSI 7

Note to Required Supplemental Information RSI 8

Other Supplemental Information

Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds OSI 2 – 3

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Government Funds OSI 4 – 5

Liquid Fuels

Schedule of Revenues, Expenditures and Changes in Fund Balances
- Liquid Fuels Special Revenue Fund – Budget and Actual OSI 6

Domestic Relations

Schedule of Revenues, Expenditures and Changes in Fund Balances
- Domestic Relations Special Revenue Fund – Budget and Actual OSI 7

Employment and Training

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Employment and Training Special Revenue Fund – Budget and Actual OSI 8

Office of Aging

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
- Office of Aging Special Revenue Fund – Budget and Actual OSI 9

Special Legislation

Schedule of Revenues, Expenditures and Changes in Fund Balances - Special
Legislation Special Revenue Fund – Budget and Actual OSI 10

Mental Health/Developmental Disabilities

Schedule of Revenues, Expenditures and Changes in Fund Balances - Mental
Health/Developmental Disabilities Special Revenue Fund – Budget and
Actual OSI 11

Human Services

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
- Human Services Special Revenue Fund – Budget and Actual OSI 12

Annual Financial Report

Year ended December 31, 2013

County of Berks

Table of Contents (continued):

Page(s)

Other Supplemental Information (continued)

Drug and Alcohol

Schedule of Revenues, Expenditures and Changes in Fund Balances - Drug and Alcohol Special Revenue Fund – Budget and Actual OSI 13

Child Care Information Services

Schedule of Revenues, Expenditures and Changes in Fund Balances - Child Care Information Services Special Revenue Fund – Budget and Actual OSI 14

Department of Emergency Services Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Department of Emergency Services Enterprise Fund – Budget and Actual OSI 15

Berks County Residential Center Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Berks County Residential Center Enterprise Fund – Budget and Actual OSI 16

Berks Heim Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position (Deficit) - Berks Heim Enterprise Fund – Budget and Actual OSI 17

Agency Fund

Schedule of Changes in Net Position OSI 18



INDEPENDENT AUDITOR'S REPORT

The following pages are the report of the County's independent certified public accounting firm on the audit of its financial statements performed for the year ended December 31, 2013.



Independent Auditor's Report

Board of County Commissioners and
County Controller
County of Berks, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Berks, Pennsylvania, as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the County of Berks' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We did not audit the financial statements of the Reading Regional Airport Authority and the Reading Area Community College as of September 30, 2013 and June 30, 2013, respectively, which represent 93%, 100% and 92%, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of other auditors.

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Berks, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages RSI 1 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The Management's Discussion and Analysis, although not a part of the basic financial statements, is required by the GASB, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Berks' basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents as OSI 2 - 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014 on our consideration of the County of Berks' 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 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 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 County of Berks' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Reinsel Kuntz Lesher LLP".

June 30, 2014
Wyomissing, Pennsylvania



BASIC FINANCIAL STATEMENTS

This section, along with the Notes to Financial Statements, constitutes the core of the Annual Financial Report's financial presentation. It provides both government-wide financial statements as well as fund financial statements, and should be read in conjunction with the Notes to Financial Statements.



	Primary Government			Component Units
	Governmental	Business-type	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 52,746,103	\$ 4,086,954	\$ 56,833,057	\$ 21,967,168
Cash and cash equivalents, restricted	47,345,706	233,663	47,579,369	3,654,779
Investments	77,660,295	-	77,660,295	8,854,089
Investments, restricted	7,141,217	112,429	7,253,646	-
Taxes receivable, net	9,040,091	-	9,040,091	-
Accounts receivable, net	12,464,329	7,588,254	20,052,583	7,246,481
Notes receivable	800,000	-	800,000	-
Due from other governments	12,268,540	2,195	12,270,735	6,979,768
Due from other funds	22,661,737	(22,661,737)	-	-
Due from fiduciary funds	283	-	283	-
Inventories	143,000	129,262	272,262	21,450
Prepaid expenses	200,283	2,157,201	2,357,484	555,795
Deposits	92,939	250,000	342,939	-
Total current assets	<u>242,564,523</u>	<u>(8,101,779)</u>	<u>234,462,744</u>	<u>49,279,530</u>
Noncurrent assets:				
Investments	6,538,366	-	6,538,366	-
Loans receivable	10,801,675	-	10,801,675	-
Restricted assets:				
Employee pay advance	87,192	73,768	160,960	-
Interest receivable	1,046,191	-	1,046,191	-
Liens receivable	8,789,547	-	8,789,547	-
Note receivable	-	-	-	25,000
Investments	3,620,510	-	3,620,510	60,739
Net pension asset	46,749,484	14,292,559	61,042,043	-
Collections - works of art	-	-	-	909,433
Capital assets:				
Land and improvements, net	14,185,564	-	14,185,564	8,078,386
Agland easements	75,085,203	-	75,085,203	103,002
Infrastructure, net	2,961,489	-	2,961,489	24,908,967
Buildings and improvements, net	81,993,145	36,277,015	118,270,160	46,743,074
Furniture, fixtures, equipment and vehicles, net	3,205,271	4,217,322	7,422,593	2,416,351
Leasehold improvements	-	-	-	1,099,350
Historical treasures	2,279,644	-	2,279,644	-
Software in progress	1,065,960	-	1,065,960	-
Construction in progress	47,718,438	8,103,310	55,821,748	1,554,716
Total noncurrent assets	<u>306,127,679</u>	<u>62,963,974</u>	<u>369,091,653</u>	<u>85,899,018</u>
Deferred outflows of resources:				
Unamortized bond refunding loss	389,718	-	389,718	-
Deferred charge on bond refunding	-	-	-	681,557
Loss on debt refinancing, net of accumulated amortization	-	-	-	254,552
Total deferred outflows of resources	<u>389,718</u>	<u>-</u>	<u>389,718</u>	<u>936,109</u>
Total assets and deferred outflows of resources	<u>549,081,920</u>	<u>54,862,195</u>	<u>603,944,115</u>	<u>136,114,657</u>

	Primary Government			Component Units
	Governmental	Business-type	Total	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 18,703,519	\$ 1,765,565	\$ 20,469,084	\$ 2,319,815
Accrued liabilities	3,400,885	1,133,062	4,533,947	1,137,510
Due to other governments	1,468,428	-	1,468,428	-
Advance revenue	5	1,245	1,250	4,668,414
Due to third parties	2,032,929	-	2,032,929	-
Accrued interest payable	1,673,307	144,406	1,817,713	72,178
Compensated absences	902,430	361,058	1,263,488	502,040
Deposits	-	-	-	46,910
Accrued claims health insurance	7,753,171	453,576	8,206,747	-
Accrued claims liability	203,602	186,397	389,999	-
Capital lease payable	-	-	-	14,466
Notes payable, agricultural easement	59,700	-	59,700	-
Bonds and notes payable	20,007,023	922,977	20,930,000	3,835,924
Total current liabilities	<u>56,204,999</u>	<u>4,968,286</u>	<u>61,173,285</u>	<u>12,597,257</u>
Noncurrent liabilities:				
Compensated absences	2,957,475	802,298	3,759,773	397,653
Accrued claims liability	1,775,047	1,625,041	3,400,088	600,000
Postretirement benefit liability	-	-	-	198,374
Notes payable, agricultural easement	59,700	-	59,700	-
Bonds and notes payable	273,710,301	27,108,396	300,818,697	28,469,711
Payable from restricted assets	14,722,969	-	14,722,969	-
Total noncurrent liabilities	<u>293,225,492</u>	<u>29,535,735</u>	<u>322,761,227</u>	<u>29,665,738</u>
Total liabilities	<u>349,430,491</u>	<u>34,504,021</u>	<u>383,934,512</u>	<u>42,262,995</u>
Deferred inflows of resources:				
Deferred grant revenue	11,049,921	44,326	11,094,247	-
Program grants and advanced funds	-	-	-	452,614
Deferred rent revenue	-	-	-	3,644,753
Derivative swap agreement	433,837	-	433,837	-
Unamortized bond refunding gain	-	2,697,462	2,697,462	-
Total deferred inflows of resources	<u>11,483,758</u>	<u>2,741,788</u>	<u>14,225,546</u>	<u>4,097,367</u>
Net Position:				
Net investment in capital assets	9,829,007	28,088,547	37,917,554	62,925,189
Restricted for:				
Gift fund	11,479	-	11,479	-
Farmland preservation	2,474,198	-	2,474,198	-
Hazmat response	1,435,456	-	1,435,456	-
Act 198 - Courts	122,231	-	122,231	-
Debt service	582,000	-	582,000	69,066
Program purposes - Special revenue funds	7,762,047	-	7,762,047	-
Capital improvements, net of related debt	-	-	-	2,077,931
Foundation for Reading Area Community College	-	-	-	9,502,431
Unrestricted (deficit)	165,951,253	(10,472,161)	155,479,092	15,179,678
Total net position	<u>\$ 188,167,671</u>	<u>\$ 17,616,386</u>	<u>\$ 205,784,057</u>	<u>\$ 89,754,295</u>

See accompanying notes to the financial statements.

Functions/Programs:	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$ 34,465,005	\$ (15,706,086)	\$ 8,370,615	\$ 7,799	\$ -
Judicial	39,811,248	7,222,528	11,650,097	1,672,868	31,804
Public safety	55,559,656	2,997,438	7,081,372	8,176,898	26,184
Human services	166,422,335	2,794,461	1,561,502	159,088,573	-
Culture and recreation	7,221,067	320,424	75,756	1,375,103	625,134
Community and economic development	4,202,590	471,977	749,067	2,464,875	712,956
Public works	1,050,114	93,460	-	174,808	1,642,017
Community support	5,682,009	24,506	85,075	-	-
Debt service administrative expenses	16,319,683	937	2,320,901	-	-
Solid waste	1,238,257	7,090	2,820,596	1,321,481	-
Total governmental activities	<u>331,971,964</u>	<u>(1,773,265)</u>	<u>34,714,981</u>	<u>174,282,405</u>	<u>3,038,095</u>
Business-type activities					
Department of Emergency Services	8,347,319	305,341	8,059,740	-	-
Berks County Residential Center	5,553,963	534,607	6,985,278	46,194	-
Berks Heim	37,474,116	933,317	40,974,069	5,328	-
Total business-type activities	<u>51,375,398</u>	<u>1,773,265</u>	<u>56,019,087</u>	<u>51,522</u>	<u>-</u>
Total primary government	<u>\$ 383,347,362</u>	<u>\$ -</u>	<u>\$ 90,734,068</u>	<u>\$ 174,333,927</u>	<u>\$ 3,038,095</u>
Component units:					
Total component units	<u>\$ 54,785,430</u>	<u>\$ -</u>	<u>\$ 23,489,627</u>	<u>\$ 25,199,253</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Units
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ (10,380,505)	\$ -	\$ (10,380,505)	
Judicial	(33,679,007)	-	(33,679,007)	
Public safety	(43,272,640)	-	(43,272,640)	
Human services	(8,566,721)	-	(8,566,721)	
Culture and recreation	(5,465,498)	-	(5,465,498)	
Community and economic development	(747,669)	-	(747,669)	
Public works	673,251	-	673,251	
Community support	(5,621,440)	-	(5,621,440)	
Debt Service administrative expenses	(13,999,719)	-	(13,999,719)	
Solid waste	2,896,730	-	2,896,730	
Total governmental activities	<u>(118,163,218)</u>	<u>-</u>	<u>(118,163,218)</u>	
Business-type activities				
Department of Emergency Services	-	(592,920)	(592,920)	
Berks County Residential Center	-	942,902	942,902	
Berks Heim	-	2,571,964	2,571,964	
Total business-type activities	<u>-</u>	<u>2,921,946</u>	<u>2,921,946</u>	
Total primary government	<u>(118,163,218)</u>	<u>2,921,946</u>	<u>(115,241,272)</u>	
Component units:				<u>\$ (6,096,550)</u>
Total component units				
General Revenues				
Taxes:				
Property taxes, levied for general purposes	134,808,089	-	134,808,089	-
Hotel tax	1,844,957	-	1,844,957	-
Payments in lieu of taxes	220,931	-	220,931	-
Payments from County of Berks	-	-	-	3,475,000
Payments from other governments	-	-	-	2,184,518
Investment earnings	550,091	5,962	556,053	1,349,094
Miscellaneous	-	-	-	(551,939)
Gain on sale of capital assets	68,874	818	69,692	-
Rental of space	356,407	27,643	384,050	-
Capital contribution	-	14,202	14,202	-
Transfers	(10,196,998)	10,182,795	(14,203)	-
Total general revenue and transfers	<u>127,652,351</u>	<u>10,231,420</u>	<u>137,883,771</u>	<u>6,456,673</u>
Change in net position	9,489,133	13,153,366	22,642,499	360,123
Net position - beginning	178,678,538	4,463,020	183,141,558	89,394,172
Net position - ending	<u>\$ 188,167,671</u>	<u>\$ 17,616,386</u>	<u>\$ 205,784,057</u>	<u>\$ 89,754,295</u>

See accompanying notes to the financial statements.

	General	Children and Youth Services	Community Development
Assets:			
Cash and cash equivalents	\$ 38,251,494	\$ 1,300	\$ 61,126
Cash and cash equivalents, restricted	2,690,266	11,479	-
Investments	74,815,383	-	-
Investments, restricted	1,381,571	-	-
Taxes receivable	8,877,967	-	-
Accounts receivable	12,389,819	6,600	2,628
Accrued interest receivable	227,841	-	751,699
Due from other governments	2,670,205	5,677,912	18,617
Due from other funds	13,466,205	918,658	154,000
Inventories	143,000	-	-
Prepaid expenses	180,698	-	-
Deposits	92,939	-	-
Liens receivable	-	-	8,789,547
Loans receivable	2,411,675	-	300,000
Investments, non-current	5,005,801	-	-
Investments, non-current, restricted	-	-	-
Total assets	<u>\$ 162,604,864</u>	<u>\$ 6,615,949</u>	<u>\$ 10,077,617</u>
Liabilities:			
Accounts payable	\$ 3,266,634	\$ 2,438,346	\$ 196,512
Accrued liabilities	2,579,723	362,694	5,471
Due to other funds	-	-	-
Due to other governments	1,468,428	-	-
Advance revenue	19,021,062	3,659,203	9,841,246
Due to third parties	2,033,241	-	-
Accrued claims health insurance	1,140,144	137,627	3,882
Payable from restricted assets	-	-	-
Total liabilities	<u>29,509,232</u>	<u>6,597,870</u>	<u>10,047,111</u>
Fund balances:			
Nonspendable:			
Conversion pay	74,737	6,600	-
Inventories and prepaid expenses	323,698	-	-
Restricted:			
Gift fund	-	11,479	-
Farmland preservation	2,474,198	-	-
Hazmat response	1,435,456	-	-
Act 198 - Courts	122,231	-	-
Workers' compensation	420,408	-	-
Special revenue funds	-	-	30,506
Services Center Parking Garage	78,000	-	-
Act 13 Marcellus Shale Money	338,945	-	-
Capital project funds	-	-	-
Assigned:			
2014 Adopted Budget Deficit	1,841,660	-	-
222 Corridor	5,000,000	-	-
Berks Heim	1,949,564	-	-
Capital purchases	454,156	-	-
Debt service guarantees	582,000	-	-
911 Radio project	1,124,239	-	-
Environmental litigation	379,882	-	-
Encumbrances	362,357	-	-
Health care self insurance	4,000,000	-	-
Waste Water Treatment Plant	1,260,105	-	-
Unassigned	110,873,996	-	-
Total fund balances	<u>133,095,632</u>	<u>18,079</u>	<u>30,506</u>
Total liabilities and fund balances	<u>\$ 162,604,864</u>	<u>\$ 6,615,949</u>	<u>\$ 10,077,617</u>

See accompanying notes to the financial statements.

	Health Choices	Capital Projects	Nonmajor	Total Governmental
Assets:				
Cash and cash equivalents	\$ 12,961,312	\$ -	\$ 1,470,871	\$ 52,746,103
Cash and cash equivalents, restricted	801,246	40,495,910	3,346,805	47,345,706
Investments	-	-	2,844,912	77,660,295
Investments, restricted	5,759,646	-	-	7,141,217
Taxes receivable	-	-	162,124	9,040,091
Accounts receivable	-	-	152,474	12,551,521
Accrued interest receivable	1,397	-	-	980,937
Due from other governments	-	-	3,901,806	12,268,540
Due from other funds	113,202	5,485,981	4,140,180	24,278,226
Inventories	-	-	-	143,000
Prepaid expenses	-	-	19,585	200,283
Deposits	-	-	-	92,939
Liens receivable	-	-	-	8,789,547
Loans receivable	-	-	-	2,711,675
Investments, non-current	-	-	1,532,565	6,538,366
Investments, non-current, restricted	3,620,510	-	-	3,620,510
Total assets	<u>\$ 23,257,313</u>	<u>\$ 45,981,891</u>	<u>\$ 17,571,322</u>	<u>\$ 266,108,956</u>
Liabilities:				
Accounts payable	\$ 2,816,893	\$ 4,533,004	\$ 5,451,817	\$ 18,703,206
Accrued liabilities	9,498	-	450,969	3,408,355
Due to other funds	-	-	1,616,206	1,616,206
Due to other governments	-	-	-	1,468,428
Advance revenue	5	-	2,314,934	34,836,450
Due to third parties	-	-	-	2,033,241
Accrued claims health insurance	5,707,948	-	-	6,989,601
Payable from restricted assets	14,722,969	-	-	14,722,969
Total liabilities	<u>23,257,313</u>	<u>4,533,004</u>	<u>9,833,926</u>	<u>83,778,456</u>
Fund balances:				
Nonspendable:				
Conversion pay	-	-	5,855	87,192
Inventories and prepaid expenses	-	-	-	323,698
Restricted:				
Gift fund	-	-	-	11,479
Farmland preservation	-	-	-	2,474,198
Hazmat response	-	-	-	1,435,456
Act 198 - Courts	-	-	-	122,231
Workers' compensation	-	-	-	420,408
Special revenue funds	-	-	7,731,541	7,762,047
Services Center Parking Garage	-	-	-	78,000
Act 13 Marcellus Shale Money	-	-	-	338,945
Capital project funds	-	41,448,887	-	41,448,887
Assigned:				
2014 Adopted Budget Deficit	-	-	-	1,841,660
222 Corridor	-	-	-	5,000,000
Berks Heim	-	-	-	1,949,564
Capital purchases	-	-	-	454,156
Debt service guarantees	-	-	-	582,000
911 Radio project	-	-	-	1,124,239
Environmental litigation	-	-	-	379,882
Encumbrances	-	-	-	362,357
Health care self insurance	-	-	-	4,000,000
Waste Water Treatment Plant	-	-	-	1,260,105
Unassigned	-	-	-	110,873,996
Total fund balances	<u>-</u>	<u>41,448,887</u>	<u>7,737,396</u>	<u>182,330,500</u>
Total liabilities and fund balances	<u>\$ 23,257,313</u>	<u>\$ 45,981,891</u>	<u>\$ 17,571,322</u>	<u>\$ 266,108,956</u>

See accompanying notes to the financial statements.

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2013

County of Berks
2013 Annual Financial Report

Total fund balances for governmental funds	\$	182,330,500
Total net assets reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and improvements, net	\$	14,185,564
Agland easements		75,085,203
Infrastructure, net		2,961,489
Building and improvements, net		81,993,145
Furniture, fixtures, equipment and vehicles, net		3,205,271
Historical treasures		2,279,644
Software in Progress		1,065,960
Construction in progress		47,718,438
		<u>228,494,714</u>
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		46,749,484
Revenue that was not available soon enough to pay for the current period's expenditures and, therefore reported as advance revenue in the funds.		
Property taxes		2,821,351
Delinquent property taxes		3,946,705
Clerk of Courts departmental charges and reimbursements		5,816,953
Community Development liens receivable		9,541,246
District Justices departmental charges and reimbursements		1,660,266
		<u>23,786,521</u>
Other assets not available to pay for current period's expenditures and therefore not reported in the funds.		
Amount due from Greater Berks Development Fund for outstanding bonds payable		8,890,000
Accrued interest receivable from Greater Berks Development Fund		65,254
		<u>8,955,254</u>
Other liabilities not paid until future periods that are a current period expense.		
Payroll and payroll taxes		(124,300)
Long-term liabilities related to the County's governmental activities, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. Both current and long-term liabilities are reported in the statement of net assets. Amounts borrowed are recognized when received in the governmental funds and increase fund balance. Amounts disbursed to paying agents are paid from governmental funds and reduce fund balance.		
Balances at December 31, 2013 are:		
Swap agreement		(433,837)
Accrued interest on bonds and notes		(1,673,307)
Compensated absences		(3,859,904)
Accrued claims health/other insurance		(631,800)
Accrued claims liabilities		(1,978,649)
Bonds and notes payable		(293,447,005)
		<u>(302,024,502)</u>
Total net position of governmental activities	\$	<u>188,167,671</u>

See accompanying notes to the financial statements.



Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	General Fund	Children and Youth Services	Community Development
Revenues			
Taxes:			
Property	\$ 135,388,540	\$ -	\$ -
Hotel	-	-	-
Court costs, fines and forfeitures	3,724,858	-	-
Intergovernmental revenue	13,351,595	31,949,653	2,080,888
Departmental charges and reimbursement	53,539,719	773,518	599,330
Payments in lieu of taxes	51,827	-	-
Rentals	318,907	-	-
Sales of property, supplies and equipment	68,477	-	19
Investment earnings	432,688	25	524
Miscellaneous	3,676,330	5,994	86,435
Total revenues	<u>210,552,941</u>	<u>32,729,190</u>	<u>2,767,196</u>
Expenditures			
Current:			
General government, administrative	37,782,880	-	-
General government, judicial	49,437,073	-	-
Public safety	58,692,210	-	-
Human services	-	38,251,799	-
Culture and recreation	7,885,299	-	-
Community and economic development	4,004,852	-	2,521,527
Public works	197,503	-	-
Community support	5,061,857	-	-
Intergovernmental expenditures - Solid waste	997,007	-	-
Debt service:			
Principal	19,429,357	-	-
Interest and fiscal charges	8,043,447	-	-
Administrative expenses	12,302	-	-
Bond issuance costs	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>191,543,787</u>	<u>38,251,799</u>	<u>2,521,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,009,154</u>	<u>(5,522,609)</u>	<u>245,669</u>
Other financing sources (uses)			
Bond premiums	-	-	-
Transfers in	3,905,245	5,850,836	-
Transfers out	(12,334,586)	(319,553)	(215,163)
Issuance of long term debt	-	-	-
Total other financing sources (uses)	<u>(8,429,341)</u>	<u>5,531,283</u>	<u>(215,163)</u>
Net changes in fund balances (deficits)	<u>10,579,813</u>	<u>8,674</u>	<u>30,506</u>
Fund balances, beginning	<u>122,515,819</u>	<u>9,405</u>	<u>-</u>
Fund balances, ending	<u>\$ 133,095,632</u>	<u>\$ 18,079</u>	<u>\$ 30,506</u>

See accompanying notes to the financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Health Choices	Capital Projects	Nonmajor	Total Governmental
Revenues				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 135,388,540
Hotel	-	-	1,844,957	1,844,957
Court costs, fines and forfeitures	-	-	-	3,724,858
Intergovernmental revenue	78,970,973	-	50,846,827	177,199,936
Departmental charges and reimbursement	-	-	1,642,979	56,555,546
Payments in lieu of taxes	-	-	-	51,827
Rentals	-	-	37,500	356,407
Sales of property, supplies and equipment	-	-	378	68,874
Investment earnings	54,332	11,669	50,854	550,092
Miscellaneous	-	-	245,463	4,014,222
Total revenues	<u>79,025,305</u>	<u>11,669</u>	<u>54,668,958</u>	<u>379,755,259</u>
Expenditures				
Current:				
General government, administrative	-	-	2,069,311	39,852,191
General government, judicial	-	-	23,280	49,460,353
Public safety	-	-	-	58,692,210
Human services	79,011,754	-	52,339,443	169,602,996
Culture and recreation	-	-	-	7,885,299
Community and economic development	-	-	-	6,526,379
Public works	-	-	2,523,555	2,721,058
Community support	-	-	-	5,061,857
Intergovernmental expenditures - Solid waste	-	-	-	997,007
Debt service:				
Principal	-	-	-	19,429,357
Interest and fiscal charges	-	-	-	8,043,447
Administrative expenses	-	-	-	12,302
Bond issuance costs	-	141,629	-	141,629
Capital outlay	-	24,595,446	-	24,595,446
Total expenditures	<u>79,011,754</u>	<u>24,737,075</u>	<u>56,955,589</u>	<u>393,021,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,551</u>	<u>(24,725,406)</u>	<u>(2,286,631)</u>	<u>(13,266,272)</u>
Other financing sources (uses)				
Bond premiums	-	2,860,762	-	2,860,762
Transfers in	-	-	4,732,026	14,488,107
Transfers out	(13,551)	-	(2,934,041)	(15,816,894)
Issuance of long term debt	-	17,785,000	-	17,785,000
Total other financing sources (uses)	<u>(13,551)</u>	<u>20,645,762</u>	<u>1,797,985</u>	<u>19,316,975</u>
Net changes in fund balances (deficits)	<u>-</u>	<u>(4,079,644)</u>	<u>(488,646)</u>	<u>6,050,703</u>
Fund balances, beginning	-	45,528,531	8,226,042	176,279,797
Fund balances, ending	<u>\$ -</u>	<u>\$ 41,448,887</u>	<u>\$ 7,737,396</u>	<u>\$ 182,330,500</u>

See accompanying notes to the financial statements.

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year ended December 31, 2013

County of Berks
2013 Annual Financial Report

Net change in fund balances - total governmental funds \$ 6,050,703

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Expenditures for capital assets / agricultural easements	\$ 29,640,589	
Depreciation expense	<u>(7,122,426)</u>	22,518,163

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effects of these differences in the current period are:

Change in swap liability	(963,126)	
Bond principal repayments	19,429,357	
Bond principal borrowings	(17,785,000)	
Bond premium/discounts/refunding gains	<u>(2,735,696)</u>	(2,054,465)

Interest is expensed when paid in the governmental funds. However, in the government-wide statements interest is matched to the period in which it was incurred. In the current period the net effect of matching interest expense to the proper period is: (5,756,276)

Revenues in the statement of activities that are not available to provide current financial resources are not reported as revenues in the funds. At the government-wide level revenue recognition is not limited by availability. The effects of these adjustments in the current year are:

Taxes	(580,452)	
Services	<u>335,745</u>	(244,707)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Payroll, payroll taxes, and select employee benefits	369,440	
Capital assets and bonds transferred to business type activities	(8,860,410)	
Net pension obligation	<u>(2,533,315)</u>	(11,024,285)

Change in net assets of governmental activities \$ 9,489,133

See accompanying notes to the financial statements.

	Department of Emergency Services	Berks County Residential Center	Berks Heim	Totals
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,830,332	\$ 1,000	\$ 255,622	\$ 4,086,954
Cash and cash equivalents, restricted	-	-	233,663	233,663
Investments, restricted	-	-	112,429	112,429
Accounts receivable, net	194,275	569,482	6,824,497	7,588,254
Due from other governments	-	2,195	-	2,195
Inventories	-	39,444	89,818	129,262
Prepaid expenses	2,110,455	-	46,746	2,157,201
Deposits	250,000	-	-	250,000
Total current assets	<u>6,385,062</u>	<u>612,121</u>	<u>7,562,775</u>	<u>14,559,958</u>
Noncurrent assets:				
Employee pay advance	704	-	73,064	73,768
Pension asset, net	2,515,976	1,811,094	9,965,489	14,292,559
Capital Assets:				
Buildings and improvements, net	340,791	6,677,952	29,258,272	36,277,015
Furniture, fixtures, equipment and vehicles, net	3,598,254	43,988	575,080	4,217,322
Construction in progress	8,103,310	-	-	8,103,310
Total noncurrent assets	<u>14,559,035</u>	<u>8,533,034</u>	<u>39,871,905</u>	<u>62,963,974</u>
Total assets	<u>20,944,097</u>	<u>9,145,155</u>	<u>47,434,680</u>	<u>77,523,932</u>
Liabilities:				
Current liabilities:				
Accounts payable	550,572	42,540	1,172,453	1,765,565
Accrued liabilities	178,291	122,376	832,395	1,133,062
Advance revenue	-	-	1,245	1,245
Due to other funds	8,741,343	1,056,114	12,864,280	22,661,737
Accrued interest payable	4,779	19,057	120,570	144,406
Compensated absences	20,184	24,817	316,057	361,058
Accrued claims health insurance	77,261	52,499	323,816	453,576
Accrued claims liability	11,005	7,398	167,994	186,397
Bonds payable, net	41,324	121,645	760,008	922,977
Total current liabilities	<u>9,624,759</u>	<u>1,446,446</u>	<u>16,558,818</u>	<u>27,630,023</u>
Noncurrent liabilities:				
Compensated absences	103,906	113,751	584,641	802,298
Accrued claims liability	95,945	64,499	1,464,597	1,625,041
Bonds payable, net	1,250,807	3,570,019	22,287,570	27,108,396
Total noncurrent liabilities	<u>1,450,658</u>	<u>3,748,269</u>	<u>24,336,808</u>	<u>29,535,735</u>
Total liabilities	<u>11,075,417</u>	<u>5,194,715</u>	<u>40,895,626</u>	<u>57,165,758</u>
Deferred inflows of resources:				
Deferred grant revenue	5,773	-	38,553	44,326
Unamortized bond refunding gain	-	-	2,697,462	2,697,462
Total deferred inflows of resources	<u>5,773</u>	<u>-</u>	<u>2,736,015</u>	<u>2,741,788</u>
Net position:				
Net investment in capital assets	12,042,355	3,950,440	12,095,752	28,088,547
Unrestricted position (deficit)	(2,179,448)	-	(8,292,713)	(10,472,161)
Total net position	<u>\$ 9,862,907</u>	<u>\$ 3,950,440</u>	<u>\$ 3,803,039</u>	<u>\$ 17,616,386</u>

See accompanying notes to the financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Enterprise Funds
Year ended December 31, 2013

County of Berks
2013 Annual Financial Report

	Department of Emergency Services	Berks County Residential Center	Berks Heim	Totals
Operating revenues				
Charges for services	\$ 7,460,163	\$ 6,489,341	\$ 38,241,317	\$ 52,190,821
Other operating revenue	599,577	495,937	2,732,752	3,828,266
Total operating revenues	<u>8,059,740</u>	<u>6,985,278</u>	<u>40,974,069</u>	<u>56,019,087</u>
Operating expenses				
Program services	5,851,099	5,622,959	31,914,292	43,388,350
Administrative expenses	2,192,699	-	4,415,233	6,607,932
Depreciation and amortization	589,566	235,788	1,322,146	2,147,500
Total operating expenses	<u>8,633,364</u>	<u>5,858,747</u>	<u>37,651,671</u>	<u>52,143,782</u>
Operating income (loss)	<u>(573,624)</u>	<u>1,126,531</u>	<u>3,322,398</u>	<u>3,875,305</u>
Nonoperating revenues (expenses)				
Grants	-	46,194	5,328	51,522
Investment earnings	5,044	-	918	5,962
Interest expense	(19,296)	(229,823)	(755,762)	(1,004,881)
Gain on sale of capital assets	95	723	-	818
Rental of space	27,643	-	-	27,643
Total nonoperating revenues (expenses)	<u>13,486</u>	<u>(182,906)</u>	<u>(749,516)</u>	<u>(918,936)</u>
Income (loss) before transfers	<u>(560,138)</u>	<u>943,625</u>	<u>2,572,882</u>	<u>2,956,369</u>
Transfers in	2,430,393	6,187,168	5,535,920	14,153,481
Transfers out	-	(3,970,686)	-	(3,970,686)
Capital contributions	-	-	14,202	14,202
Change in net position (deficit)	<u>1,870,255</u>	<u>3,160,107</u>	<u>8,123,004</u>	<u>13,153,366</u>
Total net position (deficit), beginning	<u>7,992,652</u>	<u>790,333</u>	<u>(4,319,965)</u>	<u>4,463,020</u>
Total net position, ending	<u>\$ 9,862,907</u>	<u>\$ 3,950,440</u>	<u>\$ 3,803,039</u>	<u>\$ 17,616,386</u>

See accompanying notes to the financial statements.

	Department of Emergency Services	Berks County Residential Center	Berks Heim	Totals
Cash flows from operating activities				
Receipts from customers	\$ 8,070,138	\$ 8,477,533	\$ 40,368,552	\$ 56,916,223
Receipts from other governments	-	(2,000)	-	(2,000)
Receipts from rental of space	27,643	-	-	27,643
Gain on sale of capital assets	95	723	-	818
Payments to suppliers	(3,088,160)	(2,270,045)	(10,476,323)	(15,834,528)
Payments to employees	(5,707,021)	(3,829,024)	(25,592,241)	(35,128,286)
Net cash provided (used) by operating activities	<u>(697,305)</u>	<u>2,377,187</u>	<u>4,299,988</u>	<u>5,979,870</u>
Cash flows from noncapital financing activities				
Receipts from other governments	171,770	57,757	5,328	234,855
Interest expense	(19,296)	(214,002)	-	(233,298)
Transfers from (to) other funds	2,430,393	-	-	2,430,393
Amounts due to other funds	1,338,289	(1,050,416)	(1,455,045)	(1,167,172)
Net cash provided (used) by noncapital financing activities	<u>3,921,156</u>	<u>(1,206,661)</u>	<u>(1,449,717)</u>	<u>1,264,778</u>
Cash flows from capital and related financing activities				
Principal paid on bonds	(41,682)	(176,884)	(1,113,380)	(1,331,946)
Bond refunding gain	-	-	(302,941)	(302,941)
Interest expense	(58)	-	(792,474)	(792,532)
Transfers from other funds for capital acquisition	-	-	14,202	14,202
Construction in progress	(1,217,771)	-	-	(1,217,771)
Purchase of capital assets	(1,346,823)	(993,642)	(580,008)	(2,920,473)
Net cash provided (used) by capital and related financing activities	<u>(2,606,334)</u>	<u>(1,170,526)</u>	<u>(2,774,601)</u>	<u>(6,551,461)</u>
Cash flows from investing activities				
Increase in investments	-	-	175,194	175,194
Investment earnings received	5,044	-	918	5,962
Net cash provided by investing activities	<u>5,044</u>	<u>-</u>	<u>176,112</u>	<u>181,156</u>
Net increase in cash and cash equivalents	622,561	-	251,782	874,343
Cash and cash equivalents, beginning	3,207,771	1,000	237,503	3,446,274
Cash and cash equivalents, ending	<u>\$ 3,830,332</u>	<u>\$ 1,000</u>	<u>\$ 489,285</u>	<u>\$ 4,320,617</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (573,624)	\$ 1,126,531	\$ 3,322,398	\$ 3,875,305
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	589,566	235,788	1,322,146	2,147,500
Rental of space	27,643	-	-	27,643
Gain on sale of capital assets	95	723	-	818
Change in assets and liabilities:				
Accounts receivable, net	4,625	1,492,255	(615,359)	881,521
Employee pay advance	-	-	8,899	8,899
Inventories	-	(36,786)	5,646	(31,140)
Prepaid expenses	(491,099)	-	7,800	(483,299)
Deposits	(250,000)	-	-	(250,000)
Pension asset	136,339	98,142	540,021	774,502
Accounts payable and accrued liabilities	(106,032)	(576,438)	(27,831)	(710,301)
Deferred grant revenue	5,773	(2,000)	15,171	18,944
Advance revenue	-	-	(5,329)	(5,329)
Compensated absences	(4,630)	(19,720)	42,697	18,347
Accrued claims health insurance	(2,839)	(5,160)	6,551	(1,448)
Accrued claims liability	(20,050)	63,852	(322,822)	(279,020)
Due to other governments	(13,072)	-	-	(13,072)
Net cash provided (used) by operating activities	<u>\$ (697,305)</u>	<u>\$ 2,377,187</u>	<u>\$ 4,299,988</u>	<u>\$ 5,979,870</u>
Noncash Capital and Related Financing Activities:				
Transfer of fixed assets from general fund	\$ -	\$ (6,187,168)	\$ -	\$ (6,187,168)
Transfer of bonds from (to) other funds	-	2,771,500	(5,535,920)	(2,764,420)
Transfer of construction in progress to capital assets	-	412,450	-	412,450
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ (3,003,218)</u>	<u>\$ (5,535,920)</u>	<u>\$ (8,539,138)</u>

See accompanying notes to the financial statements.

	Berks County Employee's Retirement	Agency
Assets		
Cash and cash equivalents	\$ 377,524	\$ 8,188,226
Investments, at fair value:		
Mutual funds	399,222,854	-
Accounts receivable	219,203	-
Interest and dividends receivable	271,630	-
Total assets	<u>400,091,211</u>	<u>\$ 8,188,226</u>
Liabilities		
Accounts payable	362,190	-
Due to other funds	283	-
Due to third parties	14,689	8,188,226
Total liabilities	<u>377,162</u>	<u>\$ 8,188,226</u>
Net plan position		
Held in trust for pension benefits	<u>\$ 399,714,049</u>	

See accompanying notes to the financial statements.

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Berks County Employee's Retirement
Additions	
Contributions:	
Employee	\$ 5,858,841
Employer	2,665,246
Total contributions	<u>8,524,087</u>
Investment earnings:	
Net increase in fair value of investments	40,083,130
Interest and dividends	7,337,444
Miscellaneous	176,650
Total investment earnings	<u>47,597,224</u>
Less investment expenses	1,503,337
Net income from investing activities	<u>46,093,887</u>
Total additions	<u>54,617,974</u>
Deductions	
Benefit payments	14,925,163
Administrative expenses	34,335
Total deductions	<u>14,959,498</u>
Change in net position	39,658,476
Net plan position held in trust for pension benefits, beginning	360,055,573
Net plan position held in trust for pension benefits, ending	<u>\$ 399,714,049</u>

See accompanying notes to the financial statements.

Statement of Net Position (Deficit)
Component Units
December 31, 2013

County of Berks
2013 Annual Financial Report

	Berks County Solid Waste Authority	Redevelopment Authority of the County of Berks	Reading Regional Airport Authority **	Reading Area Community College *	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 501,721	\$ 24,169	\$ 1,220,244	\$ 20,221,034	\$ 21,967,168
Cash and cash equivalents, restricted	-	1,226,262	2,420,190	8,327	3,654,779
Investments	-	-	-	8,854,089	8,854,089
Accounts receivable, net	70,312	-	220,696	6,955,473	7,246,481
Due from other governments	-	6,873,073	106,695	-	6,979,768
Inventories	-	-	-	21,450	21,450
Prepaid expenses	7,003	14,965	56,462	477,365	555,795
Total current assets	<u>579,036</u>	<u>8,138,469</u>	<u>4,024,287</u>	<u>36,537,738</u>	<u>49,279,530</u>
Noncurrent assets:					
Restricted assets:					
Investments	60,739	-	-	-	60,739
Note receivable	-	25,000	-	-	25,000
Collections - works of art	-	-	-	909,433	909,433
Capital Assets:					
Land and improvements, net	100,769	-	6,896,061	1,081,556	8,078,386
Agland easements	-	-	103,002	-	103,002
Infrastructure, net	-	-	24,908,967	-	24,908,967
Buildings and improvements, net	-	-	7,859,630	38,883,444	46,743,074
Furniture, fixtures, equipment and vehicles, net	110,200	-	566,224	1,739,927	2,416,351
Leasehold improvements	-	-	1,099,350	-	1,099,350
Construction in progress	-	-	978,071	576,645	1,554,716
Total noncurrent assets	<u>271,708</u>	<u>25,000</u>	<u>42,411,305</u>	<u>43,191,005</u>	<u>85,899,018</u>
Deferred outflow of resources:					
Loss on debt refinancing, net of accumulated amortization	254,552	-	-	-	254,552
Deferred charge on bond refunding	-	-	-	681,557	681,557
Total assets and deferred outflows of resources	<u>1,105,296</u>	<u>8,163,469</u>	<u>46,435,592</u>	<u>80,410,300</u>	<u>136,114,657</u>
Liabilities					
Accounts payable	10,211	503,620	73,301	1,732,683	2,319,815
Accrued liabilities	4,244	35,227	19,658	1,078,381	1,137,510
Advance revenue	-	-	21,960	4,646,454	4,668,414
Accrued interest payable	16,775	-	55,403	-	72,178
Compensated absences	-	-	-	502,040	502,040
Deposits	-	6,561	40,349	-	46,910
Capital lease payable	-	-	-	14,466	14,466
Bonds and notes payable	940,000	823,357	-	2,072,567	3,835,924
Total current liabilities	<u>971,230</u>	<u>1,368,765</u>	<u>210,671</u>	<u>10,046,591</u>	<u>12,597,257</u>
Noncurrent liabilities:					
Compensated absences	-	-	-	397,653	397,653
Accrued claims liability	-	-	-	600,000	600,000
Postretirement benefit liability	-	-	-	198,374	198,374
Bonds and notes payable	1,943,691	5,610,580	6,340,000	14,575,440	28,469,711
Total noncurrent liabilities	<u>1,943,691</u>	<u>5,610,580</u>	<u>6,340,000</u>	<u>15,771,467</u>	<u>29,665,738</u>
Total liabilities	<u>2,914,921</u>	<u>6,979,345</u>	<u>6,550,671</u>	<u>25,818,058</u>	<u>42,262,995</u>
Deferred inflows of resources					
Program grants and advanced funds	-	452,614	-	-	452,614
Deferred rent revenue	-	-	3,644,753	-	3,644,753
Total deferred inflows of resources	<u>-</u>	<u>452,614</u>	<u>3,644,753</u>	<u>-</u>	<u>4,097,367</u>
Net position (deficit):					
Net investment in capital assets	210,969	-	36,413,564	26,300,656	62,925,189
Restricted for:					
Debt service	60,739	-	-	8,327	69,066
Capital improvements, net of related debt	-	-	2,077,931	-	2,077,931
Foundation for Reading Area Community College	-	-	-	9,502,431	9,502,431
Unrestricted (deficit)	<u>(2,081,333)</u>	<u>731,510</u>	<u>(2,251,327)</u>	<u>18,780,828</u>	<u>15,179,678</u>
Total net position (deficit)	<u>\$ (1,809,625)</u>	<u>\$ 731,510</u>	<u>\$ 36,240,168</u>	<u>\$ 54,592,242</u>	<u>\$ 89,754,295</u>

* Presented as of June 30, 2013

** Presented as of September 30, 2013

Statement of Activities/Revenues, Expenses and Changes in Net Position (Deficits)
 Component Units
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Berks County Solid Waste Authority	Redevelopment Authority of the County of Berks	Reading Regional Airport Authority **	Reading Area Community College *	Total
Operating revenues					
Charges for services	\$ 134,475	\$ 2,371,873	\$ 1,954,400	\$ 16,244,281	\$ 20,705,029
Charges for services (from County of Berks)	1,281,300	-	-	-	1,281,300
Operating grants and contributions	-	-	185,840	16,526,266	16,712,106
Investment earnings	-	-	-	1,270,217	1,270,217
Other revenues	-	154,533	-	1,348,765	1,503,298
Total operating revenues	<u>1,415,775</u>	<u>2,526,406</u>	<u>2,140,240</u>	<u>35,389,529</u>	<u>41,471,950</u>
Total operating expenses	<u>619,391</u>	<u>2,495,160</u>	<u>3,708,817</u>	<u>45,477,853</u>	<u>52,301,221</u>
Net operating income (loss)	<u>796,384</u>	<u>31,246</u>	<u>(1,568,577)</u>	<u>(10,088,324)</u>	<u>(10,829,271)</u>
Nonoperating revenues (expenses)					
Payments from County of Berks	-	-	-	3,100,000	3,100,000
Payments from other governments	114,679	144,037	-	8,228,431	8,487,147
Payments to County of Berks	(1,260,105)	-	-	-	(1,260,105)
Investment income	3,137	257	8,978	66,505	78,877
Interest expense	(71,700)	(215,714)	(281,359)	(655,331)	(1,224,104)
Miscellaneous income (loss)	(57,184)	-	98,029	(668,490)	(627,645)
Total nonoperating revenues (expenses)	<u>(1,271,173)</u>	<u>(71,420)</u>	<u>(174,352)</u>	<u>10,071,115</u>	<u>8,554,170</u>
Other revenues (expenses):					
Payments from County of Berks	-	-	-	375,000	375,000
Payments from other governments	-	-	-	2,184,518	2,184,518
Miscellaneous	-	-	-	75,706	75,706
Total other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,635,224</u>	<u>2,635,224</u>
Change in net position (deficit)	<u>(474,789)</u>	<u>(40,174)</u>	<u>(1,742,929)</u>	<u>2,618,015</u>	<u>360,123</u>
Net position (deficit) - beginning	<u>(1,334,836)</u>	<u>771,684</u>	<u>37,983,097</u>	<u>51,974,227</u>	<u>89,394,172</u>
Net position (deficit) - ending	<u>\$ (1,809,625)</u>	<u>\$ 731,510</u>	<u>\$ 36,240,168</u>	<u>\$ 54,592,242</u>	<u>\$ 89,754,295</u>

* Presented for the year ended June 30, 2013

** Presented for the year ended September 30, 2013

See accompanying notes to the financial statements.





NOTES TO FINANCIAL STATEMENTS

The Notes to Financial Statements complete the core of the Annual Financial Report's financial section. They are intended to provide a more complete disclosure of relevant information than can be presented in the numeric format of the financial statements.

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Berks (the County), formed in 1752, operates under the direction of an elected Board of Commissioners, and provides the following services: general administrative services, tax assessment and collection, judicial, public improvements, public safety, conservation and development, and human services programs. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), consistently applied, applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (“GASB”).

A summary of the County's significant accounting policies is as follows:

A. Reporting entity

Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management’s professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity’s financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria.

Since two of the County’s component units report on a fiscal year end and are included in the County’s calendar year financial statement, amounts due to/from component units/primary government may not net to zero. The County has elected to include the following component units in the financial reporting entity:

- Berks County Solid Waste Authority was created to develop and implement a municipal waste management system for the County consistent with the Berks County Municipal Waste Management Plan. The members of the governing board of the Solid Waste Authority are appointed by the Board of County Commissioners. The County allocates a portion of the landfill host fees to pay the debt service of the Authority, and the County guarantees the debt of the Solid Waste Authority. The Authority operates on a fiscal year ending December 31.
- Redevelopment Authority of the County of Berks was created for the purpose of assisting in the rehabilitation and aiding in the construction and preservation of housing within the County. The members of the governing board of the Redevelopment Authority of the County of Berks are appointed by the Board of County Commissioners. The County provides financial support through appropriations, and the administrative staff people are County employees. The County guarantees the Series of 2007 debt of the Redevelopment Authority of the County of Berks. The Authority operates on a fiscal year ending December 31.

- The Reading Regional Airport Authority is a public authority responsible for the operations of the Reading Regional Airport. All of the members of the governing board of the Reading Regional Airport Authority are appointed by the Board of County Commissioners, and the County guarantees a portion of the debt of the Reading Regional Airport Authority. The Authority operates on a fiscal year ending September 30.
- Reading Area Community College is a publicly-supported comprehensive community college, serving primarily Berks County. The members of the governing board of Reading Area Community College are appointed by the Board of County Commissioners. The Reading Area Community College operates on a fiscal year ending June 30.

Complete and detailed financial statements for the individual component units can be obtained from their administrative offices:

Berks County Solid Waste Authority
 Berks County Services Center – 14th Floor
 633 Court Street
 Reading, PA 19601

Redevelopment Authority of the County of Berks
 Berks County Services Center - 14th Floor
 633 Court Street
 Reading, PA 19601

Reading Regional Airport Authority
 2501 Bernville Road
 Reading, PA 19605

Reading Area Community College
 10 South Second Street, P.O. Box 1706
 Reading, PA 19603-1706

2. Related organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations generally does not extend beyond making the appointments. These organizations include:

- Berks Area Regional Transportation Authority
- Berks County Conservation District
- Berks County Housing Authority
- Berks County Industrial Development Authority
- Berks County Municipal Authority
- Berks County Convention Center Authority
- Council on Chemical Abuse, Inc.

B. Measurement focus and basis of accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

1. Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government, as well as its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry, if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the yearly contributions made to the component units from the County's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned. The County chooses to allocate indirect costs in a separate column in the government-wide financial statements.

2. Fund financial statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as

appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The financial statements for governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statements include financial information for the agency fund and the retirement fund. The agency fund primarily represents assets held by the County in a custodial capacity for other individuals or governments, and do not involve the measurement of results of operations. Agency funds do not have a measurement focus, but assets and liabilities are reported using the accrual basis of accounting. The Berks County Employee's Retirement Fund accounts for the additions and deductions to the County's defined benefit plan in a manner similar to a proprietary fund.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

- **Governmental funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues, except property taxes, to be available if they are collected within 180 days of the end of the current fiscal period. Property taxes are deemed available if collected within 60 days of the end of the current fiscal period. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

- **Proprietary funds**

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues and expenses, such as charges for services, program services and administrative expenses, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues and expenses, such as operating grants, subsidies, investment earnings, interest expense and bond issuance costs, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenses. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as revenue. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

C. Basis of presentation

The determination of major funds is based on minimum criteria as set forth in GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". The non-major funds are combined in a column in the fund financial statements. The following are the County's major funds for 2013:

1. Governmental fund types

- **General**

The General Fund accounts for all financial resources except those accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund, including operation of general County government, the judicial system, public safety, culture and recreation, and some community and economic development and human services.

- **Children and Youth Services**

The Children and Youth Services Fund accounts for the proceeds of specific revenue sources related to the provision of services to children and youth that are restricted to expenditures for these specified purposes.

- **Community Development**

The Community Development Fund accounts for the proceeds of specific revenue sources related to programs that provide housing, a suitable living environment and economic opportunities primarily for persons of low and moderate income.

- **Health Choices**
The Health Choices Fund accounts for the proceeds of specific revenue sources relating to the provision of a behavioral health managed care program for medical assistance recipients.
- **Capital Projects**
The Capital Projects Fund accounts for the proceeds of debt used to finance various capital expenditures of the County, as well as to pay the cost and expenses related to the issuance of the bonds.

2. Proprietary fund types

- **Enterprise: Department of Emergency Services**
The Department of Emergency Services Fund accounts for operations of the County's emergency communication system, financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.
- **Enterprise: Berks County Residential Center**
The Berks County Residential Center Fund accounts for the operations of the County's family shelter for immigrants placed by the Federal Government, financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that cost of providing service to the Federal Government on a continuing basis be financed or recovered primarily through cost reimbursement plans.
- **Enterprise: Berks County Home - Berks Heim**
The Berks County Home – Berks Heim Fund accounts for operations of the long-term care facility financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

3. Other fund types

- **Retirement Trust**
The Berks County Employee's Retirement Trust Fund accounts for the revenue (i.e., member contributions, County appropriations, and net investment income) and the expenditures (i.e., allowance contributions refunded, retirement allowances, and death benefits paid) of the County's defined benefit retirement plan.
- **Agency**
Agency funds consist of restricted assets of the various row offices and other fiduciary accounts of the County. Row office funds for bail posted, sheriff's sales, realty transfer taxes held and owed to other governmental entities, and other funds reserved for disposition of legal actions, by Berks Heim for residents and by the prison for inmates, are mainly escrow funds.

D. Investments

Investments of all funds are stated at fair value based on quoted market values.

E. Cash and cash equivalents

The County considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Receivables

All property taxes receivable, accounts receivable, interest and liens receivable are shown net of an allowance for uncollectible amounts. The allowance for property taxes is equal to .09 percent of the 2013 property tax levy outstanding at December 31, 2013. The allowance for court fines, fees and costs is equal to 90 percent of the outstanding accounts receivable at December 31, 2013. The allowance for district justices' fines and court costs is equal to 50 percent of the outstanding accounts receivable at December 31, 2013. The allowance for liens for the closing cost assistance program is equal to 100 percent of the outstanding balance at December 31, 2013. The allowance for liens and interest for property rehabilitation and certain mortgage programs is equal to 20 percent of the outstanding balance at December 31, 2013.

G. Interfund transactions

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received, appropriate interfund receivables or payables have been established.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

H. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in excess of \$25,000 for governmental funds are recorded as expenditures when consumed rather than when purchased. Office supplies such as paper and copier supplies are not considered inventory, and are recorded as expenditures/expenses when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

I. Restricted assets

Restricted assets represent revenues set aside for liquidation of specific obligations, as detailed in Note 3.

J. Capital assets

Capital assets, which include property, plant, equipment and infrastructure (bridges acquired, reconstructed or significantly improved in years ending after December 31, 1980), are reported in the applicable governmental or business-type activities columns on the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual or system (multiple items that rely on each other to function) cost of \$5,000 (\$75,000 for infrastructure assets) and an estimated useful life exceeding one year. Such assets are recorded at historical costs. Donated capital assets are recorded at the estimated fair market value at the time of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

In order to preserve farmland and open space, the County purchases agricultural easements. An agricultural easement restricts the use of land from commercial development in perpetuity and encourages the continued agricultural use of land. An easement is thus considered an intangible asset of the County, and recorded in the government-wide financial statements.

The capital assets of the County are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	40 years
Machinery and equipment	6 - 10 years
Motor vehicles	3 - 5 years
Computer equipment	3 - 5 years
Infrastructure	40 years

Details of the County's capital assets are included in Note 6.

K. Deferred outflows/inflows

A deferred outflow of resources represents a consumption of net position that applies to a future period not recognized as an outflow of resources until that future period. A deferred inflow of resources represents an acquisition of net position that applies to a future period not recognized as an inflow of resources until that future period.

L. Fund balances

GASB Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions*," establishes accounting and financial standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follows:

Nonspendable – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact. The County is obligated to restore operating deficits or receive prior amounts paid for this classification.

Restricted – This classification consists of amounts that are restricted to specific purposes either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

Committed - This classification consists of amounts used for specific purposes imposed by formal action of the County's highest level of decision-making authority (Board of Commissioners). The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to year-end; however, the amount may be determined subsequent to year end.

Assigned – This classification consists of amounts constrained by the County’s intent to be used for specific purposes that are neither restricted nor committed.

Unassigned – This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

M. Net Position

GASB Statement No. 63 requires the classification of net position into the three components shown below, which are defined as follows:

Net Investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This category represents net assets of the County, which are not restricted for any project or other purpose.

N. Indirect costs, maintenance in lieu of rent, allocated costs

Indirect costs, maintenance in lieu of rent, and allocated costs are charged to various state and federal programs based on a formal plan developed annually by the County. These costs are reflected in the fund financial statements as expenditures/expenses in those funds benefiting from the services provided and as a reduction of expenditures in the general fund, which provides the services. These costs are recorded on a full absorption basis in order to reflect the total cost of operations of the various funds.

The government-wide financial statements contain a separate column for the allocation of these costs to various functions.

O. Compensated absences

The County follows the provisions of GASB Statement No. 16, “*Accounting for Compensated Absences.*” Calculation of the liability amount is determined by the appropriate vacation and sick payments which would be available to employees if they would leave or retire from the County.

The County accrues accumulated unpaid vacation and sick leave when earned by the employee in the government-wide financial statements.

All accumulated vacation and vested sick leave pay is recorded as an expense and a liability in the proprietary fund types at the time the liability is accrued. Governmental fund types record accumulated vacation and vested sick leave pay as an expenditure in the current year to the extent it is paid during the year.

P. Self insurance

The County is self-insured for the risk of loss related to workers compensation and healthcare insurance claims. Self-insurance for workers compensation began in 2002, and healthcare insurance began in 2006. Details of the County’s self- insurance activities are included in Note 9 on Risk Management.

Q. Estimates

The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from the estimates.

R. Long-term obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when incurred. Bonds payable are reported net of the applicable bond premium or discount. Derivatives, or swaps, may be entered into at the discretion of the County, to take advantage of favorable prevailing interest rates with respect to its general obligation bonds. In cases where it is more advantageous to terminate an existing swap, termination fees are expensed in the period that the termination is executed and reported as a Special Item.

In accordance with GASB Statement No. 23, *“Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities,”* the County has adopted the following policy for current refundings and advance refundings resulting in the defeasance of debt reported in proprietary funds.

The difference between the reacquisition price and the net carrying amount of the old debt, will be deferred and amortized in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, the deferred amount is reported as a deduction from or an addition to the new debt liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

S. Intergovernmental revenues

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania and federal agencies generally to fund specific programs. Awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs. Reimbursement type grants are recorded as revenues when the related expenditures are incurred. In the governmental funds financial statements, grants are recorded when revenues are also measurable and available.

T. Allowable Expenses under Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. County management believes disallowances, if any, will be immaterial.

U. Restatement of Entity-Wide Financial Statements

The County's beginning entity-wide fund balances had been restated to properly reflect the effect of prior and current period adjustments as follows:

Beginning fund balance, as previously reported	\$ 194,828,522
amounts in "V" Restatement of Governmental	
Funds Financial Statements (see below)	(3,660,606)
Prior period adjustment	<u>(12,489,378)</u>
Fund balances, beginning, as restated	<u>\$ 178,678,538</u>

In addition to the reasons noted for the Governmental Funds Financial Statements, these adjustments reflect an overstatement of due (to) from accounts in the entity wide general ledger from prior years.

V. Restatement of Governmental Funds Financial Statements

The County's beginning fund balances have been restated to properly reflect the effect of prior and current period adjustments as follows:

General Fund:

Beginning fund balance, as previously reported	\$ 124,483,029
Prior period adjustment	<u>(1,967,210)</u>
Fund balances, beginning, as restated	<u>\$ 122,515,819</u>

Prior period adjustment in the General Fund is due to restatement of prior year grant revenue.

Health Choices Special Revenue Fund

Beginning fund balance, as previously reported	\$ 1,693,396
Prior period adjustment	<u>(1,693,396)</u>
Fund balances, beginning, as restated	<u>\$ -</u>

Prior period adjustment in the Health Choices Special Revenue Fund is due to reclassification of fund balance to reserve accounts.

X. Restatement of Component Units

1. Reading Regional Airport Authority

Effective October 1, 2011, the Authority adopted GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, to be in conformity with generally accepted accounting principles.

Statement No. 63 establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement provides a framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities, should be displayed. The statement also discusses how net position, no longer net assets, should be displayed.

Statement No. 65 establishes guidance to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement also restricts the use of the term “deferred” only to those items designated as deferred outflows or deferred inflows of resources by the standards. The adoption of this standard resulted in the Authority restating beginning net position as of October 1, 2011, for a net decrease of \$169,527. The net decrease is comprised of a decrease of \$236,277 for the elimination of net bond issuance costs which no longer qualifies as an asset and an increase of \$66,750 for the elimination of net hangar deposit deferred revenue which no longer qualifies as a liability. The implementation of the standard also resulted in the Authority eliminating amortization expense of \$24,836 and deferred rental income of \$3,000 for the year ended September 30, 2012, resulting in a net increase in net position of \$21,386.

2. Reading Area Community College

Effective January 1, 2011, the College adopted the provisions of GASB No. 65. This statement establishes guidance to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows or resources and deferred inflows of resources to ensure consistency in financial reporting. This statement also restricts the use of the term “deferred” only to those items designated as deferred outflows or deferred inflows of resources by the standards. The adoption of this standard resulted in the College restating beginning net position as of July 1, 2011, for the elimination of net bond issuance costs which no longer qualifies as an asset in the amount of \$477,182. The implementation of the standard also resulted in the College increasing bond issuance costs \$282,090 as well as decreasing amortization expense \$65,598 for the year ended June 30, 2012, resulting in a net decrease in net change in net position of \$216,492.

Y. Pending Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, “*Financial Reporting for Pensions – an amendment of GASB Statement No. 27*”. The County is required to adopt Statement No. 68 for its calendar year 2015 financial statements.

In January 2013, the GASB issued Statement No. 69, “*Government Combinations and Disposals of Government Operations*”. The County is required to adopt Statement No. 69 for its calendar year 2014 financial statements.

In April 2013, the GASB issued Statement No. 70, “*Accounting and Financial Reporting for Nonexchange Financial Guarantees*”. The County is required to adopt Statement No. 70 for its calendar year 2014 financial statements.

NOTE 2: CASH AND INVESTMENTS

A. Primary government

Interest rate risk: The County of Berks does not have a formal investment policy for its funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, with the exception of the Retirement Fund which has an official investment policy. The County follows Section 1706 of the County Code of the Commonwealth of Pennsylvania.

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest its funds in the following:

- United States Treasury Bills.
- Short-term obligations of the United States government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (“FDIC”) or other like insurance.
- Obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania that are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.

- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements that are fully collateralized by obligations of the United States of America.

In addition, the County Code provides that the Retirement Trust Fund may make any investment authorized by 20 PA.A. Ch. 7302b (relating to fiduciaries' investments).

The carrying amounts of the cash and investments at December 31, 2013 consist of the following:

Cash and cash equivalents	\$ 112,960,970
Petty cash	17,206
Investments	494,295,671
	<u>\$ 607,273,847</u>

Classification per financial statement:

Statement of net position:

Current assets, cash and cash equivalents	\$ 56,833,057
Current assets, cash and cash equivalents, restricted	47,579,369
Current assets, investments	77,660,295
Current assets, investments, restricted	7,253,646
Noncurrent assets, investments	6,538,366
Noncurrent assets, investments, restricted	3,620,510

Statement of fiduciary net position:

Retirement fund, cash and cash equivalents	377,524
Agency fund, cash and cash equivalents	8,188,226
Retirement fund, investments	399,222,854
	<u>\$ 607,273,847</u>

"Retirement Fund" referenced herein is the Berks County Employee's Retirement Trust Fund.

Cash and cash equivalents

The County's available cash and cash equivalents are invested in demand deposit accounts, repurchase agreements, certificates of deposit, money market funds, mutual funds, and securities backed by the full faith and credit of the United States government.

The County has custodial credit risk on cash deposits. This is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance.

At December 31, 2013, the carrying amounts of the County's bank deposits were \$112,960,970 and the bank balances were \$120,867,105 of which \$1,201,884 was covered by Federal Depository Insurance, \$72,934,011 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined by the Act, to cover all public funds deposited in excess of federal depository insurance limits, \$40,495,910 was invested in an external investment pool, described in more detail below, and the remaining balance of \$6,235,300 was invested in repurchase agreements.

The County invests in PLGIT, an external investment pool, to ensure safety and maximize efficiency, liquidity, and yield for County funds. PLGIT issues separately audited financial statements which are available to the public. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. At December 31, 2013, PLGIT carried an AAA rating and had an average maturity of less than one year.

The County invests in various money market funds, in the amount of \$13,488,724 which have been classified as cash and cash equivalents in the statement of net assets. These money market funds are unrated and have an average maturity of less than one year.

The County invests in a U.S Treasury obligation mutual fund which has been classified as cash and cash equivalents in the statement of net assets. This mutual fund carries an AAA rating and has an average maturity of less than one year.

The County invests in repurchase agreements where the underlying securities are U.S. Government mortgage-backed securities. These securities are unrated and have an average maturity of less than one year. The County's investment in repurchase agreements is held by the counterparty, not in the County's name.

As of December 31, 2013, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>< 1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
Governmental Funds					
General Fund					
Negot. certif. of deposit	\$ 1,879,571	\$ 1,879,571	\$ -	\$ -	\$ -
U.S. Govt agency securities	79,323,183	74,317,383	5,005,800	-	-
Health Choices Fund					
Negot. certif. of deposit	798,503	798,503	-	-	-
U.S. Govt agency securities	8,581,653	4,961,143	3,620,510	-	-
Other Governmental Funds					
U.S. Govt agency securities	<u>4,377,478</u>	<u>2,844,912</u>	<u>1,532,566</u>	-	-
Total Governmental Funds	<u>94,960,388</u>	<u>84,801,512</u>	<u>10,158,876</u>	-	-
Enterprise Funds					
Berks Heim					
Negot. certif. of deposit	<u>112,429</u>	<u>112,429</u>	-	-	-
Fiduciary - Retirement Funds					
SEI Collective Trusts					
Core Trust Property	\$ 31,433,574	\$ 31,433,574	\$ -	\$ -	\$ -
Special Situations	27,096,876	27,096,876	-	-	-
SEI Mutual Funds					
Emerging Markets Debt	15,937,391	15,937,391	-	-	-
Emerging Markets Equity	12,038,967	12,038,967	-	-	-
High Yield Bond	12,398,224	12,398,224	-	-	-
Large Cap Disc Equity	34,590,596	34,590,596	-	-	-
Sm/Mid Cap Equity	17,263,018	17,263,018	-	-	-
World Equity Ex US	41,916,080	41,916,080	-	-	-
Core Fixed Income	73,686,903	73,686,903	-	-	-
Ultra Short Duration Bond	31,882,968	31,882,968	-	-	-
Opportunistic Income	32,239,366	32,239,366	-	-	-
US Managed Volatility Fund	47,100,659	47,100,659	-	-	-
Dynamic Asset Allocation	<u>21,638,232</u>	<u>21,638,232</u>	-	-	-
Total Fiduciary Funds	<u>399,222,854</u>	<u>399,222,854</u>	-	-	-
Total Investments	<u>\$ 494,295,671</u>	<u>\$ 484,136,795</u>	<u>\$ 10,158,876</u>	<u>\$ -</u>	<u>\$ -</u>

The County’s funds are invested in various types of financial instruments. This diversification of the investment portfolio serves to assist in mitigating the various types of risks associated with different types of financial instruments. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur in the near term and that such a change could materially affect the amount reported on the statement of plan net assets.

Core Trust Property Collective Trust: Valued at the Trust’s proportionate interest in the net assets of the SEI Core Property Fund, LP (the “Fund”). The Trust is part of a “master feeder fund” complex, by which the Trust invests substantially all of its assets in the Fund. The Net Asset Value (“NAV”), as provided by the trustee of the Fund, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Special situations Collective Trust: Valued at NAV of units of a collective trust of the Plan’s interests in the Investment Funds and not the underlying holdings of such Investment Funds. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Credit risk: State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The County has no investment policy that would further limit its investment choices. The County invested in certificates of deposit in 2013. Total investments were \$2,790,503. Of this total, \$1,992,000 was covered by Federal Depository Insurance, and \$798,503 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined by the Act, to cover all public funds deposited in excess of federal depository insurance limits.

The County had the following level of exposure to credit risk as of December 31, 2013:

	<u>Fair Value</u>	<u>Rating</u>
U.S. Govt agency obligations	\$ 92,282,314	AAA
Negotiable certificates of deposit	2,790,503	Unrated
Mutual funds - Core fixed income	73,686,903	AA-
Mutual funds - High Yield Bonds	12,398,224	BB-
Mutual funds - Emerging Mkts Debt	15,937,391	BBB-
Mutual funds - Ultra Short Duration	31,882,968	AA-

Concentration in credit risk: The County places no limit on the amount the County may invest in any one issuer, with the exception of its Pension Funds. The County Pension Fund Investment policy limits the amount of any managers' portfolio at cost to be invested in any single issue or issuer to no more than five percent of the portfolio except obligations guaranteed by the full faith and credit of the U.S. government or issued by U.S. government agencies. The Pension Investment policy also limits the investing into "Yankee" bonds with a minimum investment grade rating at purchase to no more than ten percent of the portfolio. At December 31, 2013, there were no investments in a single issuer that represented more than 5% of the County's total investment portfolio.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the County's investment policy does not specifically address the issue of custodial credit risk, it is the practice of the County to hold all investments in the counterparties' name. As of December 31, 2013, \$494,295,671 of the County's investments is held by the investment counterparties.

Foreign currency risk: The County does not have a formal policy to limit foreign currency risk with the exception of its Pension Funds. The County Pension Fund Investment policy prohibits the buying and selling of foreign securities not registered through an SEC filing or not denominated in US dollars, except for managers hired specifically for international investments. Risk of loss arises from changes in currency exchange rates. The County had no exposure to foreign currency risk as of December 31, 2013.

B. Component units

1. Berks County Solid Waste Authority

The Authority's available cash is invested in demand deposit accounts and U.S. Government Agency Obligations. The carrying amounts of the cash deposits and investments at December 31, 2013 consist of the following:

Demand deposits	\$ 501,721
Cash	<u>60,739</u>
Total	<u>\$ 562,460</u>

Custodial credit risk - deposits: Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance. At December 31, 2013, the carrying amount of the Authority's cash deposits was \$501,721 and the bank balance was \$502,305, none of which was uninsured and uncollateralized. The Authority is in compliance with Act 72 of the Pennsylvania Municipal Authority Act.

At December 31, 2013, the Authority had the following investment, held by the Trustee:

	<u>Fair Value</u>	<u>Maturity - Less than One Year</u>
Cash	\$ 60,739	\$ 60,739

Investment credit risk: The Authority limits the type of investments permitted as defined in the Pennsylvania Municipal Authorities Act. When making investments, the Authority can combine monies from more than one fund under the Authority's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

Investment interest rate risk: The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2013, \$60,739 was held by the investments counterparty, not in the name of the Authority.

2. Redevelopment Authority of the County of Berks

The Authority's available cash is invested in demand deposit accounts. The carrying amount of the Authority's cash at December 31, 2013 consists of the following:

Cash, operating accounts	\$ 24,169
Cash, restricted	<u>1,226,262</u>
	<u>\$ 1,250,431</u>

Custodial credit risk – deposits: Custodial credit risk is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned to the Authority. At December 31, 2013, the carrying amount of the Authority's bank deposits was \$1,250,431 and the bank balances were \$1,309,698, of which \$571,287 was directly covered by Federal Depository Insurance. The remaining \$738,411 was exposed to custodial risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

3. Reading Regional Airport Authority

The Authority's investment authority is set by state statute to include: U.S. Treasury Bills, short-term U.S. Government or Agency obligations, deposits in savings accounts, time deposits, or share accounts, obligations of the United States or any of its agencies or instrumentalities, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities and shares of any investment company which invests only in the above or certificates of deposit. Pursuant to Act 72 of the Pennsylvania State Legislature, a depository must pledge assets to secure state and municipal deposits. The pledged assets must at least be equal to the total amount of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. Additionally, all such pledged assets must be delivered to a legal custodian.

The Authority's cash and cash equivalents consist of the following at September 30, 2013:

Petty cash	\$ 250
Unrestricted cash	1,219,994
Settlement fund cash	507,512
Capital improvements accounts	<u>1,912,678</u>
	<u>\$ 3,640,434</u>

Custodial credit risk – deposit: Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. At September 30, 2013, \$3,391,472 of the Authority's bank balance of \$3,641,472 was exposed to custodial credit risk because it was uninsured and the collateral held by the depositing agent was not in the Authority's name.

As of September 30, 2013, bank balances of deposits were entirely insured by either Federal Depository Insurance or collateralized in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

Investment Policies: The Authority does not have a formal investment policy establishing interest rate, credit risk, and concentrations of credit risk as it currently has all deposits with financial institutions which are classified as cash on the accompanying financial statements.

4. Reading Area Community College

The College invests its funds in accordance with the board's investment policy, which authorizes the College to invest in repurchase agreements. Cash and cash equivalents at June 30, 2013 consist of the following:

Cash on hand	\$ 1,150
Cash	20,219,884
Restricted Cash	<u>8,327</u>
	<u>\$ 20,229,361</u>

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. The College has adopted a policy for custodial credit risk, which includes monthly monitoring of the assets and annual verification. At June 30, 2013, the carrying amount of the College's deposits was \$19,586,019 and the bank balance was \$22,500,372. Of the bank balance, \$258,326 was covered by federal depository insurance and \$22,242,046 was exposed to custodial credit risk, because it was uninsured and the collateral held by the depository's agent was not in the College's name. At June 30, 2013, the cash and cash equivalents for the College Foundation were \$642,172. Investments of \$8,854,089 are comprised of mutual funds carried at market value in the Common Fund – Equity Fund of \$6,180,128, the Common Fund - Bond Fund of \$2,672,985, and the Common Fund – Realty Fund of \$976.

NOTE 3: RESTRICTED ASSETS

Cash and investments whose use is limited to a specific purpose have been classified as "restricted" in the Statement of Net Position (Deficit)/Balance Sheet. Restricted assets at December 31, 2013 consist of the following:

	Cash and cash equivalents	Investments
Governmental funds		
General funds		
Antietam Lake	\$ 1,228,690	\$ -
Children and Youth Gift Funds	11,479	-
Environmental Litigation	280,882	99,000
Hazmat Response Fund	370,969	1,146,000
Inmate Pay	3,502	-
Parks Trust Accounts	388,769	-
Worker's Compensation Trust	283,837	136,571
Special Legislation Funds		
Adult Probation Supervision Fund	2,182,747	-
Communicatins Center - MCT Trust	133,618	-
Coroner Record Improvement Fund	58,371	-
Courts Automation Fund	185,094	-
Hotel Tax Account	138,961	-
Prothonotary Automation Fund	143,358	-
Register of Wills Records Improvement Fund	97,842	-
Recorder of Deeds Record Improvement Fund	163,226	-
Treasurer Record Improvement Fund	377,206	-
Health Choices special revenue		
Reinvestment account	110,439	3,796,153
Risk & Contingency account	690,806	4,785,500
Appendix V - Jumbo Auto Renew CD	-	798,503
Capital Projects Funds		
Unspent bond proceeds Series B of 2009	498,983	-
Unspent bond proceeds Series A of 2010	929,057	-
Unspent bond proceeds Series B of 2010	2,615,055	-
Unspent bond proceeds Series C of 2010	12,134,038	-
Unspent bond proceeds Series D of 2010	2,122,647	-
Unspent bond proceeds 2012 Tax Exempt	4,196,666	-
Unspent bond proceeds Series A of 2012	2,651,978	-
Unspent bond proceeds Series of 2013 A	6,345,433	-
Unspent bond proceeds Series of 2013 B	9,002,053	-
Total governmental funds	<u>\$ 47,345,706</u>	<u>\$ 10,761,727</u>
Business-Type Activity		
Berks Heim		
Worker's Compensation Trust	<u>\$ 233,663</u>	<u>\$ 112,429</u>

NOTE 4: REAL ESTATE TAXES

Real estate taxes attach an enforceable lien on property on January 1. Taxes are billed on or about March 1, payable under the following terms: 2% discount, March 1 through April 30; face amount, May 1 through June 30, and 10% penalty between July 1 and January 15 of the subsequent year. After January 15 of the subsequent year, the levy is sent to the Berks County Tax Claim Bureau for collection. The County bills these taxes that are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities. The 2013 adopted rate of taxation was 7.372 mills.

NOTE 5: INTERFUND BALANCES AND ACTIVITY

The County uses a pooled operating fund to enhance investment return, therefore interfund receivables and payables are recorded to recognize amounts held by the general fund in the pooled account on behalf of other funds. In addition, the general fund paid expenses on behalf of other funds, therefore a corresponding interfund receivable and payable has been recorded.

Interfund receivable and payable balances of each individual fund as of December 31, 2013 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Governmental funds:		
General fund	\$ 13,466,205	\$ -
Children and Youth Services	918,658	-
Community Development	154,000	-
Health Choices	113,202	-
Capital Projects	5,485,981	-
Other governmental funds	<u>4,140,180</u>	<u>1,616,206</u>
	<u>24,278,226</u>	<u>1,616,206</u>
Proprietary funds:		
Dept. of Emergency Services	-	8,741,343
Berks County Residential Center	-	1,056,114
Berks Heim	-	<u>12,864,280</u>
	<u>-</u>	<u>22,661,737</u>
Fiduciary funds:		
Berks County Employee's Retirement	-	<u>283</u>
Total	<u>\$ 24,278,226</u>	<u>\$ 24,278,226</u>

Transfers represent the settlement of interfund transactions between the general fund and other types of funds. Transfers may cover temporary cash shortfalls or be a permanent allocation of local tax resources.

Transfers of each individual fund in 2013 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 3,905,245	\$ 12,334,586
Children and Youth Services	5,850,836	319,553
Community Development	-	215,163
Health Choices	-	13,551
Other governmental funds	<u>4,732,026</u>	<u>2,934,041</u>
	<u>14,488,107</u>	<u>15,816,894</u>
Proprietary funds:		
Dept. of Emergency Services	2,430,393	-
Berks County Residential Center	6,187,168	3,970,686
Berks Heim	<u>5,535,920</u>	-
	<u>14,153,481</u>	<u>3,970,686</u>
Total	<u>\$ 28,641,588</u>	<u>\$ 19,787,580</u>

Transfers of \$2,430,393 were made from the General Fund to the Department of Emergency Services Fund for the 911 Countywide Safety Network Radio Project.

Transfers of \$7,883,592 were made from the General Fund to several funds during 2013 to cover deficits.

Transfers in do not equal transfers out because of transfers of assets to enterprise funds of \$6,187,168, transfers of bonds from enterprise funds to other funds of \$5,535,920, and bond reallocation from enterprise funds of \$2,771,500.

NOTE 6: CAPITAL ASSETS

A. Primary government

1. Capital assets

Capital asset activity for the year ended December 31, 2013 was as follows:

• **Governmental activities:**

	Beginning balance	Additions/ Transfers in	Retirements/ Transfers out	Ending balance
Capital assets, not being depreciated:				
Land	\$ 9,627,055	\$ 409,948	\$ -	\$ 10,037,003
Historical treasures	2,166,153	113,491	-	2,279,644
Agricultural easements	73,173,727	1,911,476	-	75,085,203
Software-in-progress	380,782	685,178	-	1,065,960
Construction-in-progress	<u>24,110,337</u>	<u>24,074,834</u>	<u>(466,733)</u>	<u>47,718,438</u>
Total capital assets, not being depreciated	<u>109,458,054</u>	<u>27,194,927</u>	<u>(466,733)</u>	<u>136,186,248</u>
Capital assets, being depreciated/amortized:				
Land improvements	5,160,347	-	-	5,160,347
Buildings and improvements	198,003,769	992,753	(22,110,165)	176,886,357
Furniture, fixtures, equipment, vehicles	19,194,877	1,237,398	(4,562,109)	15,870,166
Infrastructure	<u>4,132,152</u>	<u>667,688</u>	<u>-</u>	<u>4,799,840</u>
Total capital assets, being depreciated	<u>226,491,145</u>	<u>2,897,839</u>	<u>(26,672,274)</u>	<u>202,716,710</u>
Total capital assets, historical cost	<u>335,949,199</u>	<u>30,092,766</u>	<u>(27,139,007)</u>	<u>338,902,958</u>
Less accumulated depreciation/amortization for:				
Land improvements	1,020,882	-	(9,096)	1,011,786
Building and improvements	106,083,736	5,177,887	(16,368,411)	94,893,212
Furniture, fixtures, equipment, vehicles	15,173,938	2,069,125	(4,578,168)	12,664,895
Infrastructure	<u>1,718,355</u>	<u>119,996</u>	<u>-</u>	<u>1,838,351</u>
Total accumulated depreciation	<u>123,996,911</u>	<u>7,367,008</u>	<u>(20,955,675)</u>	<u>110,408,244</u>
Total capital assets, net of accumulated depreciation/amortization	<u>\$ 211,952,288</u>	<u>\$ 22,725,758</u>	<u>\$ (6,183,332)</u>	<u>\$ 228,494,714</u>

- **Business-type activities:**

	Beginning balance	Additions/ Transfers in	Retirements/ Transfers out	Ending balance
Capital assets, not being depreciated:				
Construction-in-progress	\$ 7,297,989	\$ 2,823,229	\$ (2,017,908)	\$ 8,103,310
Capital assets, being depreciated/amortized:				
Buildings and improvements	38,724,687	7,920,320	(505,847)	46,139,160
Furniture, fixtures, equipment, vehicles	14,001,884	1,474,619	(48,387)	15,428,116
Total capital assets, being depreciated	<u>52,726,571</u>	<u>9,394,939</u>	<u>(554,234)</u>	<u>61,567,276</u>
Total capital assets, historical cost	<u>60,024,560</u>	<u>12,218,168</u>	<u>(2,572,142)</u>	<u>69,670,586</u>
Less accumulated depreciation for:				
Building and improvements	7,879,538	2,221,639	(239,032)	9,862,145
Furniture, fixtures, equipment, vehicles	10,269,207	968,919	(27,332)	11,210,794
Total accumulated depreciation	<u>18,148,745</u>	<u>3,190,558</u>	<u>(266,364)</u>	<u>21,072,939</u>
Total capital assets, net of accumulated depreciation	<u>\$ 41,875,815</u>	<u>\$ 9,027,610</u>	<u>\$ (2,305,778)</u>	<u>\$ 48,597,647</u>

2. Depreciation and amortization expense

Depreciation and amortization expense was charged to functions/programs of the primary government during 2013 as follows:

- **Governmental activities:**

Judicial	\$ 428,227
Public safety	1,489,149
Public works	321,792
Human services	30,354
General government	4,518,966
Community and economic Development	54,496
Culture and recreation	<u>279,442</u>
Total	<u>\$ 7,122,426</u>

- **Business-type activities:**

Department of Emergency Services	\$	589,566
Berks County Residential Center		235,788
Berks Heim		<u>1,322,146</u>
Total	\$	<u>2,147,500</u>

3. Capital projects commitments

The Prison expansion project with accumulated cost of \$1,785,856 remains on hold at this time and management believes the project will be ultimately completed at a cost of approximately \$34 million.

The Anthony's Mill Bridge project is in the development phase with expenditures to date totaling \$84,269. Management anticipates this project to be completed by June 30, 2015, with a projected final cost of approximately \$700 thousand.

The Berne Station Bridge project is in the construction phase with expenditures to date totaling \$439,018. Management anticipates this project to be completed by November 30, 2014 with a projected final cost of approximately \$3 million.

The Services Center Envelope Project is in the construction phase with expenditures to date totaling \$3,980,614. Management anticipates this project to be completed by August 31, 2014 with a projected final cost of approximately \$6.3 million.

The 911 Countywide Safety Network Radio Project is in the construction phase with expenditures to date totaling \$39,602,369. Management anticipates this project to be completed by August 31, 2014 with a projected final cost of approximately \$55 million.

The Christman Road Bridge project is in the construction phase with expenditures to date totaling \$745,353. Management anticipates this project to be completed by August 31, 2014 with a projected final cost of approximately \$1.5 to \$2 million.

The Buttonwood Street Bridge project is in the design phase with expenditures to date totaling \$687,965. Management anticipates this project to be completed by December 31, 2016 with a projected final cost of approximately \$15 million.

The Prison Security Package Upgrade project is in the construction phase with expenditures to date totaling \$637,505. Management anticipates this project to be completed by June 30, 2015 with a projected final cost of approximately \$3.5 million.

The Prison Infrastructure project is in the developmental phase with expenditures to date totaling \$358,993. Management anticipates this project to be completed by June 30, 2015 with a projected final cost of approximately \$9.3 million.

The Kutz Mill Bridge project is in the construction phase with expenditures to date totaling \$14,969. Management anticipates this project to be completed by October 31, 2014 with a projected final cost of approximately \$217 thousand.

The Zettlemyer's Mill Bridge project is in the design phase with expenditures to date totaling \$22,375. Management anticipates this project to be completed by December 31, 2015 with a projected final cost of approximately \$1.3 million.

The Blandon Bridge project is in the design phase with expenditures to date totaling \$6,769. Management anticipates this project to be completed by December 31, 2016 with a projected final cost of approximately \$1.9 million.

The Trestle Bridge project is in the design phase with expenditures to date totaling \$12,230. Management anticipates this project to be completed by December 31, 2014 with a projected final cost of approximately \$688 thousand.

The NORESKO Project for Energy Conservation Measures is in the construction phase with expenditures to date totaling \$5,093,994. Management anticipates this project to be completed by November 30, 2014 with a projected final cost of approximately \$9.1 million.

The Confined Space Rehabilitation Project is in the contracting phase with expenditures to date totaling \$11,250. Management anticipates this project to be completed by October 31, 2014, with a projected final cost of approximately \$110 thousand.

B. Component units

1. Berks County Solid Waste Authority

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital assets:				
Site improvements	\$ 109,854	\$ 39,910	\$ -	\$ 149,764
Recycling equipment	206,214	24,628	(76,598)	154,244
Furniture and equipment	<u>9,021</u>	<u>-</u>	<u>-</u>	<u>9,021</u>
Total capital assets	<u>325,089</u>	<u>64,538</u>	<u>(76,598)</u>	<u>313,029</u>
Less accumulated depreciation for:				
Site improvements	31,286	17,709	-	48,995
Recycling equipment	41,421	17,990	(15,367)	44,044
Furniture and equipment	<u>9,021</u>	<u>-</u>	<u>-</u>	<u>9,021</u>
Total accumulated depreciation	<u>81,728</u>	<u>35,699</u>	<u>(15,367)</u>	<u>102,060</u>
Total capital assets, net	<u>\$ 243,361</u>	<u>\$ 28,839</u>	<u>\$ (61,231)</u>	<u>\$ 210,969</u>

2. Redevelopment Authority of the County of Berks

Redevelopment projects commitments

The Authority has redevelopment projects in the Borough of Birdsboro and Union Township, the Boroughs of Fleetwood and Hamburg, and Colebrookdale Township, all in Berks County, Pennsylvania. In connection with these projects, the Board of Commissioners of Berks County committed \$2,285,000 of Community Development Block Grant funds for these projects. At December 31, 2013, the commitments are outstanding as follows:

Borough of Birdsboro/Union Township Project	\$ 717,268
Borough of Fleetwood Project	<u>460,131</u>
	<u>\$ 1,177,399</u>

3. Reading Regional Airport Authority

Capital asset activity

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance October 1, 2012	Additions	Transfers/ Deletions	Balance September 30, 2013
Capital assets, not being depreciated:				
Land	\$ 4,636,399	\$ -	\$ -	\$ 4,636,399
Air easement rights	103,002	-	-	103,002
Construction in progress	<u>9,524,652</u>	<u>199,415</u>	<u>(8,745,996)</u>	<u>978,071</u>
Total capital assets, not being depreciated	<u>14,264,053</u>	<u>199,415</u>	<u>(8,745,996)</u>	<u>5,717,472</u>
Capital assets, being depreciated:				
Land improvements	8,517,543	-	-	8,517,543
Infrastructure	30,744,307	8,745,996	-	39,490,303
Buildings and improvements	17,440,810	-	-	17,440,810
Furniture and equipment	3,304,891	-	-	3,304,891
Leasehold improvements	<u>2,198,700</u>	<u>-</u>	<u>-</u>	<u>2,198,700</u>
Total capital assets being depreciated	<u>62,206,251</u>	<u>8,745,996</u>	<u>-</u>	<u>70,952,247</u>
Total capital assets, historical cost	<u>76,470,304</u>	<u>8,945,411</u>	<u>(8,745,996)</u>	<u>76,669,719</u>
Less accumulated depreciation for:				
Land improvements	6,015,049	-	242,832	6,257,881
Infrastructure	13,070,136	-	1,511,200	14,581,336
Buildings and improvements	9,098,824	-	482,356	9,581,180
Furniture and equipment	2,663,232	-	75,435	2,738,667
Leasehold improvements	<u>1,007,738</u>	<u>-</u>	<u>91,612</u>	<u>1,099,350</u>
Total accumulated depreciation	<u>31,854,979</u>	<u>-</u>	<u>2,403,435</u>	<u>34,258,414</u>
Total capital assets, net	<u>\$ 44,615,325</u>	<u>\$ 8,945,411</u>	<u>\$ (11,149,431)</u>	<u>\$ 42,411,305</u>

4. Reading Area Community College

Capital asset activity:

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Transfers/ Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 1,081,556	\$ -	\$ -	\$ 1,081,556
Construction in progress	<u>223,466</u>	<u>1,538,273</u>	<u>(1,185,094)</u>	<u>576,645</u>
Total capital assets, not being depreciated	<u>1,305,022</u>	<u>1,538,273</u>	<u>(1,185,094)</u>	<u>1,658,201</u>
Capital assets, being depreciated:				
Buildings and improvements	60,560,558	435,506	1,118,489	62,114,553
Equipment, furnishings, and library books	<u>7,878,243</u>	<u>63,607</u>	<u>(79,476)</u>	<u>7,862,374</u>
Total capital assets being depreciated	<u>68,438,801</u>	<u>499,113</u>	<u>1,039,013</u>	<u>69,976,927</u>
Total capital assets, historical cost	<u>69,743,823</u>	<u>2,037,386</u>	<u>(146,081)</u>	<u>71,635,128</u>
Less accumulated depreciation for:				
Buildings and improvements	21,652,011	1,579,098	-	23,231,109
Equipment, furnishings, and library books	<u>5,745,987</u>	<u>509,382</u>	<u>(132,922)</u>	<u>6,122,447</u>
Total accumulated depreciation	<u>27,397,998</u>	<u>2,088,480</u>	<u>(132,922)</u>	<u>29,353,556</u>
Total capital assets, net	<u>\$ 42,345,825</u>	<u>\$ (51,094)</u>	<u>\$ (13,159)</u>	<u>\$ 42,281,572</u>

Depreciation expense for the College for the year ended June 30, 2013 was \$2,088,480.

NOTE 7: EMPLOYEE RETIREMENT TRUST PLAN

A. Primary government

1. Plan description

The County provides a single-employer defined benefit pension plan that is administered by the Berks County Employees' Retirement Fund Board. All employees expected to work over 1,000 hours per year are required to enter the plan, and County elected officials have the option of enrolling in the plan. The plan is included in the financial statements of the County as a retirement trust fund and does not issue a separate financial statement. The plan provides retirement, disability and death benefits to plan members and their beneficiaries pursuant to Act 96 of 1971 of the Commonwealth of Pennsylvania (County Pension Law), which may be amended by the General Assembly of the Commonwealth of Pennsylvania. Cost-of-living adjustments are provided at the discretion of the Berks County Employee's Retirement Fund Board.

2. Basis of accounting

The financial statements of the retirement trust fund are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

3. Valuation of investments

All investments of the retirement trust fund are reported at fair value based on quoted market values. Investments that do not have an established market value are reported at estimated fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

4. Membership

Membership of the plan consisted of the following at December 31, 2013:

Retirees and beneficiaries receiving benefits	1,063
Terminated plan members entitled to but not yet receiving benefits	196
Active plan members	<u>2,009</u>
Total members	<u><u>3,268</u></u>

5. Contributions

Plan members are required to contribute 5% of their salaries and may contribute up to 15%. The County contributions are determined as part of an annual actuarial valuation. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania.

Administrative costs of the plan, in accordance with a 1991 amendment to section 5 of the Act, may be paid from Plan assets unless it is determined by the actuary that such payment will impair the actuarial soundness of the Plan. During 2013, all administrative costs were paid from Plan assets.

6. Annual pension cost and net pension asset

The County's annual pension cost and net pension asset to the Plan for 2013 was determined as part of the January 1, 2014 actuarial valuation as follows:

Annual required contribution	\$ 2,665,246
Interest on net pension asset	(4,826,240)
Adjustment to annual required contribution	<u>8,134,057</u>
Annual pension cost	5,973,063
Contributions made	<u>(2,665,246)</u>
Change in net pension asset	3,307,817
Net pension asset beginning of year	<u>(64,349,860)</u>
Net pension asset end of year	<u>\$ (61,042,043)</u>

The three year trend information for annual pension cost, annual pension cost contributed and net pension asset is as follows:

Year ended	Annual pension cost	Annual pension cost contributed	Net pension asset
December 31, 2011	\$ 8,072,208	99%	\$ (1,271,850)
December 31, 2012	\$ 9,862,280	740%	\$ (64,349,860)
December 31, 2013	\$ 5,973,063	45%	\$ (61,042,043)

7. Funded status and funding progress

The funded status of the County's Plan as of December 31, 2013, the most recent actuarial valuation date, and December 31, 2012 and 2011, respectively, is as follows:

Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL UAAL/ (OAAL)	Funded Ratio	Covered Payroll	UAAL/ (OAAL) as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
2011	\$265,385,348	\$328,529,409	\$ 63,144,061	80.8%	\$98,644,764	64.0%
2012	\$360,055,573	\$347,298,162	\$ (12,757,411)	103.7%	\$99,233,198	(12.9%)
2013	\$399,714,049	\$364,186,270	\$ (35,527,779)	109.8%	\$98,776,314	(36.0%)

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The aggregate actuarial cost method is used to determine the annual required contribution for the County. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the Plan. Effective for the January 1, 2013 valuation, the entry age funding method was used to determine the annual required contribution.

Additional information as of the January 1, 2014 actuarial valuation follows:

Valuation Date	December 31, 2013
Actuarial cost method:	Entry Age
Asset valuation method:	Method that is prescribed by Pennsylvania Law, Act 44, as described in schedule M
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.5% (including 3% inflation)

B. Component units

1. Reading Regional Airport Authority

The Authority contributes to the Central Pennsylvania Teamsters Pension Fund, (CPTPF) a Multi-Employer Defined Contribution Pension Plan on behalf of the employees covered by the collective bargaining unit.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible for participation in the plan after they have been employed by the Authority for thirteen weeks. The collective bargaining agreement requires the Authority to contribute a fixed amount per employee each month; the monthly contribution amount was \$446 at September 30, 2013. The Authority's contributions for each employee are fully vested when made. The pension contribution for the year ended September 30, 2013 was \$29,316.

Employees not covered by the CPTPF receive an amount not in excess of five percent of their base salary, which is contributed to their respective 403(b) account. The Authority's contribution for the year ended September 30, 2013 was \$4,798.

2. Reading Area Community College

Employees of the College are currently enrolled in one of three retirement plans. The Pennsylvania State Employees' Retirement System ("SERS") and the Public School Employees' Retirement System ("PSERS") each administer a cost-sharing, multiple-employer defined benefit plan. The Teachers Insurance and Annuity Association/College

Retirement and Equity Fund (“TIAA/CREF”) administers a multiple employer defined contribution plan. Employees who were previously a member of SERS and have not withdrawn their funds in full are automatically enrolled in SERS upon employment with the College; otherwise, only the PSERS and TIAA/CREF are available to employees.

The contribution to SERS for the year ended June 30, 2013 was \$19,194, which consisted of \$12,037 from the College and \$7,157 from employees. The contribution to PSERS for the year ended June 30, 2013 was \$344,746, which consisted of \$157,225 from the College and \$187,521 from employees. The contribution to TIAA-CREF for the year ended June 30, 2013 was \$1,536,981 which consisted of \$774,654 from the College and \$762,327 from employees.

The College’s total payroll for the year ended June 30, 2013 was \$16,776,946; total covered employees’ salaries in SERS, PSERS and TIAA-CREF were \$115,928, \$2,544,099 and \$12,600,544, respectively. Covered employees do not include students and certain part-time employees. Neither SERS nor PSERS make separate measurements of assets and pension benefit obligations for individual employers. Ten year historical trend information is available in separate financial reports issued by SERS and PSERS.

NOTE 8: FUTURE LEASE RENTALS RECEIVABLE AND RELATED DEBT

A. Component units

1. Redevelopment Authority of the County of Berks

The Authority is authorized to issue redevelopment revenue notes and bonds that offer tax-free treatment of interest on the obligation to the lender, which results in a lower cost of borrowing to the developer of the project (borrower). In these transactions, the Authority holds title to the assets of the project until the underlying obligation is satisfied. The Authority enters into a capital lease agreement with the developer of the project (borrower) where the Authority is the lessor of the project. The obligation of the lender is secured by the lease agreement and rental payments. These obligations do not constitute indebtedness of the Authority, nor is the Authority liable for the default of the developer of the project (borrower).

At December 31, 2013, \$24,009,384 of notes and bonds are outstanding under debt obligations that have been authorized by the Authority.

2. Reading Regional Airport Authority

The majority of rental agreements currently in effect for airport facilities are multi-year leases, subject to renewal. At September 30, 2013, future minimum lease payments receivable under significant non-cancelable long-term operating leases are as follows:

Year ending September 30:

2014	\$	920,616
2015		871,059
2016		854,744
2017		613,761
2018		513,102
Thereafter		<u>6,005,393</u>
	\$	<u>9,778,675</u>

NOTE 9: RISK MANAGEMENT

A. Primary government

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past five years.

1. Self-insured workers' compensation

Since 2002, the County is exposed to risk of loss related to self-insurance activities for workers' compensation. The County has excess workers' compensation insurance with a self-insured retention per occurrence of \$600,000.

The County maintains workers' compensation reserves for claims incurred and claims incurred but not reported in the funds to which, per the County's estimate, they apply. Liabilities are reported on the government-wide and proprietary fund statements. Based on history of claims paid and the County's Aa1 Moody's rating, the required balance in the Workers Compensation Trust Fund maintained by the County is \$764,899 for 2013.

The accrued liability for workers' compensation is determined by an actuary in accordance with actuarial principles; such claims are not discounted. There have been no changes in insurance coverage, retention limits or excess loss policies from the prior year. The amounts of settlements for the past three fiscal years did not exceed excess loss insurance coverage.

All discounted accrued workers' compensation self-insurance liabilities at December 31, 2013, are summarized as follows:

Governmental activities	Business-type activities	Total
\$ 1,978,649	\$ 1,811,439	\$ 3,790,088

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2011, 2012 and 2013.

Year	January 1 liability	Incurred claims	Payments	December 31 liability
2011	\$ 4,518,309	\$ 1,143,163	\$ 1,531,351	\$ 4,130,121
2012	\$ 4,130,121	\$ 1,098,561	\$ 1,089,814	\$ 4,138,868
2013	\$ 4,138,868	\$ 1,011,479	\$ 1,360,259	\$ 3,790,088

2. Self-insured healthcare

In addition to those risks noted above, the County is exposed further to risk of loss related to claims activities for employees' healthcare. The County elected to self-insure for employee healthcare insurance beginning in 2006, and maintains healthcare reserves for claims incurred, and claims incurred but not reported, in the funds to which, per the County's estimate, they apply. Liabilities are reported on the government-wide and proprietary fund statements.

The accrued healthcare claims liability is based on the requirements of GASB Statement 10, as amended by GASB Statement 30, which requires that a liability for claims, reported and unreported, be recorded, if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably determined. This determination has been made by the County, to be conservative in its provisions for healthcare reserves, along with the assistance of its healthcare insurance advisor.

The County has contracted with a third party administrator to process claims which are paid from the General Fund on a monthly basis. During 2013, the County has incurred and processed healthcare claims of \$24.1 million.

All accrued incurred but not recorded (IBNR) healthcare claims liabilities at December 31, 2013, are summarized as follows:

Governmental activities	Business-type activities	Total
\$ 1,417,770	\$ 453,576	\$ 1,871,346

The following summary provides aggregate information on healthcare self-insurance liabilities, incurred claims and payments during the years ended December 31, 2011, 2012 and 2013.

Year	January 1 liability	Incurred claims	Payments	December 31 liability
2011	\$ 1,793,684	\$ 21,347,406	\$ 21,772,271	\$ 1,368,819
2012	\$ 1,368,819	\$ 25,081,354	\$ 23,910,998	\$ 2,539,175
2013	\$ 2,539,175	\$ 24,113,713	\$ 24,781,542	\$ 1,871,346

3. Health Choices self-insured healthcare

During 1997, the Commonwealth of Pennsylvania's Department of Public Welfare (DPW) implemented a managed care program for the Medicaid population in Pennsylvania. This program, called the HealthChoices Program, was developed and implemented in stages with the County being part of the third implementation.

The County has contracted with a behavioral health managed care organization, Community Care Behavioral Health Organization (Community Care), which is responsible for most of the day to day functions including care management, establishment of the provider network, and claims payments to providers. Community Care accrues an estimate of its healthcare cost liability at the end of each accounting period. All monthly incurred claims estimates are calculated by Community Care's actuary. The actuary uses a multitude of items in the calculation of incurred claims. Such items include authorizations, paid claims, historical trends, completion factors, provider issues, etc. Incurred claims are accrued on a monthly basis in Community Care's general ledger. Community Care and the actuary continuously monitor prior month's incurred amounts and regularly make contract year to date adjustments to Community Care's incurred balances.

Medical liability is composed of two parts: Received but Unpaid Claims (RBUCs) and IBNR. Community Care generates its estimate of RBUCs by using all claims that were actually entered into the claims processing system using a hierarchy of paid amount, allowed amount, or billed amount to calculate the RBUCs amount. IBNR is the difference between the total estimated medical liability and the RBUCs. These are reported on the DPW Financial Report 6, Claims Payable (RBUCs and IBNRs).

The actuary issued a Statement of Actuarial Opinion certifying the total June 30, 2013 RBUC and IBNR. The County contracts with an independent actuary to review the medical expense amounts reported by Community Care to ensure the amounts are actuarially sound.

The amount of accrued incurred but not recorded (IBNR) healthcare claims liabilities at December 31, 2013 is \$5,703,602, and is included in accrued claims other in the accompanying governmental funds balance sheet.

The following summary provides aggregate information on Health Choice's self-insured healthcare liabilities, incurred claims and payments during the years end December 31, 2011, 2012 and 2013.

Year	January 1	Incurred	Payments	December 31
	Liability	Claims		Liability
2011	\$ 6,483,346	\$ 66,271,385	\$ 66,314,281	\$ 6,440,450
2012	\$ 6,440,450	\$ 67,234,584	\$ 67,115,942	\$ 6,559,092
2013	\$ 6,559,092	\$ 61,285,796	\$ 62,141,286	\$ 5,703,602

B. Component units

1. Reading Area Community College

The College funds health insurance claims up to \$65,000 individually and \$4,105,579 in the aggregate for the year ended June 30, 2013. Stop gap insurance is in place for claims in excess of these thresholds. Included in the financial statement is a liability for \$600,000 for outstanding estimated claims at June 30, 2013. This liability is entirely funded.

Activity in the liability for outstanding claims and claim adjustment expenses is summarized as follows:

	<u>2013</u>
Balance at July 1	\$ 600,000
Claims incurred	3,417,359
Claims paid	<u>(3,417,359)</u>
Balance at June 30	<u>\$ 600,000</u>

NOTE 10: LONG-TERM DEBT

A. Primary government

1. General obligation bonds

• **Governmental activities**

During 2013, the County issued General Obligation Bond Series 2013 in the amount of \$17,785,000. The 2013 Series Bonds were issued at a premium of \$2,860,762. The County paid \$141,629 of issuance costs for these bonds. The proceeds of the bond issuance will be used to fund various capital projects of the County. For these bonds and other governmental activities general obligation bonds, the debt service is payable by the General Fund.

At December 31, 2013, general obligation bonds consisted of the following:

	Balance outstanding January 1, 2013	Additions/ Transfers	Accretion in capital appreciation bonds	Reductions	Balance outstanding December 31, 2013
1992 Second Series General Obligation Bonds, \$108,070,131, varying interest rates ranging from 2.70% to 6.25% through 2017, including current interest bonds and capital appreciation bonds, to advance refund the Series 1990 General Obligation Bonds and a portion of the 1992 First Series General Obligation Bonds.	\$ 47,854,028	\$ -	\$ 3,021,319	\$ -	\$ 50,875,347
1993 Second Series General Obligation Bonds, \$43,057,830, varying interest rates ranging from 2.50% to 5.00% through 2020, including current interest bonds and capital appreciation bonds to advance refund a portion of the 1992 Second Series General Obligation Bonds.	46,576,582	-	2,549,367	3,605,000	45,520,949

2005 General Obligation Bonds, \$9,415,000, varying interest rates ranging from 5.10% to 5.90% through 2021, to refund a portion of principal and interest on the Series 1995 General Obligation Bonds.	8,970,000	-	-	80,000	8,890,000
2008 General Obligation Bonds, \$33,980,000, varying interest rates ranging from 2.15% to 5.00% through 2028, to refund the Series 1998 General Obligation Bonds and 2002 General Obligation Bonds	4,680,177	2,913,123	-	387,400	7,205,900
2009 General Obligation Bonds Series A, \$29,800,000, varying interest rates ranging from 3% to 4.7% through 2029, to refund the Series 1999 General Obligation Bonds	26,090,000	-	-	1,115,000	24,975,000
2009 General Obligation Bonds Series B Build America, \$15,050,000, varying interest rates ranging from 1.234% to 6.133% through 2029, to fund County Capital Projects.	14,505,000	-	-	190,000	14,315,000
2010 General Obligation Bonds Series A, \$30,000,000, varying interest rates ranging from 1% to 4.15% through 2029, to refund the Series 2006 General Obligation Note and to pay a swap termination fee.	28,990,000	-	-	515,000	28,475,000
2010 General Obligation Bonds Series B, Recovery Zone Economic Development Bonds, \$7,790,000, varying interest rates ranging from 4.27% to 5.485% through 2025, to fund County Capital Projects.	7,780,000	-	-	5,000	7,775,000

2010 General Obligation Bonds Series C, Build America Bonds, \$42,405,000, varying interest rates ranging from 2.35% to 5.8% through 2030, to fund County Capital Projects.	42,395,000	-	-	10,000	42,385,000
2010 General Obligation Bonds Series D, \$6,550,000, varying interest rates ranging from .87% to 4.16% through 2020, to fund County Capital Projects.	5,385,000	-	-	600,000	4,785,000
2012 General Obligation Bonds, \$9,870,000, Varying interest rates ranging from .29% to 3.125% through 2030, to refund the Second Series of 2002 General Obligation Bonds, and to fund County Capital Projects	9,745,000	-	-	85,000	9,660,000
2012 Federally Taxable General Obligation Bonds Series A, \$37,280,000 (governmental activities \$29,940,942, business type activities \$7,339,058) varying interest rates ranging from .382% to 3.328% through 2037 to fund County Pension Liabilities, and to fund County Capital Projects	29,940,942	-	-	935,654	29,005,288
2013 General Obligation Bonds, \$17,785,000, varying interest rates ranging from 1% to 5% through 2033, to fund County Capital Projects	-	17,785,000	-	700,000	17,085,000
	<u>272,911,729</u>	<u>20,698,123</u>	<u>5,570,686</u>	<u>8,228,054</u>	<u>290,952,484</u>

Totals at December 31, 2013	272,911,729	20,698,123	5,570,686	8,228,054	290,952,484
Unamortized premium 2008	99,373	61,860	-	16,279	144,954
Unamortized premium 2009A	83,172	-	-	7,983	75,189
Unamortized discount 2010A	(103,814)	-	-	(6,108)	(97,706)
Unamortized discount 2012	(87,186)	-	-	(5,054)	(82,132)
Unamortized premium 2013	-	2,860,762	-	136,227	2,724,535
	<u> </u>				
Total	<u>\$ 272,903,274</u>	<u>\$ 23,620,745</u>	<u>\$ 5,570,686</u>	<u>\$ 8,377,381</u>	<u>\$ 293,717,324</u>
Less: Current Maturities					<u>(20,007,023)</u>
					<u>\$ 273,710,301</u>

The 1992 Second Series and 1993 Second Series General Obligation Bonds contain capital appreciation bonds. Each year, a portion of the principal is accreted. The full amount of the maturity value on these funds is included in the principal column of the following table, which discloses debt service requirements:

Year ending	Principal	Interest	Total Debt Service
2014	\$ 20,007,023	\$ 8,543,482	\$ 28,550,505
2015	20,421,539	8,388,943	28,810,482
2016	20,673,570	8,221,256	28,894,826
2017	20,870,502	8,023,892	28,894,394
2018	21,061,449	7,814,697	28,876,146
2019-2023	78,427,324	34,673,971	113,101,295
2024-2028	77,038,300	20,973,408	98,011,708
2029-2033	34,224,931	4,427,742	38,652,673
2034-2038	<u>6,541,551</u>	<u>656,263</u>	<u>7,197,814</u>
	\$ 299,266,189	\$ 101,723,654	\$ 400,989,843
Unaccrued principal	(8,313,705)		
Unamortized premium	2,944,678		
Unamortized discount	<u>(179,838)</u>		
Bonds and notes payable at December 31, 2013	<u>\$ 293,717,324</u>		

- **Business-type activities**

	Balance outstanding January 1, 2013	Additions/ Transfers	Reductions	Balance outstanding December 31, 2013
2008 General Obligation Bonds, \$33,980,000, (governmental activities \$1,022,798, business - type activities \$32,957,202) varying interest rates ranging from 2.15% to 5.00% through 2028, to refund the principal and interest on the Series 1998 General Obligation Bonds and 2002 General Obligation Variable Rate Demand Bonds	24,524,822	(2,913,122)	1,102,600	\$ 20,509,100
2012 Federally Taxable General Obligation Bonds Series A, \$37,280,000 (governmental activities \$29,940,942, business type activities \$7,339,058) varying interest rates ranging from .382% to 3.328% through 2037 to fund County Pension Liabilities, and to fund County Capital Projects	<u>7,339,058</u>	<u>-</u>	<u>229,344</u>	<u>7,109,714</u>
	31,863,880	(2,913,122)	1,331,944	27,618,814
Unamortized premium 2008	<u>520,754</u>	<u>-</u>	<u>108,195</u>	<u>412,559</u>
Total	<u>\$ 32,384,634</u>	<u>\$ (2,913,122)</u>	<u>\$ 1,440,139</u>	<u>\$ 28,031,373</u>
Less: Current Maturities				<u>(922,977)</u>
				<u>\$ 27,108,396</u>

Debt service requirements to maturity are as follows:

Year ending	Principal	Interest	Total Debt Service
2014	\$ 922,977	\$ 1,157,285	\$ 2,080,262
2015	683,462	1,133,514	1,816,976
2016	611,431	1,116,007	1,727,438
2017	624,498	1,100,338	1,724,836
2018	638,551	1,083,680	1,722,231
2019-2023	13,842,675	4,374,491	18,217,166
2024-2028	7,001,701	1,558,680	8,560,381
2029-2033	1,690,069	516,914	2,206,983
2034-2038	<u>1,603,450</u>	<u>160,862</u>	<u>1,764,312</u>
	\$ 27,618,814	\$ 12,201,771	\$ 39,820,585
Unamortized premium	<u>412,559</u>		
Bonds and notes payable at December 31, 2013	<u>\$ 28,031,373</u>		

2. Derivatives

In May 2011, the County entered into an interest rate basis swap agreement with a financial institution in connection with the Series C of 2010 General Obligation Bonds. The agreement effective date is May 11, 2011 and terminates on November 15, 2030. The financial institution is a floating rate payor based on 67% of 30-day LIBOR. The County is a floating rate payor based upon the BMA Municipal Bond Index as published by Municipal Market Data.

The fair value liability as of December 31 is as follows:

Associated Bond Issue	Notional Amount	Balance January 1, 2013	Increase/ (Decrease)	Balance December 31, 2013
Series C of 2010 GOB	<u>\$ 42,405,000</u>	<u>\$ 529,289</u>	<u>\$ (963,126)</u>	<u>\$ (433,837)</u>

The valuations shown are not actual market prices at which an offer would be made for unwinding any transactions, but rather calculated mathematical approximations of market values derived from proprietary models as of a given date. As these basis swaps are considered to be investment type derivative instruments per accounting standards, they are reported as a derivative asset and as a borrowing on the governmental activities column of the statement of net position. The change in fair market value during the year ended December 31, 2013, is accounted for as a reduction of investment income on the governmental activities portion of the statement of activities.

Through the use of derivative instruments the County is exposed to a variety of risks, including credit risk, interest rate risk, termination risk, market-access risk, and basis risk. The County has diversified this risk by using various financial institutions selected via a competitive bidding process.

Basis Risk / Interest Rate Risk – is the risk that interest rates move such that the percentage of the 1 Month LIBOR rate or 5 year ISDA rate plus fixed spread received by the County is lower than the variable rate paid by the County to the counterparty. If the percentage of the 1 Month LIBOR rate plus fixed spread received by the County is lower than the variable rate the County is paying to the counterparty under the terms of the swap, the County would be obligated to make a periodic net swap payment to the counterparty – based on market conditions, the net swap payments due by the County to the counterparty could be significant.

Tax Risk - is the risk that the tax laws change (such as adoption of a National Flat Tax or a reduction in the marginal income tax rates) would cause a reduction or elimination of the benefits of issuing tax-exempt debt and, in this event, the percentage of the taxable (1-Month LIBOR or 5 year ISDA) market would not correlate to the tax-exempt market (SIFMA Index) on the same historic basis and the estimated benefit to the County would be significantly reduced or eliminated.

Counterparty Risk – is the risk that the counterparty will default on their swap payments under the interest rate swap agreement to the County.

Termination Risk – is the risk that the County decides to terminate the Swap or a termination event occurs and the County is obligated to terminate the Swap and market conditions are such that the County is “out of the money.” In an “out of the money” scenario, the County would have to pay termination payment to the counterparty to terminate the Swap which could be significant.

Rollover Risk – is the risk that the County is obligated to terminate or amend the Swap if it decides to refinance its Federally Taxable General Obligation Bonds, Series C of 2010.

Credit (Default) Risk – is the risk that the County’s long-term credit rating is downgraded in the future, giving the counterparties an additional termination event if the County does not post the amount of collateral needed to secure its obligations under the terms of the Swap. In the event that the County cannot post an amount of collateral required, the counterparty will have the ability to obligate the County to terminate the Swap at the then current market rate.

3. Letter of Credit

The County has a standby letter of credit in the amount of \$345,000 at December 31, 2013. The letter of credit was issued to act as security for the County’s pre-self-insurance claims for worker’s compensation prior to 2002.

4. Prior year defeasance of debt

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At December 31, 2013, \$34,600,000 of bonds outstanding is considered defeased.

5. Reimbursement agreement

In connection with the issuance of the 1995 General Obligation Bonds in the amount of \$9,840,000, the County entered into a reimbursement agreement with the Greater Berks Development Fund. Under the terms of the agreement, the County is reimbursed for the debt service requirements of the 1995 General Obligation Bonds. The 2005 General Obligation Bonds in accordance with the negotiated Option Agreement of September 2002 refunded the 1995 General Obligation bonds in November 2005. The reimbursement agreement with the Greater Berks Development Fund remains in place as of December 31, 2013.

6. Federal arbitrage regulations

The County is subject to federal arbitrage regulations on its non-taxable general obligation bonds and notes. There was no outstanding liability for federal arbitrage due and payable in the governmental funds or the accrual-based government wide financial statements at December 31, 2013.

7. Other changes in long term liabilities

The following represents changes in long-term liabilities, other than bond issues.

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due within one year
Governmental activities:					
Agricultural easement installment purchases	\$ -	\$ 119,400	\$ -	\$ 119,400	\$ 59,700
Workers compensation accrued liabilities	2,081,806	663,626	766,783	1,978,649	203,602
Compensated absences payable	<u>3,901,603</u>	<u>6,946,113</u>	<u>6,987,811</u>	<u>3,859,905</u>	<u>902,430</u>
Total governmental activities	<u>\$ 5,983,409</u>	<u>\$ 7,729,139</u>	<u>\$ 7,754,594</u>	<u>\$ 5,957,954</u>	<u>\$ 1,165,732</u>
Business-type activities:					
Workers compensation accrued liabilities	\$ 2,057,062	\$ 347,853	\$ 593,477	\$ 1,811,438	\$ 186,397
Compensated absences payable	<u>1,145,007</u>	<u>2,222,677</u>	<u>2,204,329</u>	<u>1,163,355</u>	<u>361,058</u>
Total business-type activities	<u>\$ 3,202,069</u>	<u>\$ 2,570,530</u>	<u>\$ 2,797,806</u>	<u>\$ 2,974,793</u>	<u>\$ 547,455</u>

For governmental activities, agricultural easement installment purchases are liquidated by the land preservation fund. Worker's compensation accrued liabilities and compensated absences payable are liquidated by the general fund and special revenue funds.

8. Guaranteed debt of others

The following revenue bonds and notes are guaranteed by the County, with balances outstanding as of December 31, 2013 (except for Reading Area Community College with the outstanding balance as of June 30, 2013 and Reading Regional Airport Authority with the outstanding balance as of September 30, 2013).

Revenue Bonds/Notes

Series of 2009, Berks County Solid Waste Authority Bonds	\$ 2,870,000
Series of 2003, Reading Area Community College Bonds	\$ 1,945,000
Series of 2008, Reading Regional Airport Authority Notes	\$ 6,340,000
Series of 2007, Redevelopment Authority of the County of Berks Note	\$ 2,772,539
Series of 2012, Reading Area Community College Bonds	\$ 9,995,000

The County has not been called upon to make any payments related to this debt.

B. Component units

1. Revenue bonds payable

- **Berks County Solid Waste Authority**

At December 31, 2013, revenue bonds payable consisted of the following:

Bonds	December 31, 2012	Additions (payments)	December 31, 2013
County Guaranteed Revenue Bonds, Series of 2009, varying interest rates from 2.00% to 2.75% through 2017, initial issue \$6,290,000	\$ 3,790,000	\$ (920,000)	\$ 2,870,000
Less:			
Current maturities			(940,000)
Unamortized bond premium			<u>13,691</u>
			<u>\$ 1,943,691</u>

Aggregate sinking fund installments required on bonded debt at December 31, 2013 are as follows:

Year ending	Principal	Interest	Total Debt service
2014	\$ 940,000	\$ 57,700	\$ 997,700
2015	955,000	37,556	992,556
2016	<u>975,000</u>	<u>13,407</u>	<u>988,407</u>
	<u>\$ 2,870,000</u>	<u>\$ 108,663</u>	<u>\$ 2,978,663</u>

The County of Berks has unconditionally and irrevocably guaranteed the full and prompt payment of the debt service on the 2009 revenue bonds when they become due and payable, pursuant to the guaranty agreement dated September 15, 2009 between the County and the Authority. In addition, the bonds are collateralized by substantially all revenues of the Authority and balances in the Authority's trust accounts.

- **Reading Area Community College**

Bonds payable on June 30, 2013 consisted of several outstanding tax-exempt revenue bond series issued by the State Public School Building Authority (SPSBA). In connection with the bond issuance, the College entered into a loan agreement with SPSBA under which the College has pledged its full faith and credit for the repayment of the bonds. The loan constitutes an unsecured general obligation of the College. The bonds were issued to provide funds to undertake various capital projects at the College or to advance refund certain previously issued bonds. Activity for the various bond series for the year ended June 30, 2013 was as follows:

	Balance outstanding July 1, 2012	Additions (payments)	Balance outstanding June 30, 2013
College Revenue Bonds, Series of 2002, original issue \$7,170,000, weighted average interest rate 3.73 %, final maturity April 2014.	\$ 1,060,000	\$ (520,000)	\$ 540,000
College Revenue Bonds, Series of 2003, original issue \$12,490,000, weighted average interest rate 4.90 %, final maturity April 2029.	1,945,000	-	1,945,000
College Revenue Bonds, Series of 2004, original issue \$2,500,000, weighted average interest rate 3.55 %, final maturity April 2020.	2,105,000	(157,000)	1,948,000
College Revenue Bonds, Series of 2005, original issue \$1,860,000, weighted average interest rate 3.90 %, final maturity April 2016.	809,000	(191,000)	618,000
College Revenue Bonds, Series of 2007, original issue \$2,713,000, weighted average interest rate 4.23 %, final maturity May 2014.	501,000	(406,000)	95,000
College Revenue Bonds, Series of 2012, original issue \$9,995,000, weighted average interest rate of 2.00%, final maturity April 2029	9,995,000	-	9,995,000
	<u>\$ 16,415,000</u>	<u>\$ (1,274,000)</u>	<u>\$ 15,141,000</u>
Less: Current maturities			<u>(1,363,000)</u>
			<u>\$ 13,778,000</u>

Principal and interest requirements to maturity are as follows:

Year ending June 30	Principal	Interest	Total Debt service
2014	\$ 1,363,000	\$ 500,425	\$ 1,863,425
2015	847,000	446,572	1,293,572
2016	993,000	411,978	1,404,978
2017	996,000	373,156	1,369,156
2018	1,039,000	333,449	1,372,449
2019-2023	4,523,000	1,229,903	5,752,903
2024-2028	4,410,000	599,260	5,009,260
2029	970,000	32,495	1,002,495
	<u>\$ 15,141,000</u>	<u>\$ 3,927,238</u>	<u>\$ 19,068,238</u>

2. Long-Term Liabilities

Redevelopment Authority of the County of Berks

The Authority had a \$100,000 secured line of credit with a financial institution at the bank's prime interest rate, which was 3.25% as of December 31, 2013. The line of credit was paid off during 2013, with no balance due at December 31, 2013.

At December 31, 2013, notes payable consisted of the following:

	Balance outstanding January 1, 2013	Additions (payments)	Balance outstanding December 31, 2013
County Guaranteed Revenue Note, Series of 2007, original amount \$6,359,000, payable to a bank at 4.15%, due in annual installments with varying principal amounts to November 2017, guaranteed by the County of Berks.	\$ 3,424,977	\$ (652,438)	\$ 2,772,539
Note payable to a bank, original amount \$1,300,000 at 4.65%, interest monthly through February 2027, fixed annual principal and interest payments of \$66,667 to November 2026, and a final principal and interest payment of \$66,667 due February 2027, to be repaid through real estate tax revenues from a tax increment district established for the project.	1,000,000	(66,831)	933,169
Note payable to the Commonwealth of Pennsylvania, Department of Transportation, original amount \$700,000, at 1.625% fixed annual principal and interest payments of \$76,407 starting September 2011 to September 2020, to be repaid through real estate tax revenues from a tax increment district established for the project	568,879	(67,164)	501,715
Note payable to the County of Berks, maximum amount \$200,000, original amount \$190,000, at .50% per annum, principal and interest due September 2013.	190,000	(190,000)	-
Note payable to a bank, original amount \$1,319,000, proceeds used for the Hamburg Project, at the three month LIBOR plus .20%, interest only payable quarterly to May 2016, quarterly interest to August 2031; due in annual installments with varying principal amounts to August 2031, guaranteed by the U.S. Department of Housing and Urban Development - Section 108 Loan Program.	1,319,000	-	1,319,000
Note payable to a bank, original amount \$420,000, interest at 2.72% through March 2018, thereafter at one month LIBOR plus 3.25% multiplied by 65%; due in monthly installments of \$2,194 and a final irregular payment in March 2023, collateralized by property	-	407,514	407,514
Note payable to the County of Berks, original amount \$500,000, proceeds for the Colebrookdale Spur Project, principal and interest at 7% due January 1, 2024	-	500,000	500,000
Total	<u>\$ 6,502,856</u>	<u>\$ (68,919)</u>	<u>\$ 6,433,937</u>

Aggregate maturities required on notes payable at December 31, 2013 are as follows:

Year ending	Principal	Interest	Total Debt service
2014	\$ 823,357	\$ 183,695	\$ 1,007,052
2015	855,892	151,134	1,007,026
2016	946,456	117,174	1,063,630
2017	880,589	81,768	962,357
2018	221,675	49,239	270,914
2019-2023	1,175,469	167,907	1,343,376
2024-2028	1,215,499	393,861	1,609,360
2029-2031	<u>315,000</u>	<u>2,735</u>	<u>317,735</u>
	<u>\$ 6,433,937</u>	<u>\$ 1,147,513</u>	<u>\$ 7,581,450</u>

- **Reading Regional Airport Authority**

Notes

September 30,
2013

Revenue Note, Series A of 2008 - On November 20, 2008, the Authority issued the Guaranteed Revenue Note, Series A of 2008 (AMT) in the amount \$3,705,000. The proceeds were used to refund the 2004A Bonds. The Note will mature on April 1, 2026. The Note bears interest at fixed rate of 4.45% through October 2015.

Thereafter, the interest rate shall be adjusted from time to time to equal the 1-Month London Interbank Offered Rate, plus 150 basis points. However, the maximum interest rate on the Note shall never exceed 8.00% per annum. Interest is paid semi-annually.

\$ 2,490,000

Revenue Note, Series B of 2008 - On November 20, 2008, the Authority issued the Guaranteed Revenue Note, Series B of 2008 (non-AMT) in the amount \$3,850,000. The proceeds were used to refund the 2004B Bonds. The Note will mature on October 1, 2033. The Note bears interest at fixed rate of 4.43% through October 2015.

Thereafter, the interest rate shall be adjusted from time to time to equal 67% of the 1-Month London Interbank Offered Rate, plus 215 basis points. However, the maximum interest rate on the Note shall never exceed 6.50% per annum. Interest is paid semi-annually.

3,850,000

Total \$ 6,340,000

Less: Amount due within one year and classified as current

-

\$ 6,340,000

The following schedule summarizes long-term debt activity for the year:

	Beginning Balance	Additions	Reductions/ Refunding	Ending Balance	Amount Due Within One Year
Revenue Note:					
Series A of 2008	\$ 2,490,000	\$ -	\$ -	\$ 2,490,000	\$ -
Series B of 2008	<u>3,850,000</u>	<u>-</u>	<u>-</u>	<u>3,850,000</u>	<u>-</u>
	<u>\$ 6,340,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,340,000</u>	<u>\$ -</u>

The following schedule summarizes debt service requirements to maturity:

Year ending Sept 30	Revenue Bonds, Series 2008		Total Debt service
	Principal	Interest	
2014	\$ -	\$ 281,360	\$ 281,360
2015	-	281,360	281,360
2016	-	281,360	281,360
2017	-	281,360	281,360
2018	-	286,360	286,360
2019-2023	1,310,000	1,278,529	2,588,529
2024-2028	2,220,000	879,226	3,099,226
2029-2033	2,525,000	379,873	2,904,873
2034	<u>285,000</u>	<u>6,313</u>	<u>291,313</u>
	<u>\$ 6,340,000</u>	<u>\$ 3,955,741</u>	<u>\$ 10,295,741</u>

3. Guaranty Agreement

- **Redevelopment Authority of the County of Berks**

On October 10, 2007, the Authority and the County of Berks entered into a Guaranty Agreement whereby the County will guarantee the debt outstanding of the Authority's County Guaranteed Revenue Note, Series of 2007.

4. Lines of Credit

- **Reading Area Community College**

As of June 30, 2013, the College has an unsecured bank line of credit of \$1,000,000. The line requires monthly interest payments at the rate of the bank's prime rate minus 0.50 % and expired on December 31, 2013. There is no outstanding balance on this line of credit at June 30, 2013.

5. Long-term liabilities

- **Reading Area Community College**

	Balance outstanding December 31, 2013
Loans payable to Pennsylvania State Public School Building Authority:	
On March 5, 2010, the College entered into an agreement to borrow up to \$1,500,000 to finance the purchase and related costs of property in proximity to the College. The agreement requires semi-annual payments of \$160,520, including interest at 2.50% per annum. Final payment is due in March 2014. The College has pledged its full faith and credit for the repayment of the loan.	\$ 263,355
On March 15, 2012, the College entered into an agreement to borrow up to \$700,000 to finance the renovations to two buildings of the College. The agreement requires semi-annual payments of \$120,392, including interest at 2.00% per annum. Final payment is due in January 2015. The College has pledged its full faith and credit for the repayment of the loan.	462,294
On October 31, 2012, the College entered into an agreement to borrow up to \$1,100,000 to finance the Campus Wide Building Emergency Audio Mass Notification System and an Energy Conservation Lighting Initiative. The agreement requires semi-annual payments of \$115,848, including interest at 2.00% per annum. Final payment is due in June 2017. The College has pledged its full faith and credit for the repayment of the loan.	<u>781,358</u>
	1,507,007
Portion payable within one year and classified as current.	<u>(709,567)</u>
Total long term debt	<u>\$ 797,440</u>

The following schedule summarized the principal and interest maturities for the year ended June 30:

2014	\$ 709,567	\$ 30,887
2015	446,162	17,906
2016	221,520	10,176
2017	<u>129,758</u>	<u>3,435</u>
	<u>\$ 1,507,007</u>	<u>\$ 62,404</u>

Accrued compensated absences for the year ending June 30, 2013 was \$899,693.

NOTE 11: FUND BALANCE POLICY

A. Primary government

Fund balances of the County’s governmental funds at December 31, 2013 consist of the following:

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total Fund Balance
General Fund	\$ 398,435	\$ 4,869,238	\$ -	\$ 16,953,963	\$ 110,873,996	\$ 133,095,632
Children and Youth Services Fund	6,600	11,479	-	-	-	18,079
Community Development Fund	-	30,506	-	-	-	30,506
Capital Projects Fund	-	41,448,887	-	-	-	41,448,887
Other Governmental	5,855	7,731,541	-	-	-	7,737,396
	<u>\$ 410,890</u>	<u>\$ 54,091,651</u>	<u>\$ -</u>	<u>\$ 16,953,963</u>	<u>\$ 110,873,996</u>	<u>\$ 182,330,500</u>

The County has established and will maintain reservations of fund balance in accordance with GASB 54. This policy applies to the County’s General Fund and all governmental funds. Fund balance is composed on nonspendable, restricted, committed, assigned and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs or enhance the financial position of the County in accordance with policies established by the Board of Commissioners.

Spending policy:

The County’s policy is to first use restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

The County’s policy is to use unrestricted fund balance in the following order, committed, assigned and unassigned, when an expenditure is incurred for purposes for which each of these fund balance classifications are available.

Minimum fund balance policy:

The County has not formally adopted a minimum fund balance policy.

Committed fund balance:

The Board of Commissioners is the County’s highest level of decision making authority. The County has not formally adopted a policy as to the formal action that is required to be taken to establish, modify or rescind a fund balance commitment.

Assigned fund balance:

The County has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose and the policy established by the governing body pursuant to which that authorization is given.

Disbursement of fund balance reserves:

No formal policy has been adopted by the County regarding disbursement of funds within the fund balance reserves; however, disbursement is approved by the Board of Commissioners by inclusion in the approved annual budget and amendments thereto.

Annual review and determination of fund balance reserve amounts:

Compliance with provisions of this policy is reviewed as a part of the annual budget adoption process, and the amounts of nonspendable, restricted, committed, assigned and the minimum level of assigned fund balance is determined during this process.

The County's Board of Commissioners hereby establishes the following nonspendable fund balance reserves:

Employee pay advance

This reservation represents long term receivable from employees resulting from a change in payroll records. This receivable is not available to meet current expenditures. \$ 87,192

Inventories and prepaid expenses

This reservation represents inventories and prepaid expenses. These items are not available to meet current expenditures. 323,698

The County's Board of Commissioners hereby establishes the following restricted fund balance reserves in the fund noted in the descriptions:

Gift fund

This restriction represents funds donated by individuals to be used to provide gifts or special services to children under the care of Children and Youth Services Fund. \$ 11,479

Farmland preservation

This restriction represents funds raised to purchase farmland as part of the agricultural preservation program in the General Fund. 2,474,198

Hazmat response

This restriction represents fees and other charges to be used to fund the clean up of hazardous materials incidents in the General Fund. 1,435,456

Act 198 - Courts

This restriction represents fines and costs collected by the Clerk of Courts from defendants in Drug & Alcohol court cases, and can only be spent on drug and alcohol prevention programs in the General Fund. 122,231

Workers compensation

This restriction represents funds restricted to pay future workers compensation claims in the General Fund. 420,408

Program purposes

This restriction represents amounts restricted to fund the operations of certain special revenue funds. 7,762,047

Services Center Parking Garage

This restriction represents amounts restricted to fund any repairs necessary to the Services Center Parking Garage 78,000

Act 13 Marcellus Shale Money

This restriction represents amounts restricted to fund improvements to the County's park system 338,945

Capital Projects

This restriction represents amounts restricted to fund the operations of certain special revenue funds in the Capital Projects Fund. 41,448,887

The County's Board of Commissioners' hereby establishes the following assigned fund balance reserves in the fund noted in the descriptions:

2014 Adopted Budget Deficit

This assignment represents the anticipated 2014 budget deficit in the 2014 Adopted Budget in the General Fund. \$ 1,841,660

222 Corridor

This assignment represents future expenditures in the 222 Corridor project in the General Fund. 5,000,000

Berks Heim

This assignment reflects the negative net assets in Berks Heim Enterprise fund, which potentially may become a liability of the General Fund 1,949,564

Capital Purchases

This assignment represents capital purchases in 2014 in the General Fund. 454,156

Debt Service Guarantees

This assignment represents debt service guarantees made by the County of Berks in the General Fund. 582,000

911 Radio Project

This assignment represents funds to purchase 911 radios. 1,124,239

Environmental Litigation

This assignment represents possible environmental litigation costs made by the County of Berks in the General Fund 379,882

Encumbrances

This assignment represents the outstanding contractual obligations for goods and services not yet received. 362,357

Health care self insurance

This assignment represents the estimated obligation for the Health care self insurance program due within the 2014 year 4,000,000

Waste Water Treatment Plant

This assignment represents the funds assigned to the Waste Water Treatment Plant 1,260,105

NOTE 12: OBLIGATIONS UNDER CAPITAL LEASES

A. Component units

1. Reading Area Community College

Following is a summary of property held under capital leases at June 30, 2013:

Computer equipment and copiers	\$ 46,520
Less: Accumulated depreciation	<u>(21,653)</u>
	<u>\$ 24,867</u>

Minimum future lease payments under these capital leases as of June 30 are as follows:

2014	\$ 15,172
Less amount representing interest	<u>(706)</u>
Present value of lease payments	<u>\$ 14,466</u>

The interest rates on the capitalized leases range from 3.75% to 6.29% and are imputed based on the lower of the College's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Primary government

Approximately 65% of the County's employees are covered by collective bargaining agreements as of December 31, 2013. Four of the six contracts have expiration dates of 12/31/15. The Fraternal Order of Police's contract expires 12/31/16. The AFSCME Union now has two groups, one which is among the four with an expiration date of 12/31/15, and one whose contract expires 12/31/14.

The County leases building space for certain County and District Justice Offices. The County has also entered into an operating lease for equipment. These leases have expiration dates extending through 2018. Total expenses for all operating leases were \$1,466,942 for the year ended December 31, 2013.

The following is a schedule of future minimum lease payments under the above operating leases:

2014	\$ 1,025,416
2015	884,688
2016	765,194
2017	741,408
2018	<u>422,998</u>
Total	<u>\$ 3,839,704</u>

B. Component units

1. Berks County Solid Waste Authority

The Authority has employment agreements with the Executive Director and the Recycling Center Operator through March 31, 2014 and July 31, 2014, respectively, which provides for specific wages, benefits (defined therein), and amendment and termination provisions. The agreements may automatically be renewed for successive one-year terms thereafter absent notice of termination by either party.

2. Redevelopment Authority of the County of Berks

The Authority has entered into a management agreement with the County of Berks to provide administrative services to the Authority. The agreement calls for the reimbursement of wages, benefits and other direct costs associated with the administrative services provided to the Authority. Administrative fees charged to operations were \$10,943 for the year ended December 31, 2013.

The Authority has incurred expenditures related to the Exeter Project, which were funded by proceeds of the County Guaranteed Revenue Note, Series of 2007. The Authority will recover these funds through a grant from the Berks County Industrial Development Authority who has obtained a state Infrastructure and Facilities Improvement Fund Grant of \$796,476 per year for ten years. Amounts that are due from this grant equal \$2,772,757 as of December 31, 2013. During the year ended December 31, 2013, the Berks County Industrial Development Authority paid debt principal of \$652,438 and interest expense of \$144,037 on behalf of the Authority related to the Exeter Project.

The Authority has entered into cooperative agreements with the Borough of West Reading, the Wyomissing School District and the County of Berks to create a tax increment district in the area of the Authority's West Reading Project. The Borough, School District and County will establish a real estate levy for the tax increment district and the tax revenues will be deposited into a fund for use by the Authority in payment of the debt service related to the \$1,500,000 note payable related to the project. Tax receipts were received from the Borough of West Reading of \$10,325 and the County of Berks of \$26,302, totaling \$36,627. The amount receivable under the agreement as of December 31, 2013 was \$1,093,095.

The Authority has entered into cooperative agreements with the Borough of Hamburg, the Hamburg Area School District and the County of Berks to create a tax increment district in the area of the Authority's Hamburg Project. The Borough, School District and County will establish a real estate levy for the tax increment district and the tax revenues will be deposited into a fund for use by the Authority in payment of the debt service related to the \$700,000 note payable and the \$1,319,000 note payable related to the project. The Authority has not received any tax receipts related to this project through December 31, 2013. The amount receivable under the agreement as of December 31, 2013 was \$2,848,354.

In 2013, the Authority entered into a mortgage and promissory note with the County of Berks related to property purchased for the Mental Health/Developmental Disabilities/HealthChoices Program. The note, together with interest, is due only upon the occurrence of a voluntary sale or transfer of title to the property prior to April 4, 2042, the involuntary sale or transfer of title to the property resulting from execution of a lien or the occurrence of an event of default as defined in the agreement.

3. Reading Regional Airport Authority

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverage during the 2013 year. Settlement amounts have not exceeded insurance coverage for the current year.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. This amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority currently has a tenant that is disputing payment terms of a lease. Included in accounts receivable at September 30, 2013, is \$30,538 of delinquent receivables that this tenant is disputing. The amounts are in accordance with the lease terms and the Authority believes the balance is collectible.

4. Reading Area Community College

Revenues reflected by the College from federal and state government organizations are subject to audit and verification by the applicable organization. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed or claims that may be disallowed cannot be determined by the College at this time, although the College expects such amount, if any, to be immaterial.

The College has entered into several lease agreements for the rental of classroom space, parking space and certain equipment. Minimum future rental payments under non-cancelable operating leases are as follows:

Year ending June 30:	
2014	\$ 940,712
2015	925,117
2016	578,304
2017	593,736
2018	<u>97,858</u>
Total	<u>\$ 3,135,727</u>

Rent expense for the year ended June 30, 2013 approximated \$1,032,000.

Effective June 30, 2010, the College entered into an agreement to lease space to a commercial entity. Terms of the agreement were for one year through June 30, 2011 with an automatic one year extension until June 30, 2012. The lease was terminated effective October 31, 2012. Rent income of \$15,187 was received during the year ended June 30, 2013.

NOTE 14: CONTRACTUAL AGREEMENT REVENUE

Component unit

Berks County Solid Waste Authority

On April 20, 2000, the Authority entered into an agreement with Allied Waste Industries, Inc., Browning-Ferris, Inc., New Morgan Landfill Company, and all of their affiliated companies and representatives and agents (collectively "BFI".) The agreement states that in return for BFI's consideration of \$100,000 annually, the Authority shall not contest, challenge, reverse, terminate, affect or undo either the Eco Industrial Park or the reconfiguration of the boundaries of the Conestoga Landfill or the definition of the Facility Site in the Disposal Service Agreement as amended as the reconfiguration boundaries are described in the Authority's February 16, 1999 Resolution and in the amended Disposal Service Agreement of October 12, 1989. The annual payments will cease upon the permanent cessation of receipt of waste at the landfill.

On January 24, 2008, the Authority entered into an agreement with the County of Berks, in which the Authority will administer the county-wide drop-off recycling and rural recycling programs. As per the agreement, the County paid the Authority \$185,000 for the 2013 year. In the event that neither party terminates this agreement, the agreement shall automatically renew each year on January 1.

The Authority's ability to generate revenue from administrative fees or other surcharges related to "flow controlled" delivery of trash is severely limited. Sufficient revenue for Authority debt service and operating expenses may be available in the form of host fees payable to the County and specifically earmarked for payment of debt service under the terms of a Stipulation of Settlement entered into by the County, the Authority, and Browning-Ferris, Inc. The County has abided by its obligation to provide sufficient host fees for payment of the Authority's debt service. During 2013, the Authority received \$996,300 in host fees from the County.

Reading Area Community College

The College entered into a contract with Follett Higher Education Group, Inc. effective November 2007 for a period of five years to operate the College's bookstore. Effective November 2012, the contract was renewed for an additional five years with certain amendments. Terms of the contract require Follett to pay the College 9 percent of sales up to \$2,500,000, 11 percent of sales from \$2,500,000 to \$5,000,000 and 13 percent of sales over \$5,000,000. Prior to November 2012, the College received 11.25 percent of sales up to \$2,500,000, 12.25 percent of sales from \$2,500,000 to \$5,000,000 and 13.25 percent of sales over \$5,000,000.

In addition, the amended contract stated that Follett will renovate and move the bookstore facility for a cost of up to \$525,000. The total cost of renovations was \$435,506. Per the agreement, any early termination of the contract before the five years have been reached will result in the College paying Follett the book value of renovations put in service by Follett depreciated over the contract life. The College recognized the building improvement for the renovations and is recognizing the contribution from Follett over the life of the contract. Unearned revenue from the renovations is \$377,439 as of June 30, 2013.

Total revenues from this agreement, including amortization of the bookstore renovations, were \$398,904 for the year ended June 30, 2013.

NOTE 15: LITIGATION

Primary government

The County is involved in various lawsuits arising in the ordinary course of its municipal activities. The County Solicitor and County management believe that the resolution of these actions is not expected to have an unfavorable outcome or have a materially adverse effect on the financial statements of the County. In addition, we have no knowledge of any unasserted claims and assessments (considered to be probable of assertion), that if asserted, would have a reasonable possibility of an unfavorable outcome.

NOTE 16: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

A. Component units

Reading Area Community College

Reading Area Community College administers a single-employer defined benefit plan (the Post Employment Benefit Plan). The Plan provides life insurance and medical, dental and prescription benefits for eligible retirees through the College's plan, which covers both active and retired members. Benefit provisions are established through negotiation with the College and the unions representing the College's employees. The Post Employment Benefits Plan does not issue a publicly available financial report and the College is implementing GASB Statement 45 prospectively.

Contribution requirements are negotiated between the College and union representatives. The required contribution is based on pay as you go for financing. The College provides life insurance and medical, dental and prescription benefits to employees upon retirement depending upon various eligibility requirements. Retirees who reach 55 years of age with at least 5 years of service are provided life insurance at no cost to the retiree. In addition, retirees at 55 with at least 15 years of service are provided the option to purchase medical, dental and prescription coverage at 102% of the COBRA rate, or receive a lump sum payment of \$6,250 or receive cash payments of up to 50% of the College's COBRA rate for outside coverage. For those retirees who reach 59.5 years of age with 20 years of service, the lump sum payment increases to \$12,500 or cash payments for up to the full reimbursement of the College's COBRA rate for outside coverage. The plan is provided to retirees as part of the College's negotiated agreements with employees. For the fiscal year ended June 30, 2013, the College contributed \$60,219 to the plan related to retirees.

The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation:

	June 30, 2013
Annual required contribution	\$ 98,455
Interest on net OPEB obligation	3,806
Adjustment to annual required contribution	<u>(6,284)</u>
Annual OPEB cost	95,977
Contributions made	<u>(60,219)</u>
Increase in net OPEB obligation	35,758
Net OPEB obligation - beginning of year	<u>162,616</u>
Net OPEB obligation - end of year	<u>\$ 198,374</u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 95,977	62.7%	\$ 198,374
6/30/2012	95,977	62.7%	162,616
6/30/2011	90,698	53.8%	126,858

As of July 1, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,095,027, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,095,027.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3.0% discount rate and an annual cost trend rate of 10.0% initially, decreasing 1.0% per year to an ultimate rate of 5% in 2018 and later. The unfunded actuarial accrued liability is being amortized at the end of the year based on level dollar and a thirty year open amortization period.

NOTE 17: SUBSEQUENT EVENTS

A. Primary government

1. Community Development

The functions of the Community Development Office will be transferred to Berks County Redevelopment Authority (“BCRA”) as of September 10, 2014. The County will be a pass through entity for the receipt of funds from the federal government and will pass these funds through to BCRA. The Community Development office will continue to occupy the 14th Floor of the Services Center location and pay rent and other overhead to the County as part of the arrangement.

2. Basis swap transaction

In March 2014, the County entered into an interest rate basis swap agreement with a financial institution in connection with the 2012 Series A General Obligation Bonds. The financial institution is a floating rate payor based on 67 percent of 30-day LIBOR plus 66 basis points. The County is floating rate payor based upon the SIFMA Index. The agreement is expected to generate \$20,000 per month in a positive cash flow and a reduction in interest expense.

B. Component units

1. Redevelopment Authority of the County of Berks

In April 2014, the Board approved an agreement with the County of Berks to transfer the functions of the County’s Community Development Office to the Authority as of September 10, 2014. The County will be a pass through entity for the receipt of funds from the federal government and will pass these funds through to the Authority. The Community Development Office will continue to occupy the 14th floor of the Services Center location and pay rent and other overhead to the County as part of the arrangement.

In February 2014, the Authority received approval of a 2013 Rail Transportation Assistance Program grant of approximately \$952,000 from the Pennsylvania Department of Transportation, Bureau of Rail Freight, Ports and Waterways.

In March 2014, the Authority entered into a lease and operating agreement with the Eastern Berks Gateway Railroad Company (“EBGR”) to lease the Colebrookdale rail line between Boyertown and Pottstown to EBGR. The lease is for a ten year period with a base monthly rent of \$2,000 plus additional rent as defined in the agreement. All additional rent is to be billed by the Authority to EBGR quarterly.



REQUIRED SUPPLEMENTAL INFORMATION

The Required Supplemental Information represents prescribed financial information that addresses retirement fund data and budgetary comparisons for the general fund and major individual special revenue funds.

Schedule of Employer Contributions
Berks County Employee's Retirement Fund
Year ended December 31, 2013

County of Berks
2013 Annual Financial Report

The following information was determined as part of the actuarial valuations at January 1 of the following year.

Year ended	Annual Required Contribution (ARC)	Percentage of ARC contributed
December 31, 2004	\$ 7,501,938	100 %
December 31, 2005	8,612,680	100
December 31, 2006	7,675,390	100
December 31, 2007	6,902,040	100
December 31, 2008	5,039,939	100
December 31, 2009	11,064,607	100
December 31, 2010	11,599,747	100
December 31, 2011	8,002,599	100
December 31, 2012	9,796,229	100
December 31, 2013	2,665,246	100

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 General Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Property taxes	\$ 136,216,762	\$ 136,216,762	\$ 135,388,540	\$ (828,222)
Court cost, fines and forfeitures	3,920,915	3,920,915	3,724,858	(196,057)
Investment earnings	1,586,210	1,586,210	432,688	(1,153,522)
Intergovernmental revenue	13,145,940	13,789,226	13,351,595	(437,631)
Departmental charges and reimbursements	51,104,028	51,832,391	53,539,719	1,707,328
Payments in lieu of taxes	96,836	96,836	51,827	(45,009)
Rentals	346,995	346,995	318,907	(28,088)
Sale of property, supplies and equipment	24,500	38,290	68,477	30,187
Miscellaneous	1,325,734	1,812,142	3,676,330	1,864,188
Total revenues	<u>207,767,920</u>	<u>209,639,767</u>	<u>210,552,941</u>	<u>913,174</u>
Expenditures				
General government, administrative:				
Commissioners	1,961,490	1,931,901	1,749,856	182,045
Solicitors	1,183,560	1,183,907	1,218,248	(34,341)
Facilities	12,073,004	12,856,181	10,182,026	2,674,155
Courthouse Security	1,255,452	1,285,042	1,270,952	14,090
Election Services	1,656,843	1,663,317	1,606,036	57,281
Real Estate Assessment	2,774,229	2,785,165	2,677,288	107,877
Treasurer	848,488	873,766	867,606	6,160
Tax Collectors	453,902	457,474	455,123	2,351
Tax Claim Bureau	791,463	793,717	740,516	53,201
Controller	2,271,071	2,282,096	2,161,263	120,833
Recorder of Deeds	1,375,680	1,378,605	1,340,218	38,387
Mailroom/Printing	411,284	447,474	390,866	56,608
Information Systems	5,990,650	6,463,578	5,546,300	917,278
Purchasing	584,635	598,495	550,677	47,818
Archives	621,315	621,796	535,599	86,197
Budget	1,209,038	1,213,761	1,106,890	106,871
Human Resources	3,074,106	3,007,908	2,595,563	412,345
Insurance	2,258,346	2,258,346	1,936,889	321,457
Telecommunications	277,039	248,329	216,643	31,686
Veterans Affairs	691,490	696,595	634,321	62,274
Total general government, administrative	<u>41,763,085</u>	<u>43,047,453</u>	<u>37,782,880</u>	<u>5,264,573</u>
General government, judicial:				
Register of Wills	1,028,269	1,031,169	990,522	40,647
Sheriff	8,471,076	8,600,203	9,020,183	(419,980)
Coroner	1,385,171	1,393,585	1,422,078	(28,493)
Prothonotary	2,462,052	2,499,478	2,398,814	100,664
Clerk of Courts	2,466,020	2,524,617	2,428,376	96,241
Public Defender	3,036,820	3,040,806	2,852,248	188,558
District Attorney	9,403,332	9,592,747	9,759,718	(166,971)
Law Library	589,256	590,522	585,982	4,540
Court Administration	8,444,178	8,603,795	8,188,664	415,131
District Justices	10,004,374	10,031,653	9,624,817	406,836
Court Reporters	2,031,907	2,044,596	2,165,671	(121,075)
Total general government, judicial	<u>49,322,455</u>	<u>49,953,171</u>	<u>49,437,073</u>	<u>516,098</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 General Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Public Safety:				
Adult Probation	7,093,917	7,219,572	7,059,375	160,197
Juvenile Probation	15,843,854	15,898,827	14,590,485	1,308,342
Prison	30,234,697	30,807,272	33,078,306	(2,271,034)
Community Corrections	2,031,365	2,086,731	1,877,367	209,364
Department of Emergency Services	3,619,522	3,704,186	2,086,677	1,617,509
Total public safety	<u>58,823,355</u>	<u>59,716,588</u>	<u>58,692,210</u>	<u>1,024,378</u>
Culture and recreation:				
Berks County Public Libraries	4,710,788	4,797,296	4,696,952	100,344
Parks	3,404,322	3,977,389	3,188,347	789,042
Total culture and recreation	<u>8,115,110</u>	<u>8,774,685</u>	<u>7,885,299</u>	<u>889,386</u>
Community and economic development:				
Planning	1,432,475	1,451,785	1,391,522	60,263
Industrial Development Authority	-	-	212	(212)
Agricultural Extension Service	514,556	514,556	510,856	3,700
Agland Preservation	1,774,633	2,488,219	2,102,262	385,957
Total community and economic development	<u>3,721,664</u>	<u>4,454,560</u>	<u>4,004,852</u>	<u>449,708</u>
Public Works:				
Recycling	<u>196,641</u>	<u>196,603</u>	<u>197,503</u>	<u>(900)</u>
Community Support:				
Contributions:				
Community Bail Program	582,608	584,308	584,280	28
Berks Area Regional Transportation Authority	449,574	449,577	449,577	-
Berks Economic Partnership	500,000	700,000	700,000	-
Contingency General	3,570,000	2,720,626	-	2,720,626
Miscellaneous Contributions	188,500	188,500	178,000	10,500
Tourism	50,000	50,000	50,000	-
Reading Area Community College	3,100,000	3,100,000	3,100,000	-
Total community support	<u>8,440,682</u>	<u>7,793,011</u>	<u>5,061,857</u>	<u>2,731,154</u>
Debt service:				
Principal	8,724,588	8,724,588	19,429,357	(10,704,769)
Interest and fiscal charges	18,687,572	18,687,572	8,043,447	10,644,125
Administrative expenses	16,204	16,204	12,302	3,902
Total debt service	<u>27,428,364</u>	<u>27,428,364</u>	<u>27,485,106</u>	<u>(56,742)</u>
Intergovernmental:				
Solid Waste debt service	<u>996,970</u>	<u>997,008</u>	<u>997,007</u>	<u>1</u>
Total expenditures for general fund	<u>198,808,326</u>	<u>202,361,443</u>	<u>191,543,787</u>	<u>10,817,656</u>
Excess of revenue over expenditures	<u>8,959,594</u>	<u>7,278,324</u>	<u>19,009,154</u>	<u>11,730,830</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 General Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Other financing sources (uses):				
Transfers in	3,228,447	2,877,073	3,905,245	1,028,172
Transfers out	<u>(5,656,934)</u>	<u>(4,691,785)</u>	<u>(12,334,586)</u>	<u>(7,642,801)</u>
Total other financing sources (uses)	<u>(2,428,487)</u>	<u>(1,814,712)</u>	<u>(8,429,341)</u>	<u>(6,614,629)</u>
Net change in fund balances	6,531,107	5,463,612	10,579,813	5,116,201
Fund balance (deficits), beginning	150,126,098	149,026,176	122,515,819	(26,510,357)
Fund balance (deficits), ending	<u>\$ 156,657,205</u>	<u>\$ 154,489,788</u>	<u>\$ 133,095,632</u>	<u>\$ (21,394,156)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Children and Youth Services Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 31,819,463	\$ 33,413,683	\$ 31,949,653	\$ (1,464,030)
Departmental charges and reimbursements	977,100	977,100	773,518	(203,582)
Investment earnings	-	-	25	25
Miscellaneous	3,404	3,404	5,994	2,590
Total revenues	<u>32,799,967</u>	<u>34,394,187</u>	<u>32,729,190</u>	<u>(1,664,997)</u>
Expenditures				
Current:				
Human services	37,867,971	39,629,570	38,251,799	1,377,771
Total expenditures	<u>37,867,971</u>	<u>39,629,570</u>	<u>38,251,799</u>	<u>1,377,771</u>
Deficiency of revenues under expenditures	<u>(5,068,004)</u>	<u>(5,235,383)</u>	<u>(5,522,609)</u>	<u>(287,226)</u>
Other financing sources (uses):				
Transfers in	5,447,442	5,448,598	5,850,836	402,238
Transfers out	(446,399)	(332,823)	(319,553)	13,270
Total other financing sources	<u>5,001,043</u>	<u>5,115,775</u>	<u>5,531,283</u>	<u>415,508</u>
Net change in fund balances (deficits)	(66,961)	(119,608)	8,674	128,282
Fund balances (deficits), beginning	13,066	13,066	9,405	(3,661)
Fund balances (deficits), ending	<u>\$ (53,895)</u>	<u>\$ (106,542)</u>	<u>\$ 18,079</u>	<u>\$ 124,621</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Community Development Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 3,011,599	\$ 3,220,962	\$ 2,080,888	\$ (1,140,074)
Departmental charges and reimbursements	629,600	607,308	599,330	(7,978)
Investment earnings	-	-	524	524
Sale of supplies and equipment	-	-	19	19
Miscellaneous	48,518	48,518	86,435	37,917
Total revenues	<u>3,689,717</u>	<u>3,876,788</u>	<u>2,767,196</u>	<u>(1,109,592)</u>
Expenditures				
Current:				
Community & economic development	<u>2,744,771</u>	<u>3,224,854</u>	<u>2,521,527</u>	<u>703,327</u>
Total expenditures	<u>2,744,771</u>	<u>3,224,854</u>	<u>2,521,527</u>	<u>703,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>944,946</u>	<u>651,934</u>	<u>245,669</u>	<u>(406,265)</u>
Other financing sources (uses):				
Transfers out	<u>(944,947)</u>	<u>(651,935)</u>	<u>(215,163)</u>	<u>436,772</u>
Total other financing sources (uses)	<u>(944,947)</u>	<u>(651,935)</u>	<u>(215,163)</u>	<u>436,772</u>
Net change in fund balances (deficits)	(1)	(1)	30,506	30,507
Fund balances (deficits), beginning	-	-	-	-
Fund balances (deficits), ending	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 30,506</u>	<u>\$ 30,507</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Health Choices Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 79,492,262	\$ 83,158,155	\$ 78,970,973	\$ (4,187,182)
Investment earnings	35,000	35,000	54,332	19,332
Total revenues	<u>79,527,262</u>	<u>83,193,155</u>	<u>79,025,305</u>	<u>(4,167,850)</u>
Expenditures				
Current:				
Human services	79,511,649	83,179,604	79,011,754	4,167,850
Total expenditures	<u>79,511,649</u>	<u>83,179,604</u>	<u>79,011,754</u>	<u>4,167,850</u>
Excess of revenues over expenditures	<u>15,613</u>	<u>13,551</u>	<u>13,551</u>	<u>-</u>
Other Financing Sources (uses):				
Transfers out	<u>(15,613)</u>	<u>(13,551)</u>	<u>(13,551)</u>	<u>-</u>
Total other financial sources:	<u>(15,613)</u>	<u>(13,551)</u>	<u>(13,551)</u>	<u>-</u>
Net change in fund balances (deficits)	-	-	-	-
Fund balances (deficits), beginning	4,708,542	4,708,542	-	(4,708,542)
Fund balances (deficits), ending	<u>\$ 4,708,542</u>	<u>\$ 4,708,542</u>	<u>\$ -</u>	<u>\$ (4,708,542)</u>

Note 1: Budgets and budgetary accounting

Annual budgets are adopted by the County on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types.

On or before June 30, all County departments and agencies submit requests for appropriations for the following year to the Office of Budget and Finance, which compiles the requests and submits a comprehensive budget request document. The Board of Commissioners makes the proposed budget available for public inspection at least twenty days prior to the date of adoption. On or before December 31, the budget is adopted by the Board of Commissioners. Subsequent to the budget approval, the Board of Commissioners adopts the appropriation measures required to put the budget into effect and fixes the rate of taxation.

The County maintains budgetary control at the line item level of expenditures as authorized by resolution of the Board of Commissioners. The Director of Budget and Finance may make transfers between accounts under \$5,000, while transfers of \$5,000 or greater require the approval of the Board of Commissioners. Any supplemental appropriations to the Budget are approved by the Board of Commissioners.

Encumbrance accounting is employed in governmental fund types. Encumbrances, which represent commitments for goods and services not yet received, are reported as reservations of fund balances, and do not constitute expenditures or liabilities, because the commitments will be re-appropriated and honored during the subsequent year.



OTHER SUPPLEMENTAL INFORMATION

Other Supplemental Information provides combining financial statements for non-major governmental funds, plus budgetary comparisons for these non-major funds, other Enterprise funds (business-type activities) and Agency funds.



Special Revenue

	Liquid Fuels	Domestic Relations	Employment & Training	Office of Aging	Special Legislation
Assets					
Cash and cash equivalents	\$ 1,406,176	\$ 550	\$ 63,920	\$ 225	\$ -
Cash and cash equivalents, restricted	-	-	-	-	3,346,805
Investments	2,844,912	-	-	-	-
Taxes receivable	-	-	-	-	162,124
Accounts receivable	-	53,410	37,705	55,447	973
Due from other governments	495,767	1,659,808	447,405	363,144	308,862
Due from other funds	419,406	-	-	759,373	203,888
Prepaid expenses	-	-	19,585	-	-
Investments, non-current	1,532,565	-	-	-	-
Total assets	<u>\$ 6,698,826</u>	<u>\$ 1,713,768</u>	<u>\$ 568,615</u>	<u>\$ 1,178,189</u>	<u>\$ 4,022,652</u>
Liabilities and fund balances					
Accounts payable	\$ 556,143	\$ 4,550	\$ 257,750	\$ 746,379	\$ 989,792
Accrued liabilities	1,319	220,018	90,196	105,605	-
Advance revenue	1,547,364	-	-	326,205	-
Due to other funds	-	1,485,650	130,556	-	-
Total liabilities	<u>2,104,826</u>	<u>1,710,218</u>	<u>478,502</u>	<u>1,178,189</u>	<u>989,792</u>
Fund balances:					
Nonspendable:					
Conversion pay	-	3,550	2,305	-	-
Assigned:					
Special Revenue funds	<u>4,594,000</u>	<u>-</u>	<u>87,808</u>	<u>-</u>	<u>3,032,860</u>
Total fund balances	<u>4,594,000</u>	<u>3,550</u>	<u>90,113</u>	<u>-</u>	<u>3,032,860</u>
Total liabilities and fund balances	<u>\$ 6,698,826</u>	<u>\$ 1,713,768</u>	<u>\$ 568,615</u>	<u>\$ 1,178,189</u>	<u>\$ 4,022,652</u>

Special Revenue

	Mental Health/ Developmental Disabilities	Human Services	Drug & Alcohol	Child Care Info Services	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,470,871
Cash and cash equivalents, restricted	-	-	-	-	3,346,805
Investments	-	-	-	-	2,844,912
Taxes receivable	-	-	-	-	162,124
Accounts receivable	4,670	269	-	-	152,474
Due from other governments	577,998	48,822	-	-	3,901,806
Due from other funds	2,454,428	48,293	254,792	-	4,140,180
Prepaid expenses	-	-	-	-	19,585
Investments, non-current	-	-	-	-	1,532,565
Total assets	<u>\$ 3,037,096</u>	<u>\$ 97,384</u>	<u>\$ 254,792</u>	<u>\$ -</u>	<u>\$ 17,571,322</u>
Liabilities and fund balances					
Accounts payable	\$ 2,578,689	\$ 63,722	\$ 254,792	\$ -	\$ 5,451,817
Accrued liabilities	18,764	15,067	-	-	450,969
Advance revenue	439,643	1,722	-	-	2,314,934
Due to other funds	-	-	-	-	1,616,206
Total liabilities	<u>3,037,096</u>	<u>80,511</u>	<u>254,792</u>	<u>-</u>	<u>9,833,926</u>
Fund balances:					
Nonspendable:					
Conversion pay	-	-	-	-	5,855
Assigned:					
Special Revenue funds	-	16,873	-	-	7,731,541
Total fund balances	<u>-</u>	<u>16,873</u>	<u>-</u>	<u>-</u>	<u>7,737,396</u>
Total liabilities and fund balances	<u>\$ 3,037,096</u>	<u>\$ 97,384</u>	<u>\$ 254,792</u>	<u>\$ -</u>	<u>\$ 17,571,322</u>

	Special Revenue				
	Liquid Fuels	Domestic Relations	Employment & Training	Office of Aging	Special Legislation
Revenues					
Intergovernmental revenue	\$ 1,816,825	\$ 4,662,915	\$ 4,222,508	\$ 8,899,294	\$ 868,049
Hotel tax	-	-	-	-	1,844,957
Departmental charges and reimbursements	-	330,404	-	177,032	1,100,802
Investment earnings	33,735	-	9	6,259	5,200
Sale of supplies and equipment	-	-	378	-	-
Rental	37,500	-	-	-	-
Miscellaneous	-	3,283	219,859	40	-
Total revenues	<u>1,888,060</u>	<u>4,996,602</u>	<u>4,442,754</u>	<u>9,082,625</u>	<u>3,819,008</u>
Expenditures					
Current:					
General government, administrative	-	-	-	-	2,069,311
General government, judicial	-	-	-	-	23,280
Human services	-	6,094,636	4,298,172	9,177,448	-
Public works	2,523,555	-	-	-	-
Total expenditures	<u>2,523,555</u>	<u>6,094,636</u>	<u>4,298,172</u>	<u>9,177,448</u>	<u>2,092,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(635,495)</u>	<u>(1,098,034)</u>	<u>144,582</u>	<u>(94,823)</u>	<u>1,726,417</u>
Other financing sources (uses)					
Transfers in	83,228	1,232,612	-	1,000,318	-
Transfers out	(6,942)	(135,196)	(56,774)	(859,928)	(1,752,292)
Total other financing sources (uses)	<u>76,286</u>	<u>1,097,416</u>	<u>(56,774)</u>	<u>140,390</u>	<u>(1,752,292)</u>
Net changes in fund balances (deficits)	<u>(559,209)</u>	<u>(618)</u>	<u>87,808</u>	<u>45,567</u>	<u>(25,875)</u>
Fund balances, beginning	5,153,209	4,168	2,305	(45,567)	3,058,735
Fund balances, ending	<u>\$ 4,594,000</u>	<u>\$ 3,550</u>	<u>\$ 90,113</u>	<u>\$ -</u>	<u>\$ 3,032,860</u>

	Special Revenue				Total
	Mental Health/ Development Disabilities	Human Services	Drug and Alcohol	Child Care Info Services	
Revenues					
Intergovernmental revenue	\$ 15,689,450	\$ 2,796,428	\$ 4,307,911	\$ 7,583,447	\$ 50,846,827
Hotel tax	-	-	-	-	1,844,957
Departmental charges and reimbursements	34,741	-	-	-	1,642,979
Investment earnings	4,873	778	-	-	50,854
Sale of supplies and equipment	-	-	-	-	378
Rental	-	-	-	-	37,500
Miscellaneous	17,371	4,071	-	839	245,463
Total revenues	<u>15,746,435</u>	<u>2,801,277</u>	<u>4,307,911</u>	<u>7,584,286</u>	<u>54,668,958</u>
Expenditures					
Current:					
General government, administrative	-	-	-	-	2,069,311
General government, judicial	-	-	-	-	23,280
Human services	16,404,577	2,732,851	6,047,473	7,584,286	52,339,443
Public works	-	-	-	-	2,523,555
Total expenditures	<u>16,404,577</u>	<u>2,732,851</u>	<u>6,047,473</u>	<u>7,584,286</u>	<u>56,955,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(658,142)</u>	<u>68,426</u>	<u>(1,739,562)</u>	<u>-</u>	<u>(2,286,631)</u>
Other financing sources (uses)					
Transfers in	676,306	-	1,739,562	-	4,732,026
Transfers out	(18,164)	(104,745)	-	-	(2,934,041)
Total other financing sources (uses)	<u>658,142</u>	<u>(104,745)</u>	<u>1,739,562</u>	<u>-</u>	<u>1,797,985</u>
Net changes in fund balances (deficits)	-	(36,319)	-	-	(488,646)
Fund balances, beginning	-	53,192	-	-	8,226,042
Fund balances, ending	<u>\$ -</u>	<u>\$ 16,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,737,396</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Liquid Fuels Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 10,810,100	\$ 10,859,349	\$ 1,816,825	\$ (9,042,524)
Investment Earnings	61,000	61,000	33,735	(27,265)
Rental	2,500	2,500	37,500	35,000
Total revenues	<u>10,873,600</u>	<u>10,922,849</u>	<u>1,888,060</u>	<u>(9,034,789)</u>
Expenditures				
Current:				
Public works	12,868,562	13,805,851	2,523,555	11,282,296
Total expenditures	<u>12,868,562</u>	<u>13,805,851</u>	<u>2,523,555</u>	<u>11,282,296</u>
Excess (deficiency) of revenue over (under) expenditures	(1,994,962)	(2,883,002)	(635,495)	2,247,507
Other financing sources (uses):				
Transfers In	811,195	520,000	83,228	(436,772)
Transfers out	-	(6,942)	(6,942)	-
Total other financing sources (uses)	<u>811,195</u>	<u>513,058</u>	<u>76,286</u>	<u>(436,772)</u>
Net change in fund balances (deficits)	(1,183,767)	(2,369,944)	(559,209)	1,810,735
Fund balances, beginning	4,990,743	4,990,743	5,153,209	162,466
Fund balances, ending	<u>\$ 3,806,976</u>	<u>\$ 2,620,799</u>	<u>\$ 4,594,000</u>	<u>\$ 1,973,201</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Domestic Relations Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 4,306,680	\$ 4,306,680	\$ 4,662,915	\$ 356,235
Departmental charges and reimbursements	350,000	350,000	330,404	(19,596)
Miscellaneous	-	-	3,283	3,283
Total revenues	<u>4,656,680</u>	<u>4,656,680</u>	<u>4,996,602</u>	<u>339,922</u>
Expenditures				
Current:				
Human services	<u>6,363,709</u>	<u>6,367,101</u>	<u>6,094,636</u>	<u>272,465</u>
Total expenditures	<u>6,363,709</u>	<u>6,367,101</u>	<u>6,094,636</u>	<u>272,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,707,029)</u>	<u>(1,710,421)</u>	<u>(1,098,034)</u>	<u>612,387</u>
Other financing sources (uses):				
Transfers In	1,633,754	1,633,754	1,232,612	(401,142)
Transfers out	<u>(236,038)</u>	<u>(135,196)</u>	<u>(135,196)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,397,716</u>	<u>1,498,558</u>	<u>1,097,416</u>	<u>(401,142)</u>
Net change in fund balances (deficits)	<u>(309,313)</u>	<u>(211,863)</u>	<u>(618)</u>	<u>211,245</u>
Fund balances (deficits), beginning	4,168	4,168	4,168	-
Fund balances (deficits), ending	<u>\$ (305,145)</u>	<u>\$ (207,695)</u>	<u>\$ 3,550</u>	<u>\$ 211,245</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Employment and Training Special Revenue Fund - Budget and Actual
Year ended December 31, 2013

County of Berks
2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 4,691,741	\$ 4,911,106	\$ 4,222,508	\$ (688,598)
Departmental charges and reimbursements	45,000	45,000	-	(45,000)
Investment earnings	500	500	9	(491)
Sale of supplies and equipment	-	-	378	378
Miscellaneous	210,000	210,000	219,859	9,859
Total revenues	<u>4,947,241</u>	<u>5,166,606</u>	<u>4,442,754</u>	<u>(723,852)</u>
Expenditures				
Current:				
Human services	4,881,821	5,109,832	4,298,172	811,660
Total expenditures	<u>4,881,821</u>	<u>5,109,832</u>	<u>4,298,172</u>	<u>811,660</u>
Excess of revenues over expenditures	<u>65,420</u>	<u>56,774</u>	<u>144,582</u>	<u>87,808</u>
Other financing sources (uses):				
Transfers out	(65,420)	(56,774)	(56,774)	-
Total other financing sources (uses)	<u>(65,420)</u>	<u>(56,774)</u>	<u>(56,774)</u>	<u>-</u>
Net change in fund balances (deficits)	-	-	87,808	87,808
Fund balances, beginning	2,305	2,305	2,305	-
Fund balances, ending	<u>\$ 2,305</u>	<u>\$ 2,305</u>	<u>\$ 90,113</u>	<u>\$ 87,808</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Office of Aging Special Revenue Fund - Budget and Actual
Year ended December 31, 2013

County of Berks
2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 8,703,156	\$ 8,585,099	\$ 8,899,294	\$ 314,195
Departmental charges and reimbursements	469,552	325,218	177,032	(148,186)
Investment earnings	25,000	25,000	6,259	(18,741)
Miscellaneous	1,000	200,400	40	(200,360)
Total revenues	<u>9,198,708</u>	<u>9,135,717</u>	<u>9,082,625</u>	<u>(53,092)</u>
Expenditures				
Current:				
Human services	<u>9,106,826</u>	<u>9,202,263</u>	<u>9,177,448</u>	<u>24,815</u>
Total expenditures	<u>9,106,826</u>	<u>9,202,263</u>	<u>9,177,448</u>	<u>24,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>91,882</u>	<u>(66,546)</u>	<u>(94,823)</u>	<u>(28,277)</u>
Other financing sources (uses):				
Transfers in	151,524	152,024	1,000,318	848,294
Transfers out	<u>(243,406)</u>	<u>(158,220)</u>	<u>(859,928)</u>	<u>(701,708)</u>
Total other financing sources (uses)	<u>(91,882)</u>	<u>(6,196)</u>	<u>140,390</u>	<u>146,586</u>
Net change in fund balances (deficits)	-	<u>(72,742)</u>	45,567	118,309
Fund balances (deficits), beginning	215,640	215,640	<u>(45,567)</u>	<u>(261,207)</u>
Fund balances (deficits), ending	<u>\$ 215,640</u>	<u>\$ 142,898</u>	<u>\$ -</u>	<u>\$ (142,898)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Special Legislation Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 765,798	\$ 765,798	\$ 868,049	\$ 102,251
Hotel tax	1,625,000	1,625,000	1,844,957	219,957
Departmental charges and reimbursements	1,195,000	1,195,000	1,100,802	(94,198)
Investment earnings	2,842	2,842	5,200	2,358
Total revenues	<u>3,588,640</u>	<u>3,588,640</u>	<u>3,819,008</u>	<u>230,368</u>
Expenditures				
Current:				
General government, administrative	1,757,000	1,823,923	2,069,311	(245,388)
General government, judicial	4,435	4,435	23,280	(18,845)
Total expenditures	<u>1,761,435</u>	<u>1,828,358</u>	<u>2,092,591</u>	<u>(264,233)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,827,205</u>	<u>1,760,282</u>	<u>1,726,417</u>	<u>(33,865)</u>
Other financing sources (uses):				
Transfers out	<u>(1,693,276)</u>	<u>(1,779,774)</u>	<u>(1,752,292)</u>	<u>27,482</u>
Total other financing sources (uses)	<u>(1,693,276)</u>	<u>(1,779,774)</u>	<u>(1,752,292)</u>	<u>27,482</u>
Net change in fund balances (deficits)	133,929	(19,492)	(25,875)	(6,383)
Fund balances (deficits), beginning	3,365,898	3,365,898	3,058,735	(307,163)
Fund balances (deficits), ending	<u>\$ 3,499,827</u>	<u>\$ 3,346,406</u>	<u>\$ 3,032,860</u>	<u>\$ (313,546)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Mental Health/Developmental Disabilities Special Revenue Fund - Budget and Actual
Year ended December 31, 2013

County of Berks
2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 16,341,922	\$ 15,708,617	\$ 15,689,450	\$ (19,167)
Departmental charges and reimbursements	33,218	33,218	34,741	1,523
Investment Earnings	18,000	18,000	4,873	(13,127)
Miscellaneous	16,609	16,609	17,371	762
Total revenues	<u>16,409,749</u>	<u>15,776,444</u>	<u>15,746,435</u>	<u>(30,009)</u>
Expenditures				
Current:				
Human services	17,263,820	16,633,280	16,404,577	228,703
Total expenditures	<u>17,263,820</u>	<u>16,633,280</u>	<u>16,404,577</u>	<u>228,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(854,071)</u>	<u>(856,836)</u>	<u>(658,142)</u>	<u>198,694</u>
Other financing sources (uses):				
Transfers in	875,000	875,000	676,306	(198,694)
Transfers out	(20,929)	(18,164)	(18,164)	-
Total other financing sources (uses)	<u>854,071</u>	<u>856,836</u>	<u>658,142</u>	<u>(198,694)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Human Services Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 2,782,683	\$ 2,864,233	\$ 2,796,428	\$ (67,805)
Investment earnings	750	750	778	28
Miscellaneous	598	4,105	4,071	(34)
Total revenues	<u>2,784,031</u>	<u>2,869,088</u>	<u>2,801,277</u>	<u>(67,811)</u>
Expenditures				
Current:				
Human services	2,694,696	2,793,256	2,732,851	60,405
Total expenditures	<u>2,694,696</u>	<u>2,793,256</u>	<u>2,732,851</u>	<u>60,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>89,335</u>	<u>75,832</u>	<u>68,426</u>	<u>(7,406)</u>
Other financing sources (uses):				
Transfers out	(104,737)	(105,992)	(104,745)	1,247
Total other financing sources (uses)	<u>(104,737)</u>	<u>(105,992)</u>	<u>(104,745)</u>	<u>1,247</u>
Net change in fund balances (deficits)	(15,402)	(30,160)	(36,319)	(6,159)
Fund balances (deficits), beginning	133,974	133,974	53,192	(80,782)
Fund balances (deficits), ending	<u>\$ 118,572</u>	<u>\$ 103,814</u>	<u>\$ 16,873</u>	<u>\$ (86,941)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Drug and Alcohol Special Revenue Fund - Budget and Actual
Year ended December 31, 2013

County of Berks
2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 4,209,243	\$ 4,369,353	\$ 4,307,911	\$ (61,442)
Total revenues	<u>4,209,243</u>	<u>4,369,353</u>	<u>4,307,911</u>	<u>(61,442)</u>
Expenditures				
Current:				
Human services	<u>5,948,805</u>	<u>6,108,915</u>	<u>6,047,473</u>	<u>61,442</u>
Total expenditures	<u>5,948,805</u>	<u>6,108,915</u>	<u>6,047,473</u>	<u>61,442</u>
Deficiency of revenues under expenditures	<u>(1,739,562)</u>	<u>(1,739,562)</u>	<u>(1,739,562)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	1,739,562	1,739,562	1,739,562	-
Total other financing sources (uses)	<u>1,739,562</u>	<u>1,739,562</u>	<u>1,739,562</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Child Care Information Services Special Revenue Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 16,787,816	\$ 8,393,908	\$ 7,583,447	\$ (810,461)
Miscellaneous	839	839	839	-
Total revenues	<u>16,788,655</u>	<u>8,394,747</u>	<u>7,584,286</u>	<u>(810,461)</u>
Expenditures				
Current:				
Human services	<u>16,788,655</u>	<u>8,394,747</u>	<u>7,584,286</u>	<u>810,461</u>
Total expenditures	<u>16,788,655</u>	<u>8,394,747</u>	<u>7,584,286</u>	<u>810,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenses and Changes in Net Position
 Department of Emergency Services Enterprise Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Operating revenues				
Charges for services				
Phone bill surcharge	\$ 1,655,487	\$ 1,655,487	\$ 1,687,109	\$ 31,622
County wide radio	2,131,578	2,131,578	2,134,105	2,527
Cellular fee	3,548,956	3,578,051	3,638,949	60,898
Voice Over IP (VoIP)	563,747	563,747	599,577	35,830
Total operating revenue	<u>7,899,768</u>	<u>7,928,863</u>	<u>8,059,740</u>	<u>130,877</u>
Operating expenses				
Communications center				
Wages, salaries and fringe benefits	2,362,256	2,355,056	1,768,497	586,559
Administrative expenses	1,837,272	1,868,482	1,176,171	692,311
Materials and supplies	61,078	60,889	32,104	28,785
Depreciation	-	-	24,342	(24,342)
911 System				
Wages, salaries and fringe benefits	1,302,263	1,302,263	1,177,339	124,924
Administrative expenses	476,840	515,409	312,119	203,290
Materials and supplies	3,629	8,668	1,145	7,523
Depreciation	212,461	212,461	295,859	(83,398)
Wireless 911				
Wages, salaries and fringe benefits	2,414,392	2,414,392	2,868,020	(453,628)
Administrative expenses	846,762	955,177	704,409	250,768
Materials and supplies	38,777	44,773	3,994	40,779
Depreciation	193,436	193,436	269,365	(75,929)
Voice Over IP				
Materials and supplies	255,000	255,650	-	255,650
Total operating expenses	<u>10,004,166</u>	<u>10,186,656</u>	<u>8,633,364</u>	<u>1,553,292</u>
Operating income (loss)	<u>(2,104,398)</u>	<u>(2,257,793)</u>	<u>(573,624)</u>	<u>1,684,169</u>
Nonoperating revenues (expenses)				
Investment earnings	4,000	4,000	5,044	1,044
Interest expense	(38,697)	(38,697)	(19,296)	19,401
Gain on sale of capital assets	-	-	95	95
Rental of space	28,691	28,691	27,643	(1,048)
Total nonoperating revenues (expenses)	<u>(6,006)</u>	<u>(6,006)</u>	<u>13,486</u>	<u>19,492</u>
Income (loss) before transfers	<u>(2,110,404)</u>	<u>(2,263,799)</u>	<u>(560,138)</u>	<u>1,703,661</u>
Transfers in	3,696,772	2,665,572	2,430,393	(235,179)
Transfers out	(259,800)	-	-	-
Change in net position	1,326,568	401,773	1,870,255	1,468,482
Total net position, beginning	3,322,609	3,322,609	7,992,652	4,670,043
Total net position, ending	<u>\$ 4,649,177</u>	<u>\$ 3,724,382</u>	<u>\$ 9,862,907</u>	<u>\$ 6,138,525</u>

Note: Capital outlay Original and Final budget was \$5,362,245 and \$3,666,430, respectively.

Schedule of Revenues, Expenses and Changes in Net Position
 Berks County Residential Center Enterprise Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Operating revenues				
Charges for services	\$ 6,583,270	\$ 6,583,270	\$ 6,489,341	\$ (93,929)
Other operating revenues	455,324	748,542	495,937	(252,605)
Total operating revenue	<u>7,038,594</u>	<u>7,331,812</u>	<u>6,985,278</u>	<u>(346,534)</u>
Operating expenses				
Shelter care - Immigration and naturalizations	5,743,242	5,776,069	5,622,959	153,110
Depreciation	356,752	356,752	235,788	120,964
Total operating expenses	<u>6,099,994</u>	<u>6,132,821</u>	<u>5,858,747</u>	<u>274,074</u>
Operating income (loss)	<u>938,600</u>	<u>1,198,991</u>	<u>1,126,531</u>	<u>(72,460)</u>
Nonoperating revenues (expenses)				
Grants	32,403	46,164	46,194	30
Interest expense	(126,841)	(126,841)	(229,823)	(102,982)
Gain on sale of capital assets	-	-	723	723
Total nonoperating revenues (expenses)	<u>(94,438)</u>	<u>(80,677)</u>	<u>(182,906)</u>	<u>(102,229)</u>
Income (loss) before transfers	<u>844,162</u>	<u>1,118,314</u>	<u>943,625</u>	<u>(174,689)</u>
Transfers in	-	-	6,187,168	6,187,168
Transfer out	-	-	(3,970,686)	(3,970,686)
Change in net position	844,162	1,118,314	3,160,107	2,041,793
Total net position (deficit), beginning	<u>1,133,260</u>	<u>1,133,260</u>	<u>790,333</u>	<u>(342,927)</u>
Total net position, ending	<u>\$ 1,977,422</u>	<u>\$ 2,251,574</u>	<u>\$ 3,950,440</u>	<u>\$ 1,698,866</u>

Note: Capital outlay Original and Final budget was \$0 and \$274,152, respectively.

Schedule of Revenues, Expenses and Changes in Net Position (Deficit)
 Berks Heim Enterprise Fund - Budget and Actual
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Operating revenues				
Charges for services	\$ 38,467,121	\$ 38,467,121	\$ 38,241,317	\$ (225,804)
Other operating revenues	2,444,917	2,473,925	2,732,752	258,827
Total operating revenues	<u>40,912,038</u>	<u>40,941,046</u>	<u>40,974,069</u>	<u>33,023</u>
Operating expenses				
Financial administration	2,572,179	2,582,179	2,220,290	361,889
Administrative expenses	2,075,369	2,110,199	2,194,943	(84,744)
Special services	149,311	150,036	147,701	2,335
Dietary	3,322,635	3,432,985	3,414,326	18,659
Laundry	650,912	654,912	671,221	(16,309)
Environmental services	1,754,453	1,757,078	1,758,145	(1,067)
Plant operations	1,520,724	1,544,174	1,338,238	205,936
Nursing	17,841,277	17,795,202	18,520,020	(724,818)
Physician services	76,742	77,942	73,786	4,156
Pharmacy services	653,550	608,850	563,180	45,670
Medical services	323,518	323,518	320,235	3,283
Therapeutic activity	477,698	477,698	447,184	30,514
Social service	264,598	264,598	266,995	(2,397)
Physical therapy service	2,047,713	1,974,713	1,953,767	20,946
Staff development	314,483	314,483	441,787	(127,304)
Materials management	225,993	222,193	202,782	19,411
Personnel	116,689	116,749	117,437	(688)
Security	264,737	263,612	251,237	12,375
Volunteers	65,830	65,830	65,193	637
Nursing administration	1,242,821	1,246,131	1,235,730	10,401
Admissions	141,397	133,547	125,328	8,219
Depreciation	1,374,041	1,374,041	1,322,146	51,895
Total operating expense	<u>37,476,670</u>	<u>37,490,670</u>	<u>37,651,671</u>	<u>(161,001)</u>
Operating income (loss)	<u>3,435,368</u>	<u>3,450,376</u>	<u>3,322,398</u>	<u>(127,978)</u>
Nonoperating revenues (expenses)				
Grants	-	-	5,328	5,328
Investment earnings	-	-	918	918
Interest expense	(902,741)	(902,741)	(755,762)	146,979
Bond issuance costs	(12,180)	(12,180)	-	12,180
Total nonoperating revenues (expenses)	<u>(914,921)</u>	<u>(914,921)</u>	<u>(749,516)</u>	<u>165,405</u>
Capital Contributions	-	-	14,202	14,202
Transfers in	-	-	5,535,920	5,535,920
Change in net position	<u>2,520,447</u>	<u>2,535,455</u>	<u>8,123,004</u>	<u>5,587,549</u>
Total net position (deficit), beginning	<u>(3,920,804)</u>	<u>(3,920,804)</u>	<u>(4,319,965)</u>	<u>(399,161)</u>
Total net position (deficit), ending	<u>\$ (1,400,357)</u>	<u>\$ (1,385,349)</u>	<u>\$ 3,803,039</u>	<u>\$ 5,188,388</u>

Note: Capital outlay Original and Final budget was \$208,177 and \$231,685, respectively.

Schedule of Changes in Net Position
 Agency Fund
 Year ended December 31, 2013

County of Berks
 2013 Annual Financial Report

	Balance January 1, 2013	Net Change Incr (Decr)	Balance December 31, 2013
Assets			
Cash and cash equivalents	\$ 7,743,494	\$ 444,732	\$ 8,188,226
Total assets	<u>\$ 7,743,494</u>	<u>\$ 444,732</u>	<u>\$ 8,188,226</u>
Liabilities			
Due to third parties by department:			
Prothonotary	\$ 631,098	\$ 80,978	\$ 712,076
Register of Wills	125,398	16,269	141,667
Berks Heim	498,370	(179,549)	318,821
District Attorney	837,029	511,949	1,348,978
Sheriff	1,769,450	287,255	2,056,705
Clerk of Courts	1,590,537	120,655	1,711,192
Juvenile Probation	13,128	(2,917)	10,211
Recorder of Deeds	1,268,341	(387,447)	880,894
Berks County Residential Center	2,760	4,212	6,972
Domestic Relations	97,883	34,826	132,709
Prison	77,377	(2,281)	75,096
Controller	25,011	9,539	34,550
Treasurer	805,404	(48,664)	756,740
Office of Aging	1,708	(93)	1,615
Total liabilities	<u>\$ 7,743,494</u>	<u>\$ 444,732</u>	<u>\$ 8,188,226</u>

