

County of Berks
Friendly Understandable Financial Statement (FUFS)
For the Year Ended December 31, 2014



Prepared by the Office of the Controller- Scott S. Poch, CPA Editor

Sandy Graffius, Controller

2014 Friendly Understandable Financial Statement (FUFs)



CONTROLLER'S GREETING

I can't believe another 4 years has flown by. It's time for another election year. After running my family company for 25 years I felt it was time to give back to our county. I didn't realize this was going to be a second career. Over the last 11 years - our accounting staff has been upgraded to all CPA's or Certified Government Financial Managers (CGFM). We are proud of the quality of our people and look forward to polishing our act even further. Our folks have produced our financial statement in record time and submitted it to the banks and bonding agencies. The health of the county is top notch. Our Pension Plan is fully funded and our bond rating is AA+. The interest rates on our bonds are favorable which keeps our taxes stable. We are proud of the fact that we had only one tax raise in 7 years. The financial team of the Treasurer, Budget director and Controller's office has formed a triangle of professionals who have continued to tighten the belt of the county.

This year we are showcasing the new 911 system. So much planning goes into these projects we sometimes forget our Berks population does not follow the upgrades as closely as we do here at the hub. It's in the middle of the FUFs along with pictures of four of our towers.

News about the County Departments - We have had a personnel change at the jail and now have a female warden. Our warden George Wagner retired and his chief deputy Janine Quigley was hired to replace him. Our state government has increased the amount of professionals mandated to report child abuse. Our phones have been ringing off the hook. The amount of requests for our Children and Youth staff has increased by 30%. We forget our county government is responsible for protecting our children and youth as well as funding parks and libraries.

As I write this message we are still waiting for a state budget to be passed. The folks who serve our Office of Aging - Children and Youth - mentally and physically disabled, are all waiting for the grant money to start flowing again from Harrisburg. In the meantime - they are borrowing money to keep their services to their clients coming. Until I got into the middle of county government - these issues never entered my mind. Hopefully I can get our Berks County population to think about these folks who need our help. We all pay taxes - we in the Controller's office try to spend the money wisely.

Anyone wanting to see the FUFs electronically can go to the website www.countyofberks.com and click on County Departments (upper left hand corner of the home page). Click on Controller Department- click on Financial Reports- and the FUFs will be in with the Financial Reports. Happy Reading!

Sincerely,

Sandy Graffius



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*Commissioners (from left to right):
Kevin S. Barnhardt, Mark C. Scott
and Christian Y. Leinbach*

BERKS COUNTY SERVICES

General Government- Administration

Includes services provided by the Commissioners, Controller, Treasurer, Recorder of Deeds, Budget, Election Services, Information Systems, Human Resources, Maintenance and others.

General Government- Judicial

Includes the Courts, and services provided by the District Attorney, Public Defender, Clerk of Courts, Prothonotary, Sheriff, District Justices, Coroner, Register of Wills and others.

Berks Heim (610) 376-4841 www.co.berks.pa.us/dept/BerksHeim

Provides quality, individualized, long term residential healthcare for the elderly of the County with emphasis on the social, emotional and physical well-being of residents.

Children and Youth (610) 478-6700 www.co.berks.pa.us/dept/CYS

Provides services to protect children and assure their physical and emotional well-being, as provided by law, and to preserve, strengthen and empower their families.

Area Agency on Aging (610) 478-6500 www.co.berks.pa.us/dept/Aging

Provides comprehensive and coordinated services to meet the needs of county residents age 60 and older, or those eligible physically disabled age 18 to 59.

Library System (610) 378-5260 www.berks.lib.pa.us

Consists of 23 libraries spread throughout the county. Berks County government provides approximately 45% of the funding and the Commonwealth provides roughly 32%. The remaining 23% of the budget is raised through donations and fundraisers.

Council on Chemical Abuse (610) 376-8669 www.councilonchemicalabuse.org

Supports drug and alcohol prevention and intervention for all Berks County residents, and treatment services for persons of low and moderate income.

Employment and Training (610) 988-1300 www.co.berks.pa.us/dept/Careerlink

Provides work force resources for job seekers and employers through Berks Career Link.

Parks & Recreation (610) 372-8939 www.co.berks.pa.us/dept/Parks

Provides recreational opportunities and educational programs for its 11 county-owned parks.



Where We Eat



Austin's Restaurant



Fifth Street Diner



Emily's Pub



The Peanut Bar



The Speckled Hen

Our Sports Teams



Wyomissing- Football



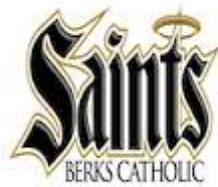
Reading - Basketball



Oley- Field Hockey



Wilson- Girls Soccer



Berks Catholic- Girls Volleyball

Live Shows



Santander Arena



Santander Performing Arts Center



Miller Center



Genesis Theatre



Reading Community Players

Radio Towers
By Brian Gottschall
Director of Emergency Services

Over 10 years ago the Communication Center (one of the legacy departments that were merged to make the Department of Emergency Services) began discussing the need for an upgrade to our countywide public safety radio communication system. Even at that time, our radio system was old and outdated. Some of the core hardware still utilized vacuum tubes. Fire, police and EMS workers in the field could not call from one location in the county to another. The communications center would frequently need to act as an intermediary to relay messages from an incident commander to units incoming to an emergency scene. Portable radios (walkie-talkies) were almost unusable inside of structures for the purpose of calling back to the communications center.

These discussions continued for a number of years as various Boards of Commissioners struggled with the cost of an upgrade. In 2009, with a federal government mandate to make significant changes to our system looming, the Board decided that the right thing to do was to complete the long called for upgrade in conjunction with the federally mandated changes. This began an extensive planning and procurement process that included, not only the design of the purchase of a radio system, but also the updating of the “subscriber radios” in use by emergency and affiliate workers throughout the county.

Also necessary, was a process to secure access to land for the construction of 19 radio towers to ensure the system had the reach necessary to allow our emergency responders to communicate reliably when performing their jobs.

While some of these towers were constructed on county owned land, most were built on parcels owned by private individuals, companies, or municipalities in the county.

Wherever possible, the County negotiated leases with the land owners that extend for 29 years and most of these leases were then bought out at a net present value calculation. This ensured that we could expend the minimal amount possible while still locking in the location for an extended period of time before making the necessary construction improvements on the land.

All the municipalities in the county needed new radios for their emergency workers. In many cases, the total cost was more than their municipal budgets could accommodate in a single year. To help the different government and volunteer groups, the Commissioners decided to borrow the money at the county level and make no interest loans to the municipalities. This permitted the municipalities to provide for the needs of their emergency workers while spreading the cost over 7 years. At the time of this report we’re happy to acknowledge that all municipalities are up to date on their annual payments.

The County has committed to proper ownership of this critical infrastructure and has negotiated the first 10 years of maintenance into the system purchase price with pre-designated cost increase controls on the 5 years after that. With proper upgrades and maintenance this system has an indefinite lifespan.

This project is the largest and most technically complex undertaking ever commissioned by the County of Berks. In terms of cost, it is second only to the construction of the County Services Center building and Courthouse renovation. The metrics are mind-boggling. To date, 4,702 radios are active on the system. Almost 700 of these radios are in use by county agencies like the Sheriff, Jail, Parks and Probation. The balance are used by emergency responders serving from one end of the county to the other. Over 5,000 feet of tower steel has been placed in the air at 20 locations throughout the county. The total cost of approximately \$55 million was partially funded by low interest bond issues and the balance came from General Fund reserves.

This new equipment and capability will help keep our Berks County emergency responders safe, in touch with each other and able to do their jobs in serving our citizens more efficiently for a long time. Hats off to the entire team at our Department of Emergency Services who worked tirelessly in seeing this system through to deployment, and many thanks to the staff there, as well as all the volunteer and career emergency responders in Berks County who work to keep us safe no matter when we need their help!



Bethel



North Campus



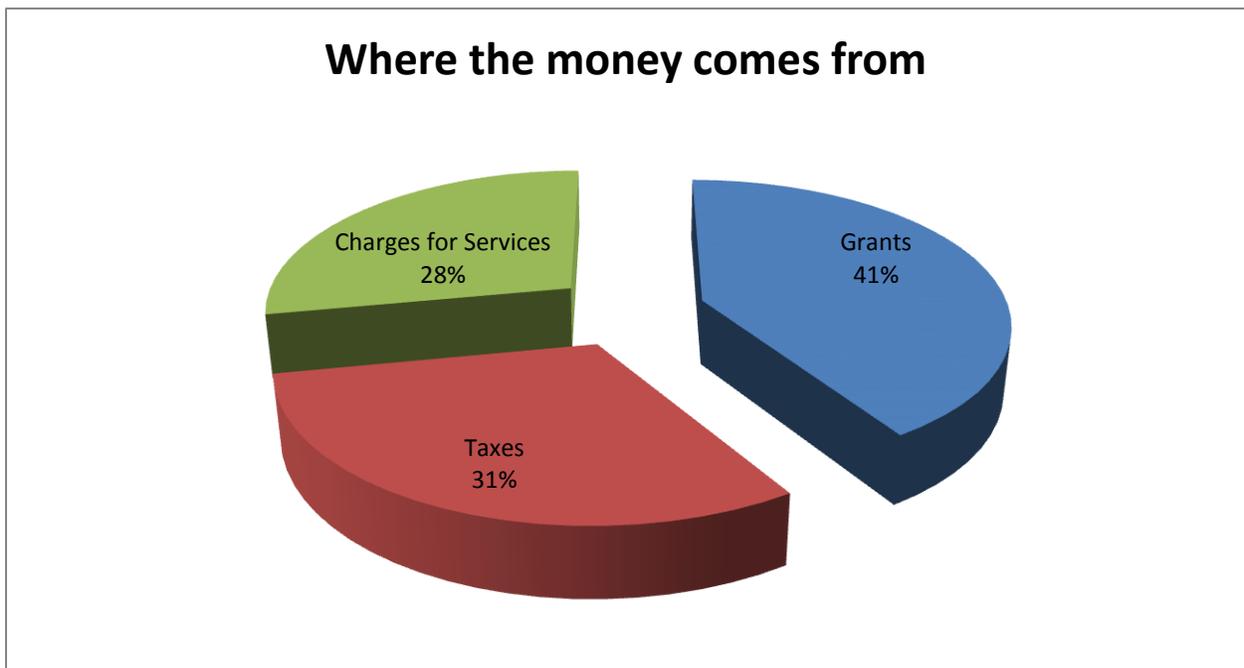
Mt. Penn



Ontelaunee

SOURCES OF REVENUES (where the money comes from)

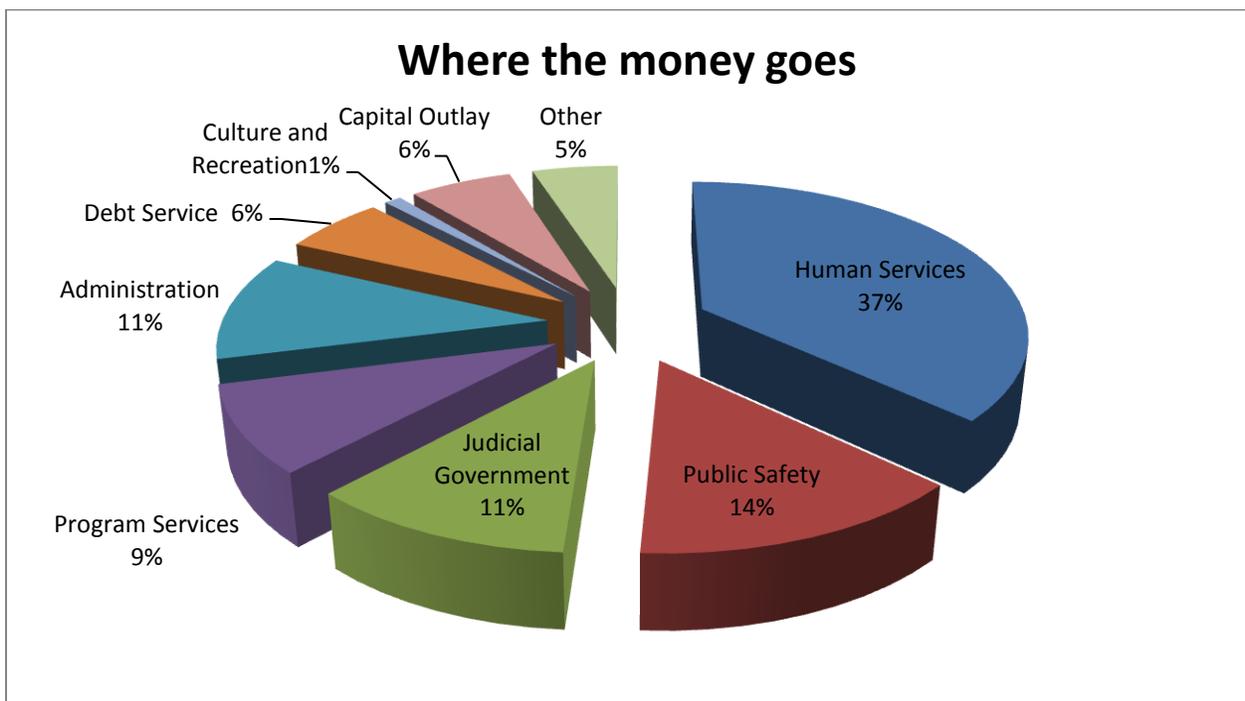
Revenues totaled \$439.4 million for 2014, while total expenses were \$451.2 million. Revenues were up \$3.6 million over the prior year, primarily due to increased expenses for the Departments. The state and federal government gets billed by the Departments and pays back the County for paying these bills up front. Expenses were up by \$6.0 million primarily due to larger repair costs for the various County-owned bridges and facilities improvements at the Prison. The County’s money comes from federal and state program grants (the largest segment at 41% of revenues), property and hotel taxes (at 31% of the total) and charges for services performed by operating departments of the County (the remaining 28%). With such a large dependence on federal and state grants to fund social programs, it leaves the County very susceptible to budget cuts at the federal and state levels. When this happens, it would then be up to the Commissioners to decide whether to provide for these programs out of future saved funds, increase taxes to pay for the programs, downsize the programs or eliminate selected ones entirely.



COUNTY EXPENSES (where the money goes)

As with most counties in Pennsylvania, the Human Services function is by far the single largest area of expense for Berks County (37% of total expenses). Expenditures in the area include Children and Youth Services, Health Choices, Mental Health/ Developmental Disabilities, Area Agency on Aging, Domestic Relations, Employment & Training, and Drug and Alcohol Prevention. Many of these expenditures are dictated by mandates (demands) coming down from federal and state governments beyond the County's control. The problem is, when the federal and state budgets are cut the county must come up with the money to fund these mandates. Judicial, Courts and Public Safety functions account for another 25% of total expenditures.

The Board of Commissioners has actual "control" over no more than 25% of the discretionary County expense budget. It is with this in mind that elected officials must constantly monitor local activities as well as those in Harrisburg and Washington. Decisions made outside of Berks County affect us greatly. That's why the County's elected officials are in regular contact with state lawmakers and government associations to stay informed about pending legislation and present local views of importance to federal and state decision makers.



FINANCIAL OVERVIEW

Berks County is fortunate to be on a sound financial footing as we report the results of operations for the calendar year 2014. Property tax rates remain unchanged at 7.372 mills. The County's overall net position (total assets plus deferred outflows of resources less total liabilities less deferred inflows of resources) for 2014 increased by \$29.4 million to \$224.2 million. It is necessary to remember that included in net position are capital assets (buildings and bridges) and restricted funds (funds set aside for special projects) that are not available for spending on daily operations.

Assets	<u>2014</u>	<u>2013 (restated)</u>	<u>2012</u>
Cash and investments	\$ 178,602,038	\$ 189,326,367	\$ 163,200,721
Other current assets	<u>45,329,178</u>	<u>44,585,177</u>	<u>46,624,398</u>
Total current assets	223,931,216	233,911,544	209,825,119
Noncurrent assets	<u>365,201,416</u>	<u>346,578,693</u>	<u>354,435,952</u>
Total assets	<u>589,132,632</u>	<u>580,490,237</u>	<u>564,261,071</u>
Deferred outflows of resources	<u>8,391,884</u>	<u>389,718</u>	<u>1,064,117</u>
Liabilities:			
Current liabilities	66,728,232	60,361,261	54,804,655
Noncurrent liabilities	<u>292,452,366</u>	<u>311,411,227</u>	<u>302,190,740</u>
Total liabilities	359,180,598	371,772,488	356,995,395
Deferred inflows of resources	<u>14,171,773</u>	<u>14,326,061</u>	<u>9,038,250</u>
Net position	<u>\$ 224,172,145</u>	<u>\$ 194,781,406</u>	<u>\$ 199,291,543</u>

COUNTY OFFICIALS AT YOUR FINGERTIPS:

<u>OFFICE</u>	<u>OFFICIAL</u>	<u>PHONE</u>
Commissioner, Chair	Christian Y. Leinbach	(610) 478-6136
Commissioner	Kevin S. Barnhardt	(610) 478-6136
Commissioner	Mark C. Scott	(610) 478-6136
Controller	Sandra M. Graffius	(610) 478-6150
Clerk of Courts	James P. Troutman	(610) 478-6550
Coroner	Dennis J. Hess	(610) 478-3280
District Attorney	John T. Adams	(610) 478-6000
Prothonotary	Marianne R. Sutton	(610) 478-6970
Recorder of Deeds	Frederick C. Sheeler	(610) 478-3380
Register of Wills	Lawrence J. Medaglia Jr.	(610) 478-6600
Sheriff	Eric J. Weaknecht	(610) 478-6240
Treasurer	A. Dennis Adams	(610) 478-6640

OTHER DEPARTMENTS:

Agricultural Coordinator	(610) 898-5482
CareerLink	(610) 988-1300
Election Services	(610) 478-6490
Emergency Services	(610) 374-4800
Library System	(610) 378-5260
Parks & Recreation	(610) 372-8939
Purchasing	(610) 478-6168
Veterans Affairs	(610) 378-5601
Solid Waste Authority	(610) 478-6362

PENNSYLVANIA STATE HOTLINES:

Child Abuse	(800) 932-0313
Crisis & Suicide (Berks)	(610) 236-0530
Elder Abuse	(800) 490-8505
Welfare Fraud	(800) 932-0582

Fraud, Waste, and Misuse Hotline



NOTICE TO ALL COUNTY EMPLOYEES and the GENERAL PUBLIC

- Report Suspected Fraud and Theft
 - Information Is Confidential
 - Remain Anonymous

(610) 478-6118 Ext. 5111

(Secured and Monitored by The County of Berks Human Resources Department)

For additional information, please contact:



Sandy Graffius, Controller
County of Berks
610-478-6150 Ext. 6155
sgraffius@countyofberks.com

