

Comprehensive
Annual Financial
Report for the
Year Ending
December 31, 2016



County of Berks,
Pennsylvania

County of Berks, Pennsylvania

Comprehensive Annual Financial Report for the Year Ending December 31, 2016

Commissioners:

Christian Y. Leinbach, Chair

Kevin S. Barnhardt, Vice Chair

Mark C. Scott, Esq.

Prepared by the

Office of the Controller

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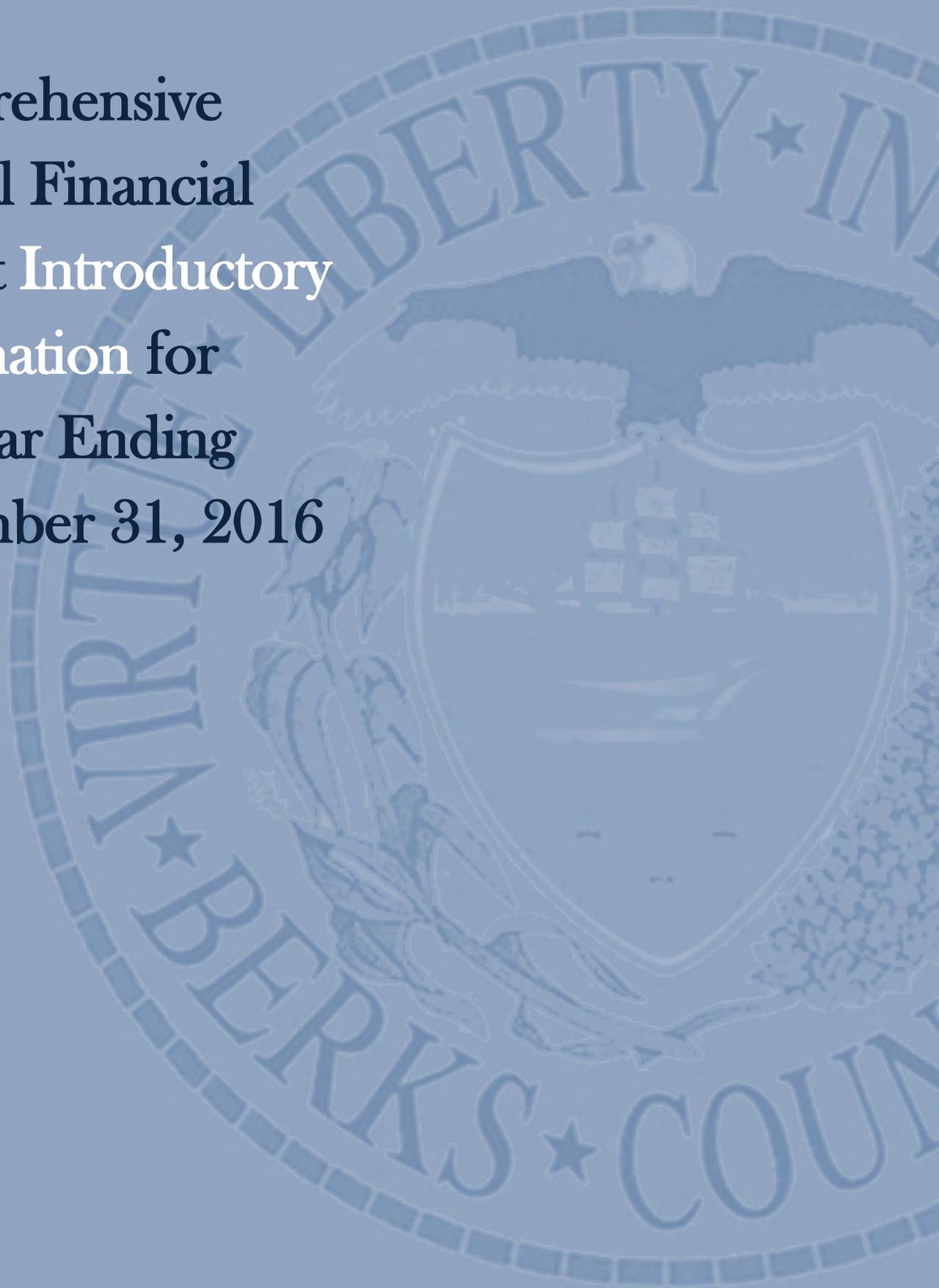
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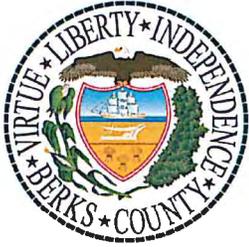
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County of Berks, Pennsylvania

Comprehensive Annual Financial Report **Introductory** Information for the Year Ending December 31, 2016





COUNTY OF BERKS, PENNSYLVANIA

Office of the Commissioners

Services Center, 13th Floor
633 Court Street
Reading, PA 19601

Phone: 610.478.6136

Fax: 610.478.6293

E-mail: commissioners@countyofberks.com

Christian Y. Leinbach, Commissioner Chair
Kevin S. Barnhardt, Commissioner
Mark C. Scott, Esq., Commissioner

Ron Seaman, Chief Administrative Officer
Christine M. Sadler, Solicitor
Maryjo Gibson, Chief Clerk

June 30, 2017

To: The Citizens of the County of Berks

This Comprehensive Annual Financial Report (CAFR) of the County of Berks for the year ended December 31, 2016 is submitted herewith to the citizens of the County of Berks and other interested readers of these financial statements. This CAFR was prepared by the Office of the Controller on behalf of the Board of Commissioners. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with County management. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a clear understanding of the County's financial affairs have been included.

The organization, form, and contents of this CAFR and the accompanying financial statements and statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA) and the American Institute of Certified Public Accountants (AICPA). The County's financial statements have been audited by the certified public accounting firm of RKL, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2016 are free of material misstatement. The independent certified public accounting firm has issued an unmodified opinion on the County's financial statements as of and for the year ended December 31, 2016. The auditor's report is located at the beginning of the financial section of this report.

As a recipient of federal financial assistance, the County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit is included in a separately issued Single Audit Report issued by the County's external CPA firm.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the County's internal accounting controls (1) adequately safeguard assets, (2)

Letter of Transmittal

2016 Comprehensive Annual Financial Report

provide reasonable assurance of proper recording of financial transactions, and (3) maintain accountability for assets.

The letter of transmittal is designed to complement, and should be read in conjunction with, Management's Discussion and Analysis (MD&A), and the included financial statements and financial statement notes. MD&A provides a narrative introduction, overview, and analysis of the financial statements and can be found immediately following the report of independent auditors.

Profile of the County and Government

The County of Berks is a diamond shaped area of 864 square miles located in Southeast Pennsylvania. It is strategically located at the intersection of a dynamic market of economic, trade and industrial activities in the New York - Washington, DC corridor. The county seat, the City of Reading, is 56 miles northeast of Philadelphia, one of the leading industrial and trade complexes of the nation, while also being near other major metropolitan areas of Baltimore, 97 miles to the south, and New York City, 125 miles to the northeast. The County is bordered by Lebanon and Lancaster Counties to the Southwest, Chester and Montgomery Counties to the Southeast, Lehigh County to the Northeast, and Schuylkill County to the Northwest.

Originally settled over 250 years ago, the County has shifted from primarily an agrarian-based economy to mining and forging, to manufacturing, and most recently to service-related business. The trend away from manufacturing is expected to continue into the next decade. The service industry, in particular banking, retail, business, health, and social services, is projected to grow the most over the next ten years. The County's current estimated population is 413,691 in 73 boroughs, townships and the City of Reading, and has been exhibiting an upward trend for the last decade.

The County is a third class county, by population, and is governed by a Board of Commissioners under the County Code of 1955. Three County Commissioners, not all from the same political party, are elected every four years, and are assisted in the operation of County government by 9 elected Row Officers, 16 elected Judges of Court and Judicial Officers, and several appointed department heads. A full organization chart follows this Letter of Transmittal.

On an annual basis, the County must develop an Operating and Capital Projects Budget, which serves as the foundation of the County's financial planning and control system. The County Commissioners must adopt this annual revenue and expenditure budget for the County by December 31 of each year for the subsequent year. In 2016, the Commissioners adopted a balanced budget, requiring no tax increase.

Financial Reporting Entity

This CAFR includes all funds (agencies) of the County, and through those funds, provides a full range of services including the court system, prison, nursing home, education and cultural programs, public safety, economic development, human services programs for children, families and the aged, as well as general administration. In addition to general governmental activities, the County also has discretely presented component units. These units of government are included in the County's reporting entity because of the County's authority to appoint a voting majority of their boards of directors and their dependent financial relationships with the County. Please refer to Note 1.A in the Notes to the Financial Statements for detailed information about the County's component units and related organizations.

Letter of Transmittal
2016 Comprehensive Annual Financial Report

Economic Condition & Outlook

Overall, the County economy continues to show slow and steady growth. The labor market remains strong and the labor force grew 1.5% this past year. The unemployment rate remained nearly steady and continues to be below the national level. Manufacturing remains the largest employment sector of Berks County's economy and contributes the most to Berks County's GDP. In July, East Penn Manufacturing opened a \$150 million expansion facility at its Lyons campus, ultimately creating several hundred additional manufacturing jobs. In October, the Reading Health System completed its \$346 million expansion project and opened its multilevel surgical Healthplex building, thereby increasing campus space by 20%. The System continues to open numerous urgent care and surgical facilities throughout the County.

The County maintains many investments to facilitate operations, capital expansion and retirement plans. The investment policy is to minimize credit and market risks, while maintaining a competitive yield on the portfolios. Accordingly, deposits are insured by federal depository insurance, invested in governmental obligations, or collateralized in accordance with the Commonwealth of Pennsylvania Act 72. The County maintains a defined benefit retirement plan with mandatory membership for all full-time County employees, through a 5% required contribution. Net plan position was valued at \$417,550,029, an increase of 4.6% from the prior year. Please refer to Note 2 in the Notes to Financial Statements for a detailed analysis of cash and investment information and to Note 7 in the Notes to the Financial Statements for disclosure on the County's Employees' Pension Plan.

Even though the County was able to implement a no tax increase budget for the 2017 year, succeeding year's budgets are forecast to face a continued revenue compression from both federal and state governments in funding the areas of Children and Youth Services, Juvenile Probation and Youth Detention. In addressing these issues, the County is committed to maintaining a balanced budget, while working to restructure and reduce operating costs. The County is now completing its eleventh year of self-insurance in healthcare coverage, while maintaining other third party coverage to control the rising, overall cost of insurance protection. Analysis of the ten year history points to a substantial out-of-pocket savings through self-insurance. Workers Compensation Insurance has been similarly self-insured, in this case since 2002. Please refer to Note 9 in the Notes to Financial Statements for detailed Risk Management information.

For the third consecutive year the County maintained its continuing effort to maximize cash flow related to its debt issues, and issued its 2016 General Obligation Bonds. Proceeds of the 2016 bond issue were used to advance refund the County's 2009 Series A General Obligation Bonds resulting in a substantial cumulative savings on future debt service payments. Several major capital projects were completed during the year, most notable the Normal Avenue and Phillips bridges and a portion of the Elevator Modernization Project.

Going forward, in order to eliminate the need for future tax increases, it is imperative that the County continue to maximize non-property tax revenue and streamline its service delivery. It is likewise vital to maintain an adequate level of General Fund balance, and not look to this fund to finance future shortfalls in operating revenues. These steps and a five-year financial forecast are part of the County's long-term financial planning process.

**Letter of Transmittal
2016 Comprehensive Annual Financial Report**

Certificate of Achievement

The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the year ended December 31, 2015. The County has received this prestigious award for one year. In order to be awarded a Certificate of Achievement, the County is required to publish an easily readable and efficiently organized CAFR that satisfies both GASB and applicable legal requirements.

A Certificate of Achievement is valued for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine eligibility for another certificate.

Acknowledgements

The preparation of this CAFR could not have been accomplished without the dedicated efforts and professionalism of the staff of the Accounting Department in the Office of the Controller and the Office of Budget and Finance. We would like to personally thank these individuals for their assistance in improving both the accuracy and quality of this important County document.

We would like to further express our appreciation to the certified public accounting firm of RKL, LLP, who audited the general ledger and financial statements from which these schedules are taken, and who provided invaluable guidance in its presentation.

Respectfully submitted,



Christian Y. Leinbach
Commissioner Chair



Kevin S. Barnhardt
Commissioner



Mark C. Scott, Esq.
Commissioner



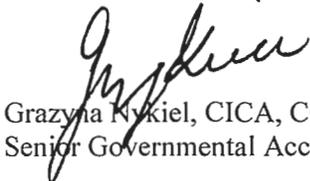
Sandra M. Graffius
Controller



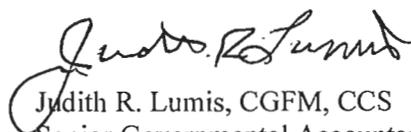
Ronald M. Rutkowski, APM
Deputy Controller



William T. Consugar, CPA, CGMA
Manager of Financial Reporting

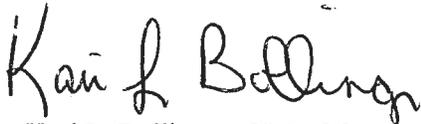


Grazyna Nykiel, CICA, CGFM
Senior Governmental Accountant—Team Lead



Judith R. Lumis, CGFM, CCS
Senior Governmental Accountant

**Letter of Transmittal
2016 Comprehensive Annual Financial Report**



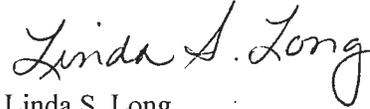
Kari L. Bollinger, CPA, CGMA
Senior Governmental Accountant



Michael R. Oppenheimer, CPA, CGMA
Senior Governmental Accountant



Scott S. Poch, CPA, CGMA
Senior Governmental Accountant



Linda S. Long
Accounting Assistant



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Berks
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

County of Berks
List of Elected Officials
June 2017

Commissioners

Christian Y. Leinbach, Chair
Kevin S. Barnhardt, Vice Chair
Mark C. Scott, Esq.

Controller
Sandra M. Graffius

Clerk of Courts
James P. Troutman

Treasurer
A. Dennis Adams, CPA

District Attorney
John T. Adams, Esq.

Register of Wills
Lawrence J. Medaglia, Jr.

Coroner
Dennis J. Hess

Acting Prothonotary
Jonathan DelCollo

Sheriff
Eric J. Weaknecht

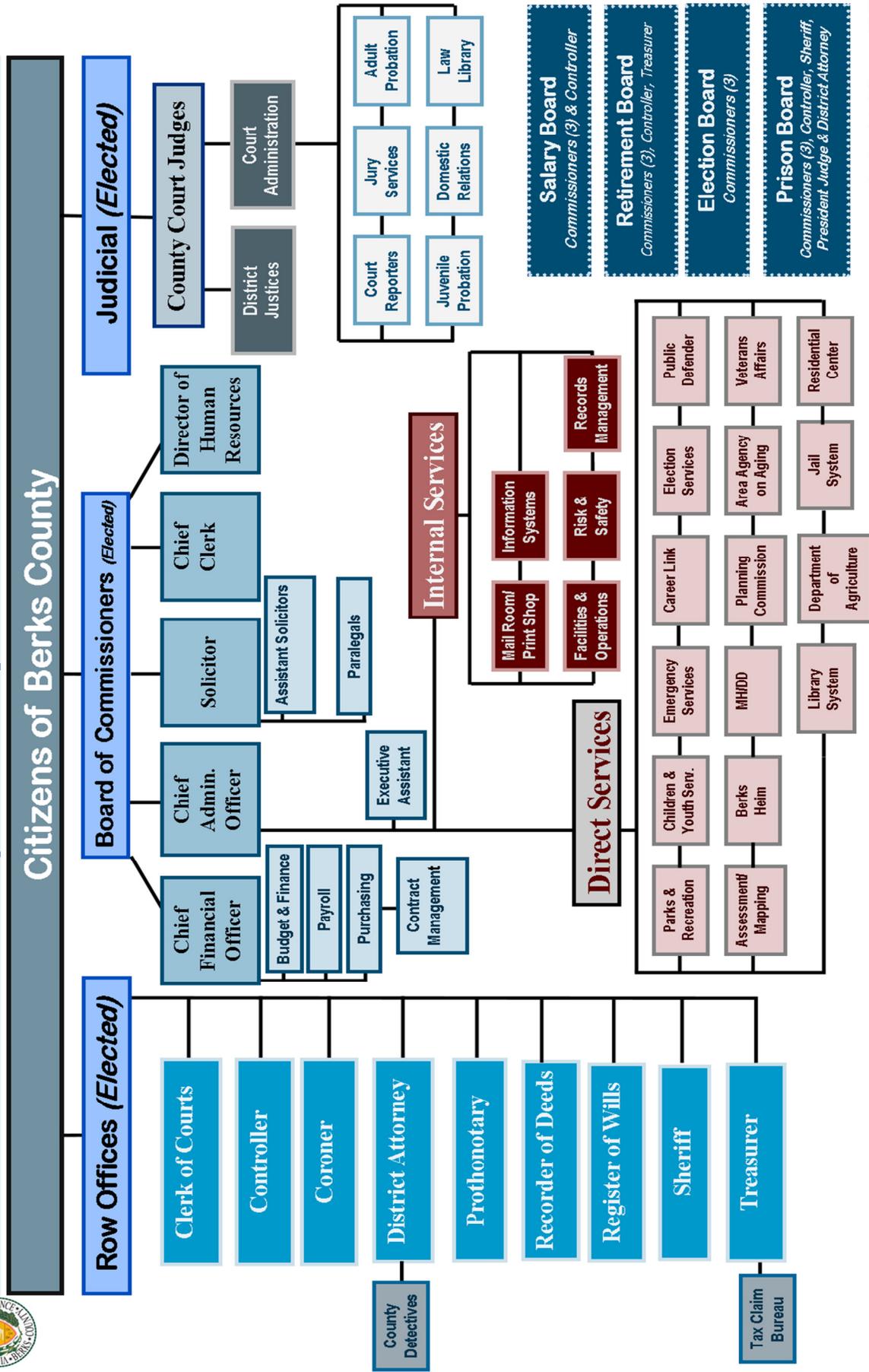
Recorder of Deeds
Frederick C. Sheeler

Judges of Court

Honorable Paul M. Yatron, President Judge
Honorable Jeffrey K. Sprecher, Judge
Honorable Scott E. Lash, Judge
Honorable Mary Ann Ullman, Judge
Honorable Thomas G. Parisi, Judge
Honorable James M. Bucci, Judge
Honorable Timothy J. Rowley, Judge
Honorable Madelyn S. Fudeman, Judge
Honorable M. Theresa Johnson, Judge
Honorable James M. Lillis, Judge
Honorable Eleni Dimitriou Geishauser, Judge
Honorable Patrick T. Barrett, Judge
Honorable Jill Gehman Koestel, Judge
Honorable Arthur E. Grim, Senior Judge
Honorable Peter W. Schmehl, Senior Judge
Honorable Scott D. Keller, Senior Judge
Honorable Stephen B. Lieberman, Senior Judge
Honorable John A. Boccabella, Senior Judge



County of Berks Organizational Chart



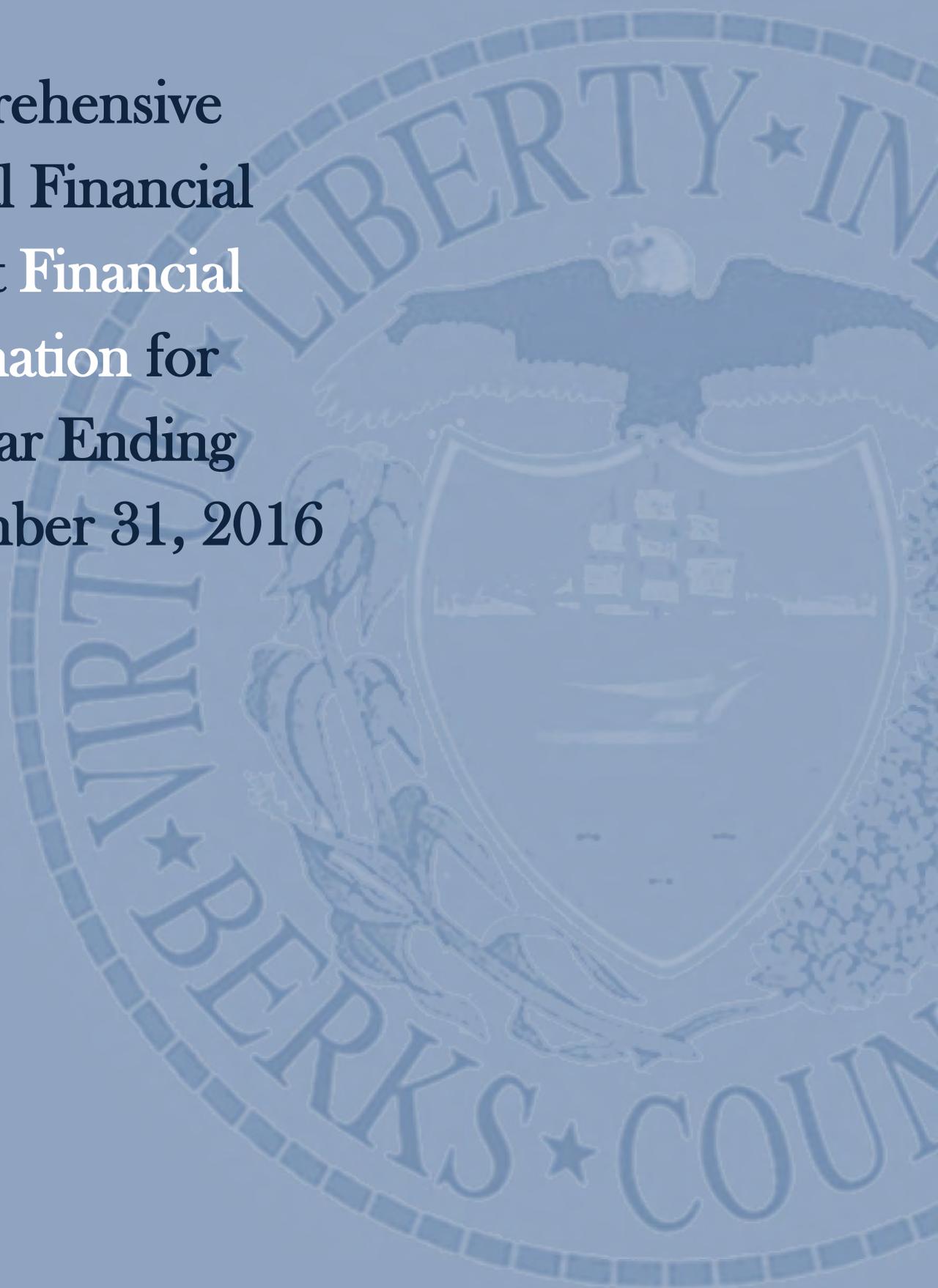
Last updated January 2017

County of Berks, Pennsylvania



County of Berks, Pennsylvania

Comprehensive Annual Financial Report **Financial** Information for the Year Ending December 31, 2016





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, 2016.



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, 2016, 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, 2016 and June 30, 2016, respectively, which represent 99%, 99%, and 94% of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, respectively. 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 reports 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, Pennsylvania, as of December 31, 2016, 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, including Management's Discussion and Analysis on Pages 13 - 26, budgetary comparison information on Pages RSI 1 - 6, Schedule of Changes in the County of Berks' Net Pension Liability and Related Ratios and Schedule of County Contributions on Pages RSI 7 and 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 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.

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 introductory section, other supplementary information in the table of contents listed on Pages OSI 2 - 22 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Supplementary Information (continued)

The introductory section, other supplementary information, and statistical section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information on Pages OSI 2 - 22 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 other supplementary information on Pages OSI 2 - 22 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017 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 the County of Berks' internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "RKL LLP".

June 30, 2017
Wyomissing, Pennsylvania



MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis section is to provide users of the basic financial statements with a narrative introduction, overview and analysis of those statements.

County of Berks
Management's Discussion and Analysis
December 31, 2016
(amounts rounded to nearest thousand)

The County of Berks (County) management discussion and analysis (MD&A) is intended to present a narrative overview of the County and an analysis of the County's financial performance for the year ended December 31, 2016. The MD&A is intended to be read in conjunction with the transmittal letter at the beginning of this report and the County's basic financial statements and notes to financial statements following this section in order to obtain a thorough understanding of the County's financial condition at December 31, 2016. Dollar amounts throughout the MD&A are rounded to the nearest thousand of dollars unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The County's net position, restated for 2015, increased in 2016 by \$23,612 to \$275,419. Unrestricted net position at year-end decreased by \$16,933 to \$139,356.
- Total outstanding bonds and other debt at December 31, 2016 was \$253,535, a decrease of \$30,181 from the prior year, as a previous bond issue was entirely refunded. The County's bond rating from Moody's is **Aa1**, stable outlook.
- Property tax rates remained unchanged at 7.372 mills for the fourth straight year in 2016.
- During 2016, the County's General Fund balance decreased by \$16,443 to \$134,841. The unassigned portion of that fund balance was \$118,930, a decrease of \$16,093 from the unassigned fund balance at the end of 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following narrative explains the County's basic financial statements. The basic financial statements consist of three parts: (1) Government-wide financial statements (2) Fund financial statements (3) Notes to basic financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements, (pages FS 2-5 of this report), provide a broad overview of the County's overall financial status, as well as the financial status of the County's component units, in a manner similar to a private-sector business, using the accrual basis of accounting. Please refer to Note 1, section B, for further information regarding accrual basis of accounting.

The *Statement of Net Position* includes information on all County assets, deferred outflows and inflows of resources, and liabilities, with the difference between these items being reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Net position is one way to measure the County's financial position. Over time, increases or decreases in the County's net position is one indicator of whether the County financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The *Statement of Activities* includes information that focuses on how the County's net position changed during the year. All changes to net position are recorded using the accrual basis of accounting, which requires that revenues be recorded when they are earned and expenses be recorded when the goods and/or

County of Berks
Management's Discussion and Analysis
December 31, 2016
(amounts rounded to nearest thousand)

services are received, regardless of when cash is received or paid. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

These government wide financial statements separate functions of the County into governmental and business-type activities. Governmental activities are principally supported by intergovernmental revenues and property taxes. These activities include general government, judicial, public safety, culture and recreation, community and economic development, public works, community support, debt service administrative expenses and solid waste. The business-type activities of the County include Berks Heim, the County's long-term care facility, and the Residential Center. These activities charge a fee to those residents and customers to help cover the cost of services or submit costs for reimbursement through cost reimbursement plans.

The primary government and its discretely presented component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the County can exercise influence and/or be obligated to provide financial support. The County has three discretely presented component units including the Berks County Solid Waste Authority; Reading Regional Airport Authority; and Reading Area Community College. Complete and detailed financial statements for the individual component units can be obtained from their administrative offices (See Note 1 of the Notes to the Financial Statements for addresses.)

Fund Financial Statements provide more detailed information on the County's individual funds. A fund is a group of related accounts used to keep track of specific sources of funding and spending for particular purposes, using the modified accrual basis of accounting. Please refer to Note 1, section B for further information regarding modified accrual basis of accounting. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. The County has three kinds of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds statements report the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending.

Since the focus of governmental funds is narrower than the government wide financial statements, it is helpful to compare the information presented in each type of financial statement. The comparison between governmental activities and governmental funds is facilitated in reconciliations that follow both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances.

The County maintains eighteen individual government funds, three of which are considered to be major governmental funds. Information for the General Fund, Children and Youth Services, and Health Choices is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances. Data for non-major governmental funds are combined into a single, aggregated presentation. Summary fund data by fund type and individual fund data for these non-major governmental funds is provided as other supplementary information in the form of combining statements found on Other Supplemental Information ("OSI") pages 2-7 of this report.

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The County adopts an annual budget for all governmental funds. Budgetary comparisons are provided for the County's major funds on pages Required Supplemental Information ("RSI") pages 1-5, while the non-major funds are provided on pages OSI pages 8-20.

Proprietary funds report business-type programs and activities that charge fees designed to recover the cost of providing services. Proprietary funds provide the same type of information as the government-wide financial statements; however, more detailed information is provided and the cash flow statement is included. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, using the full accrual basis of accounting. Enterprise Funds in the County are used to account for the Berks County Residential Center and Berks Heim. The County adopts an annual budget for the proprietary funds, as required by the state law. Budgetary comparisons of the County's proprietary funds are presented as OSI. The proprietary fund financial statements are found on pages FS 10-12 and OSI 19-20 of this report.

Fiduciary funds are funds for which the County is the trustee or fiduciary. These include the Berks County Employees' Retirement Fund and certain agency funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations. The fiduciary fund financial statements are found on pages FS 13-14 of this report.

Notes to the Basic Financial Statements provide detailed information that is needed for a full understanding of the data provided in the government-wide and fund financial statements. The notes are an integral part of the financial statements and should be reviewed in conjunction with them. The notes can be found on pages N 1–N 75 of this report.

Required Supplementary Information includes budgetary comparison schedules for the General Fund and for major special revenue funds, notes on the budgetary basis of accounting, as well as schedules related to the County's net pension liability and County pension contributions. Required supplementary information can be found on pages RSI 1 to 8 of this report.

Other Supplementary Information includes the nonmajor funds balance sheet, budgetary comparison schedules for the nonmajor special revenue funds, the enterprise funds, and the change in net position of the agency fund. Other supplementary information can be found on pages OSI 2 to 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

The County of Berks' net position, which is the amount that assets and deferred outflows of resources exceed liabilities and deferred inflows of resources was \$275,419 at December 31, 2016. The following table breaks out governmental activities from business-type activities for total assets, total deferred outflows of resources, total liabilities, total deferred inflows of resources, and net position.

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
		(Restated)		(Restated)		(Restated)
Noncapital assets	\$ 255,459	\$ 283,574	\$ 7,213	\$ 3,666	\$ 262,672	\$ 287,240
Capital assets	<u>285,221</u>	<u>275,881</u>	<u>35,531</u>	<u>35,667</u>	<u>320,752</u>	<u>311,548</u>
Total assets	540,680	559,455	42,744	39,333	583,424	598,788
Deferred outflows	<u>27,732</u>	<u>32,491</u>	<u>5,249</u>	<u>6,978</u>	<u>32,981</u>	<u>39,469</u>
Total assets and deferred outflows	<u>568,412</u>	<u>591,946</u>	<u>47,993</u>	<u>46,311</u>	<u>616,405</u>	<u>638,257</u>
Current liabilities	71,336	86,690	4,467	3,936	75,803	90,626
Noncurrent liabilities	<u>222,432</u>	<u>251,344</u>	<u>28,130</u>	<u>28,962</u>	<u>250,562</u>	<u>280,306</u>
Total liabilities	293,768	338,034	32,597	32,898	326,365	370,932
Deferred inflows	<u>13,390</u>	<u>14,197</u>	<u>1,231</u>	<u>1,321</u>	<u>14,621</u>	<u>15,518</u>
Total liabilities and deferred inflows	<u>307,158</u>	<u>352,231</u>	<u>33,828</u>	<u>34,219</u>	<u>340,986</u>	<u>386,450</u>
Net position:						
Net investment in capital assets	81,932	43,806	13,724	13,188	95,656	56,994
Restricted	40,408	39,885	-	-	40,408	39,885
Unrestricted	<u>138,914</u>	<u>156,024</u>	<u>441</u>	<u>(1,096)</u>	<u>139,355</u>	<u>154,928</u>
Total net position	<u>\$ 261,254</u>	<u>\$ 239,715</u>	<u>\$ 14,165</u>	<u>\$ 12,092</u>	<u>\$ 275,419</u>	<u>\$ 251,807</u>

During 2016, net position increased \$23,612, or 9.4% to \$275,419. Of this total, \$95,656 represents the net investment in capital assets (the net balance of long-term assets in excess of long-term debt), while \$40,408 is restricted for various purposes by external entities. The unrestricted net position of \$139,355 represents funds available to support operations or provide for the repayment of long-term debt. Reasons for this change include:

Current and other assets decreased by \$24,568, or 8.6%, to \$262,672. Reasons for this decrease include:

- Decrease in amounts due from other governments of \$34,247 because receivables from 2015 included the 3rd and 4th quarter money due from the Commonwealth of Pennsylvania as a result of the budget impasse causing payments not being made until 2016.
- Cash and investments increased by \$14,085 resulting from the receipt of money due from other governments during 2016 that the General Fund had paid for in advance during 2015.

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- Accounts receivable from Health Choices decreased by \$3,649 because 2015 revenue was received in 2016 related to an aid rate adjustment for the 2015 year.
- Unamortized bond refunding loss increased by \$1,901 primarily because of the refunding of the 2009 A Series bond resulting in a loss of \$2,661, as well normal amortization of all bond refundings during the year.

Capital assets are discussed in a subsequent analysis within this section.

Current liabilities decreased by \$14,823, or 16.4% to \$75,803. This decrease is because of a decrease in accounts payable of \$14,421 because of the payment of 2016 invoices in 2017 because of the state budget impasse during 2016.

Noncurrent liabilities decreased by \$29,744, or 10.6%, to \$250,562. This change is due primarily to the reasons described in the long-term debt section.

Changes in Net Position

The following statement of activities represents the balances and changes that occurred in net position for the year ended December 31, 2016. It shows revenues by source and expenses by function.

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	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
		(Restated)		(Restated)		(Restated)
Program revenues:						
Charges for services	\$ 47,758	\$ 34,981	\$ 56,732	\$ 61,536	\$ 104,490	\$ 96,517
Operating grants/contrib.	197,989	178,140	-	21	197,989	178,161
Capital grants/contrib.	11,664	7,127	9	-	11,673	7,127
General revenues:						
Property taxes	136,869	136,152	-	-	136,869	136,152
Hotel room tax	2,434	2,226	-	-	2,434	2,226
Payment in lieu of taxes	238	243	-	-	238	243
Investment earnings	1,474	1,135	2	8	1,476	1,143
Change - rate swaps	(1,110)	490	(79)	627	(1,189)	1,117
Miscellaneous - other	4,945	-	-	-	4,945	-
Gain on disposal of capital assets	87	21	-	-	87	21
Rental of space	465	390	-	48	465	438
Total revenues	<u>402,813</u>	<u>360,905</u>	<u>56,664</u>	<u>62,240</u>	<u>459,477</u>	<u>423,145</u>
Expenses:						
General government	36,083	24,518	-	-	36,083	24,518
Judicial	50,163	49,574	-	-	50,163	49,574
Public safety	73,693	60,793	-	-	73,693	60,793
Human services	195,370	173,389	-	-	195,370	173,389
Culture and recreation	8,048	7,757	-	-	8,048	7,757
Comm & econ development	5,736	6,467	-	-	5,736	6,467
Public works	1,108	2,213	-	-	1,108	2,213
Community support	602	564	-	-	602	564
Debt service	9,147	10,643	-	-	9,147	10,643
Solid waste	1,177	1,241	-	-	1,177	1,241
Dept of Emer. Serv.	-	-	-	12,445	-	12,445
Residential Center	-	-	7,877	6,999	7,877	6,999
Berks Heim	-	-	46,861	39,333	46,861	39,333
Total expenses	<u>381,127</u>	<u>337,159</u>	<u>54,738</u>	<u>58,777</u>	<u>435,865</u>	<u>395,936</u>
Change before other items	21,686	23,746	1,926	3,463	23,612	27,209
Other items:						
Transfers/cap contrib	(147)	1,089	147	(1,089)	-	-
Conversion to spec. rev.	-	6,090	-	(6,090)	-	-
Total other items	<u>(147)</u>	<u>7,179</u>	<u>147</u>	<u>(7,179)</u>	<u>-</u>	<u>-</u>
Change in net position	21,539	30,925	2,073	(3,716)	23,612	27,209
Net position - beginning	239,715	207,720	12,092	15,207	251,807	222,927
Prior Period Adjustments	-	1,070	-	601	-	1,671
Net position - ending	<u>\$ 261,254</u>	<u>\$ 239,715</u>	<u>\$ 14,165</u>	<u>\$ 12,092</u>	<u>\$ 275,419</u>	<u>\$ 251,807</u>

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The County's overall net position increased by \$23,612, which includes an increase due to governmental activities of \$21,539 and an increase in business-type activities of \$2,073.

Governmental activities:

Revenues increased by \$41,908. Charges for services increased \$12,777 due to an increase in service levels and because this is the first year that \$11,489 of Department of Emergency Services revenue has been included in governmental activities and not business type activities because of a change in the funding stream and anticipated expenses being more than the funding. Operating grant revenue increased by \$19,849 primarily due to an increase in managed care organization tax of approximately \$7,000 and an increase in usage in Health Choices of approximately five thousand seven hundred members, which accounts for the \$8,666 of the increase. Miscellaneous other increased \$4,945 because of increased support from Berks Heim related to intergovernmental revenue.

Expenses increased by \$43,968. Expenses for general government increased by \$11,565 primarily because of increased support to Berks Heim related to intergovernmental revenue of \$4,945 and because of an increase in the expense related to the net pension asset and deferred outflows/inflows of resources related to the Berks County Employees Pension Plan of \$5,195. Expenses for public safety increased by \$12,900 because \$11,332 of Department of Emergency Services is included as a governmental fund in 2016 for the first time. Expenses for Human Services increase by \$21,981 primarily because of Health Choices revenue for increased usage and the tax as described in the preceding paragraph and because of increased usage in several human services funds.

Other items decreased by \$6,090 because the Department of Emergency Services switched from a business-type activity to a special revenue fund in 2015.

While reviewing the changes noted above, please keep in mind the discussion in Note 1 to the financial statements of the measurement focus, basis of accounting and financial statement presentation. See the reconciliation on pages FS 7 and 9 which further explains the differences between changes in the County's fund balance under the modified accrual basis and changes in net position under the accrual basis of accounting.

Business-type activities:

Charges for services decreased by \$4,804 because of the reclassification of the Department of Emergency Services from a business-type activity to a special revenue fund in 2015 which decreased revenue by \$10,787 compared to 2016. This was offset by an increase to Berks Heim revenue of \$6,040, primarily because of an increase in state funding to offset costs of operations of \$7,582 in 2016 that wasn't available in 2015.

Expenses decreased by \$4,039 because of expenses for Department of Emergency Services of \$11,017 not being included in 2016 and included in 2015, offset by increased expense of Berks Heim of \$7,528 related to increased funding and usage compared to 2015.

Other items increased by \$6,090 because the Department of Emergency Services switched from a business-type activity to a special revenue fund in 2015.

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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The County of Berks uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year. Governmental funds accounting was not affected by the adoption of GASB Statement No. 34. Therefore schedules are presented to reconcile the fund statements to the government-wide statements.

The County's governmental funds include the general fund, special revenue funds, and a capital projects fund. The general fund is the chief operating fund for the County, while special revenue funds are restricted to specific legislated use. The capital project fund accounts for the proceeds and activity of bond issues. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements section.

At December 31, 2016, the County's governmental funds reported total fund balances of \$151,582, and decrease of \$10,941 in comparison with December 31, 2015. Unassigned fund balance of \$118,930, or 78.5%, is fund balance available for future appropriation. Restricted fund balance of \$16,764, or 11.1%, is fund balance restricted by external entities. Committed fund balance of \$7,327, or 4.8%, is amounts committed by the Board of Commissioners for specific purposes. The remaining fund balance of \$8,561, or 5.6%, represents nonspendable items such as inventory and amounts assigned for specific purposes.

General Fund:

The General Fund accounts for all financial resources of the County except for those accounted for in other funds. At December 31, 2016, total fund balance of the General Fund was \$134,841, while unrestricted fund balance was \$118,930. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 58.9% of total fund expenditures excluding other financing uses, while total fund balance represents 66.8% of the same amount.

The General Fund's fund balance decreased by \$16,443 during the 2016 year because of the payment to bond escrow agent for defeasance of the 2009 Series A bonds of \$15,063.

General Fund revenues without other financing sources totaled \$215,831, which represents a 3.3% increase, or \$6,899, from the 2015 year. This is primarily due to an increase in aid from other governmental agencies of \$5,605, an increase of departmental charges and reimbursements of \$704, and an increase in real estate tax revenue of \$389.

Expenditures without other financing uses totaled \$201,931, which represents a 3.8% increase, or \$7,317, from the 2015 year. This is primarily due to the increase of community support related to Berks Heim of \$4,945, and an increase in Culture and Recreation of \$1,903.

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Children and Youth Services Special Revenue Fund

The Children and Youth Services Special Revenue Fund is a major governmental fund that provides services to children and youth. This fund received \$36,709 of revenues, and incurred \$44,092 of expenses. The General Fund contributed \$7,392 during 2016 as part of the required County contribution. Expenses increased by \$1,610 compared to 2015 because of increased regulatory requirements and increased need for services. Overall revenue increased a similar amount during 2016.

Health Choices Special Revenue Fund

The Health Choices Special Revenue Fund is a major governmental fund. This fund accounts for financial resources for the provision of a behavioral health managed care program for medical assistance recipients. Revenues in 2016 were \$102,873, which represents a \$15,666 increase, or 18.0% increase, from the 2015 year due to an increase in managed care organization tax of approximately \$7,000 and an increase in usage in Health Choices of approximately five thousand seven hundred members, which accounts for the \$8,666 of the increase.

Budgetary highlights

The Board of County Commissioners adopts a new budget on or before December 31 for the succeeding year for all County operations. The budget is developed at the department level for each revenue and expense account. This budget is revised throughout the year as needed on a weekly basis with Commissioners' approval as follows:

- To move specific line item allocations to different line items on both an inter- and intra-departmental basis.
- To appropriate new revenue, when received, and the anticipated related spending authority.

Because the County is on a calendar year that differs from many Federal and State government agencies, it is difficult, at times, to forecast the exact amount of non-tax revenue that will be forthcoming during the County's year. Many of the revenue variances are the result of federal and state revenues being either increased or decreased after the County budget is adopted.

During 2016, the General Fund revenue budget, excluding transfers and bond proceeds, increased \$434 during the year from the original approved budget of \$211,532 to the final budget of \$211,966. Actual revenues received of \$215,831 were \$3,865 more than the final budget. The overall excess of final revenue to final budget can be traced to increased state agency funds.

The General Fund expenditure budget, excluding transfers, but including the amended budget related to payment to the bond escrow agent to enable comparison, increased \$6,821 during 2016 from the original budget of \$202,671 to the final budget of \$209,492. Actual expenditures of \$201,931 were \$7,561 lower than the final budget. The overall less than budget condition for expenses can be traced primarily as Information Systems projects and Parks projects and expenditures were delayed and/or reorganized, budgeted contingency expenses were not used, Facilities costs were lower than expected, and overall general government expenses were lower than expected because of delay of projects and because of cost cutting measures in the County.

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Capital Assets

The County's investment in capital assets at December 31, 2016, net of accumulated depreciation, was \$320,753. Capital assets consist primarily of the categories shown in the table below. During 2016, construction in progress increased significantly due to large scale work on the County owned Buttonwood Street Bridge as well as the Elevator Modernization project. Agricultural easements continued to grow as a part of the farmland preservation program. See Note 6 to the financial statements for more detailed information on capital asset activity.

Government-wide financial statements present depreciable capital assets as being depreciated from the acquisition date until the end of the current year. Fund financial statements record capital asset activity purchases as expenditures.

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land and improvements	\$ 15,788	\$ 14,643	\$ -	\$ -	\$ 15,788	\$ 14,643
Agricultural easements	79,371	78,161	-	-	79,371	78,161
Infrastructure	10,281	8,356	-	-	10,281	8,356
Buildings and improvements	95,920	100,790	34,814	34,864	130,734	135,654
Furniture, fixtures, equipment and vehicles	59,311	61,767	699	789	60,010	62,556
Historical treasures	2,280	2,280	-	-	2,280	2,280
Software in progress	3,088	2,560	-	-	3,088	2,560
Construction in progress	19,182	7,324	18	14	19,200	7,338
Total	<u>\$ 285,221</u>	<u>\$ 275,881</u>	<u>\$ 35,531</u>	<u>\$ 35,667</u>	<u>\$ 320,752</u>	<u>\$ 311,548</u>

Long-term debt:

At December 31, 2016, the County had \$253,535 of debt outstanding, including bonds and notes. This was a decrease of \$30,181, or 10.6%, from the previous year, and reflects the advance refunding of the 2009 Series A General Obligation Bonds with the 2016 General Obligation Bonds and continued principal payments. The following table provides a comparative summary of outstanding debt for the current and prior year. Please refer to Note 10 of the financial statements for more information on the County's long-term debt.

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Summary of outstanding debt

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds and notes:						
Current portion	\$ 19,773	\$ 20,562	\$ 419	\$ 748	\$ 20,192	\$ 21,310
Noncurrent portion	<u>207,054</u>	<u>235,487</u>	<u>26,289</u>	<u>26,919</u>	<u>233,343</u>	<u>262,406</u>
Total	<u>\$ 226,827</u>	<u>\$ 256,049</u>	<u>\$ 26,708</u>	<u>\$ 27,667</u>	<u>\$ 253,535</u>	<u>\$ 283,716</u>

The amount of indebtedness a county may incur is limited by Pennsylvania law to 300 percent (non-electoral) and 400 percent (net non-electoral and lease rental) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The County's non-electoral debt limit at December 31, 2016 was approximately \$1,378,801, compared to the total debt applicable to the debt limit of \$226,636, which is well below the legal debt limit. The County's net non-electoral and lease rental debt limit at December 31, 2016 was approximately \$1,838,401, which when compared to applicable debt, is similarly below the legal debt limit. Detailed information about the County's Long-term Debt can be found in Note 10 of the Financial Statements.

Bond rating

As of December 31, 2016, Moody's Investors Services continued to rate the County's general obligation bonds at **Aa1** (Stable Outlook), following the refunding of the 2008 General Obligation bonds and the remaining portion of the 2010 Series A General Obligation bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic conditions

The economic recovery continued to grow sluggishly in 2016. The President has promised to get economic growth to levels from the late 1990's. The President's agenda to cut corporate and individual taxes, improve the national infrastructure and cut regulations has fueled optimism, as evidenced by the stock market rallying to reach new all-time highs. The unemployment rate continued to hover at just under 5% as many measures of the job market have significantly improved. Employers added over two million jobs in 2016 and levels of underemployed and discouraged workers continued to decrease. Inflation levels remain low as wage levels are beginning to outperform increases in prices. The U.S. economy will be facing some challenges in 2017 if the President is unable to deliver on his promises. There could also be issues with the viability of the European Union.

The Berks County economy is broad-based, containing many sectors included but not limited to, manufacturing, wholesale and retail trade, services, manufacturing and agriculture. While Berks County has lost a number of large organizations in the last 10 years, these jobs have been replaced with employers in other sectors. However, the manufacturing sector continues to generate the highest payroll as a whole throughout the County. There are several agencies throughout Berks County that are responsible for economic development. The Berks County Industrial Development Authority and the Greater Berks Development Fund provide site development and redevelopment assistance and financing. The Berks County Workforce Investment Board provides planning and funding for workforce education. The Berks

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Economic Partnership coordinates economic development marketing and outreach business development throughout the County. The Greater Reading Chamber of Commerce and Industry advocates for local businesses and provides training assistance.

Berks County continued to be third in Pennsylvania and among the top 100 counties in the entire nation in value of farm products sold as of the 2012 census. More than 40% of the County's 864 square miles are dedicated to farming. The County's growing farmland preservation program is designed to preserve the best lands for agricultural production and maintain viability of the County's agricultural businesses. The County purchased agricultural preservation easements for over 1,458 additional acres during 2016, bringing total acreage under preservation to 70,469 acres on 713 farms.

Overall, the County economy continues to show slow and steady growth. The labor market remains strong and the labor force grew 1.5% this past year. The unemployment rate remained nearly steady and continues to be below the national level. Manufacturing remains the largest employment sector of Berks County's economy and contributes the most to Berks County's GDP. In July, East Penn Manufacturing opened a \$150 million expansion facility at its Lyons campus, ultimately creating several hundred additional manufacturing jobs. In October, the Reading Health System completed its \$346 million expansion project and opened its multilevel surgical Healthplex building, thereby increasing campus space by 20%. The System continues to open numerous urgent care and surgical facilities throughout the County.

Market impact on investment income

The County did experience, however, a significant increase in its investment earnings during the year (\$1,476 in 2016 versus \$1,135 in 2015). This is primarily attributed to a change in the County's investment policy in 2015 and the rising interest rates since 2015. In 2015, the Commissioners approved County investments in Treasuries, Fanny Maes and Freddie Macs, all instruments which traditionally produce higher rates of return than traditional money market accounts. The Commonwealth of Pennsylvania restricts county investments to government secured funds and certificates of deposit. The County uses LIBOR-based programs that have historically yielded a higher rate of return than standard money market and CD rates.

The County's Retirement Fund, with December 31, 2016 net position valued at \$417,550, experienced investment income, net of investment expense, of \$29,260 during 2016. During the year, the Retirement Fund had a diversified asset allocation program as discussed in Note 2. Due to the prefunding of the pension plan in 2012 with cash and pension bonds totaling \$60,000, the County has minimized future required contributions to the plan. Based on investment experience and the prefunding of the plan, the contributions in 2016 were \$2,089, which is an increase from \$1,409 in 2015, and \$234 in 2014. The actuary for the fund uses an aggregate, five-year smoothed market valuation method to calculate the fund requirements. The County has fully funded the required contribution in 2016. The County has received the latest report from this actuary indicating that its annual certified actuarially determined contribution for the 2017 will be \$2,601. The 2017 contribution is 2.48 percent of estimated 2017 compensation of \$104,730.

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Government funding

The County relies heavily on federal and state operating grants and contributions for many of its programs. In 2016, 45.6 percent of total government-wide revenues came from these sources. By comparison, property taxes provide only 29.8 percent of government-wide revenues. Uncertainty about the direction and timing of federal and state budgets, especially their impact on the County's human services programs, will have a direct effect on the programs and services in which the County participates.

Next Year's Budget

For 2017, the County adopted a balanced budget at \$496,480 in revenues, through the use of \$3,636 of fund balance reserves to offset a revenue shortfall to expenditures. It was decided that it would be more prudent to absorb this deficit with these reserves to balance the budget, rather than increase property taxes. The budget assumes federal and state funding will satisfy the demand for our core human services levels throughout 2017. The 2017 budget continues to focus on several fiscal initiatives including, but not limited to:

- no property tax increase
- balanced operating budget without reserves
- limited headcount growth
- no issuance of new debt
- continued commitment to farmland preservation, education, economic development, library and park systems.

As in the current year, the greatest challenge to the upcoming 2016 operating budget continues to be the revenue compression coming from both the federal and state government grant programs and the minimal revenue increases coming from assessed values and property taxes. As the agencies develop their 2017 and forward budgets, the County is likely to receive less federal and state funding for mandated services in Children and Youth, Juvenile Probation and Aging services. This anticipated reduction in federal and state funding, combined with escalating wage, healthcare, pension and fuel costs, continues to put tremendous pressure on our budget. The average rate of inflation in personnel costs continues to outpace the rate of growth in property tax revenue. Traditional sources for increased in tax revenue from higher assessed property values are not keeping up with growing inflationary and non-inflationary costs. Other revenue sources, such as those in Health Choices and Mental Health Developmental Disabilities, are restricted, and cannot be used to fund general County services.

To mitigate the impact of these negative budget factors, County management continues its multiple-strategy approach to reducing operating costs. One goal centers on continued prioritization and evaluation of all programs, to reduce or eliminate discretionary service costs to the level needed to balance the budget at the current tax rate. Another goal is to continually identify and implement continuing process improvement methods internally to effectively minimize cost. Such efforts include re-designing processes, consolidating office locations, automation of records, maintaining vigilant cost containment measures to scrutinize all wage and benefit costs and maintaining healthcare and workers' compensation policies that utilize self-insurance to control the growth in personnel-related costs. In addition, the County is committed to maintaining an intensive legislative effort through an association of County Commissioners to preserve key federal and state funding streams.

**County of Berks
Management's Discussion and Analysis
December 31, 2016
(amounts rounded to nearest thousand)**

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances, and to demonstrate the County's accountability for those finances. Questions concerning this financial information or requests for additional information should be directed to:

County of Berks
Office of the Controller
633 Court Street, 12th floor
Reading PA 19601-4311
Phone: 610-478-6150
Fax: 610-478-6890
Email: controller@countyofberks.com



FINANCIAL STATEMENTS

This section, along with the Notes to Financial Statements, constitutes the core of the Comprehensive 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	\$ 76,093,717	\$ 214,950	\$ 76,308,667	\$ 14,533,893
Cash and cash equivalents, restricted	16,569,618	11,836	16,581,454	510,567
Due from broker	2,250,000	-	2,250,000	-
Investments	24,058,459	-	24,058,459	5,097,762
Investments, restricted	4,895,776	112,432	5,008,208	-
Taxes receivable, net	8,324,914	-	8,324,914	-
Accounts receivable, net	18,337,395	5,548,567	23,885,962	6,943,306
Notes receivable	606,456	-	606,456	-
Due from other governments	15,967,067	1,169,354	17,136,421	329,425
Due from other funds	1,648,954	(1,648,954)	-	-
Inventories	167,991	160,961	328,952	21,450
Prepaid expenses	4,382,281	52,777	4,435,058	678,556
Restricted deposits	-	-	-	3,294
Total current assets	<u>173,302,628</u>	<u>5,621,923</u>	<u>178,924,551</u>	<u>28,118,253</u>
Noncurrent assets:				
Investments	59,132,116	112,432	59,244,548	10,611,277
Loans receivable	9,543,332	-	9,543,332	-
Beneficial interests in perpetual trusts held by others	-	-	-	4,629,846
Restricted assets:				
Employee pay advance	63,289	52,733	116,022	-
Interest receivable	1,318,867	-	1,318,867	-
Liens receivable	4,440,349	-	4,440,349	-
Investments	1,667,568	-	1,667,568	-
Net pension asset	5,990,366	1,425,501	7,415,867	-
Collections - works of art	-	-	-	909,433
Capital assets not being depreciated:				
Land	13,481,858	-	13,481,858	7,969,936
Historical treasures	2,279,644	-	2,279,644	-
Agland easements	79,371,116	-	79,371,116	103,002
Software in progress	3,087,896	-	3,087,896	-
Construction in progress	19,182,126	17,642	19,199,768	2,784,448
Capital assets, net of accumulated depreciation:				
Land improvements, net	2,306,634	-	2,306,634	-
Buildings and improvements, net	95,919,843	34,814,425	130,734,268	42,950,538
Furniture, fixtures, equipment and vehicles, net	59,311,440	699,027	60,010,467	3,065,735
Infrastructure, net	10,280,914	-	10,280,914	20,495,307
Leasehold improvements	-	-	-	824,512
Total noncurrent assets	<u>367,377,358</u>	<u>37,121,760</u>	<u>404,499,118</u>	<u>94,344,034</u>
Deferred outflows of resources:				
Unamortized bond refunding loss	5,094,000	253,929	5,347,929	-
Derivatives	1,929,984	80,354	2,010,338	-
Pension	20,708,308	4,914,556	25,622,864	166,816
Deferred charge on bond refunding	-	-	-	254,843
Pension contributions made subsequent to the measurement date	-	-	-	304,638
Total deferred outflows of resources	<u>27,732,292</u>	<u>5,248,839</u>	<u>32,981,131</u>	<u>726,297</u>
Total assets and deferred outflows of resources	<u>568,412,278</u>	<u>47,992,522</u>	<u>616,404,800</u>	<u>123,188,584</u>

	Primary Government			Component Units
	Governmental	Business-type	Total	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 29,716,670	\$ 1,626,536	\$ 31,343,206	\$ 1,454,643
Accrued liabilities	6,274,313	1,404,286	7,678,599	1,084,256
Due to other governments	936,566	-	936,566	-
Unearned revenue	-	-	-	4,349,325
Advance revenue	1,958,117	-	1,958,117	-
Due to third parties	1,787,755	-	1,787,755	-
Accrued interest payable	1,304,236	130,179	1,434,415	-
Compensated absences	1,103,405	324,278	1,427,683	380,295
Deposits	-	-	-	37,143
Accrued claims health insurance	8,274,622	402,760	8,677,382	-
Accrued claims liability	207,971	159,953	367,924	-
Notes payable, agricultural easement	96,505	-	96,505	-
Lease obligations	-	-	-	4,136
Bonds, loans and notes payable	19,676,075	418,780	20,094,855	1,455,411
Total current liabilities	<u>71,336,235</u>	<u>4,466,772</u>	<u>75,803,007</u>	<u>8,765,209</u>
Noncurrent liabilities:				
Compensated absences	3,288,588	625,121	3,913,709	388,984
Accrued claims liability	1,580,260	1,215,390	2,795,650	400,000
Other postemployment benefit liability	-	-	-	269,841
Lease obligations	-	-	-	12,259
Net pension liability	-	-	-	4,561,577
Bonds, loans and notes payable	207,054,418	26,289,210	233,343,628	15,931,823
Payable from restricted assets	10,508,851	-	10,508,851	-
Total noncurrent liabilities	<u>222,432,117</u>	<u>28,129,721</u>	<u>250,561,838</u>	<u>21,564,484</u>
Total liabilities	<u>293,768,352</u>	<u>32,596,493</u>	<u>326,364,845</u>	<u>30,329,693</u>
Deferred inflows of resources:				
Unearned grant/other revenue	10,153,864	107,046	10,260,910	-
Hedging derivative	1,084,333	-	1,084,333	-
Deferred rent revenue	-	-	-	2,796,417
Pension	2,151,503	514,353	2,665,856	133,623
Unamortized bond refunding gain	-	609,588	609,588	-
Total deferred inflows of resources	<u>13,389,700</u>	<u>1,230,987</u>	<u>14,620,687</u>	<u>2,930,040</u>
Net position:				
Net investment in capital assets	81,931,824	13,723,645	95,655,469	61,044,692
Restricted for:				
Gift fund	14,867	-	14,867	-
Farmland preservation	1,055,553	-	1,055,553	-
Hazmat response	1,499,667	-	1,499,667	-
Act 198 - Courts	344,740	-	344,740	-
Workers' compensation	287,514	-	287,514	-
Special revenue funds	36,207,731	-	36,207,731	-
Services Center Parking Garage	270,628	-	270,628	-
Act 13 Marcellus Shale	727,468	-	727,468	-
Debt service	-	-	-	510,567
Foundation for Reading Area Community College	-	-	-	13,673,776
Unrestricted net position (deficit)	138,914,234	441,397	139,355,631	14,699,816
Total net position	<u>\$ 261,254,226</u>	<u>\$ 14,165,042</u>	<u>\$ 275,419,268</u>	<u>\$ 89,928,851</u>

See accompanying notes to the financial statements.

	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:					
Primary government:					
Governmental activities:					
General government	\$ 51,235,822	\$ (15,153,245)	\$ 8,170,571	\$ 89,644	\$ -
Judicial	43,659,243	6,503,509	12,480,779	1,703,929	-
Public safety	70,278,919	3,414,455	16,595,735	8,032,874	156,739
Human services	192,703,304	2,666,925	1,529,874	182,198,435	599,580
Culture and recreation	7,684,469	363,232	575,744	1,373,661	1,487,590
Community and economic development	5,426,328	309,985	2,035,597	3,229,495	-
Public works	1,004,210	103,952	1,178,078	1,313,101	9,420,215
Community support	570,634	30,971	67,800	-	-
Debt service administrative expenses	9,077,433	69,329	1,475,870	-	-
Solid waste	1,169,526	7,055	3,647,496	47,636	-
Total governmental activities	<u>382,809,888</u>	<u>(1,683,832)</u>	<u>47,757,544</u>	<u>197,988,775</u>	<u>11,664,124</u>
Business-type activities					
Berks County Residential Center	7,576,187	301,251	8,836,182	-	-
Berks Heim	45,478,632	1,382,581	47,896,629	-	8,587
Total business-type activities	<u>53,054,819</u>	<u>1,683,832</u>	<u>56,732,811</u>	<u>-</u>	<u>8,587</u>
Total primary government	<u>\$ 435,864,707</u>	<u>\$ -</u>	<u>\$ 104,490,355</u>	<u>\$ 197,988,775</u>	<u>\$ 11,672,711</u>
Component units:					
Total component units	<u>\$ 39,781,596</u>	<u>\$ -</u>	<u>\$ 8,892,413</u>	<u>\$ 15,666,567</u>	<u>\$ -</u>

Net (Expense) Revenue and Changes in Net Position

Primary Government

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ (27,822,362)	\$ -	\$ (27,822,362)	
Judicial	(35,978,044)	-	(35,978,044)	
Public safety	(48,908,026)	-	(48,908,026)	
Human services	(11,042,340)	-	(11,042,340)	
Culture and recreation	(4,610,706)	-	(4,610,706)	
Community and economic development	(471,221)	-	(471,221)	
Public works	10,803,232	-	10,803,232	
Community support	(533,805)	-	(533,805)	
Debt service administrative expenses	(7,670,892)	-	(7,670,892)	
Solid waste	<u>2,518,551</u>	<u>-</u>	<u>2,518,551</u>	
Total governmental activities	<u>(123,715,613)</u>	<u>-</u>	<u>(123,715,613)</u>	
Business-type activities				
Berks County Residential Center	-	958,744	958,744	
Berks Heim	<u>-</u>	<u>1,044,003</u>	<u>1,044,003</u>	
Total business-type activities	<u>-</u>	<u>2,002,747</u>	<u>2,002,747</u>	
Total primary government	<u>(123,715,613)</u>	<u>2,002,747</u>	<u>(121,712,866)</u>	
Component units:				
Total component units				<u>\$ (15,222,616)</u>
General Revenues				
Taxes:				
Property taxes, levied for general purposes	136,869,417	-	136,869,417	-
Hotel tax	2,434,126	-	2,434,126	-
Payments in lieu of taxes	237,561	-	237,561	-
Payments from County of Berks	-	-	-	3,100,000
Payments from other governments	-	-	-	10,003,372
Investment earnings	1,474,025	1,986	1,476,011	272,675
Change in fair value of interest rate swaps	(1,109,819)	(78,729)	(1,188,548)	-
Miscellaneous/other	4,945,007	-	4,945,007	2,315,084
Gain on disposal of capital assets	86,776	-	86,776	7,758
Rental of space	464,950	-	464,950	-
Transfers	<u>(146,980)</u>	<u>146,980</u>	<u>-</u>	<u>-</u>
Total general revenue and transfers	<u>145,255,063</u>	<u>70,237</u>	<u>145,325,300</u>	<u>15,698,889</u>
Change in net position	21,539,450	2,072,984	23,612,434	476,273
Net position - beginning, as restated	<u>239,714,776</u>	<u>12,092,058</u>	<u>251,806,834</u>	<u>89,452,578</u>
Net position, ending	<u>\$ 261,254,226</u>	<u>\$ 14,165,042</u>	<u>\$ 275,419,268</u>	<u>\$ 89,928,851</u>

See accompanying notes to the financial statements.

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
Assets					
Cash and cash equivalents	\$ 49,470,725	\$ 1,300	\$ 18,170,777	\$ 8,450,915	\$ 76,093,717
Cash and cash equivalents, restricted	2,787,368	14,867	2,770,188	10,997,195	16,569,618
Due from broker	2,250,000	-	-	-	2,250,000
Investments	22,505,423	-	-	1,553,036	24,058,459
Investments, restricted	883,568	-	4,012,208	-	4,895,776
Taxes receivable	8,142,149	-	-	182,765	8,324,914
Accounts receivable	16,131,599	6,215	-	2,262,784	18,400,598
Accrued interest receivable	227,345	-	2,115	1,043,861	1,273,321
Due from other governments	3,312,883	5,331,302	-	7,322,968	15,967,153
Due from other funds	-	4,303,071	93,059	4,999,989	9,396,119
Inventories	167,991	-	-	-	167,991
Prepaid expenses	1,554,364	-	-	2,827,917	4,382,281
Loans receivable	3,954,788	-	-	4,440,349	8,395,137
Investments, non-current	58,385,116	-	-	747,000	59,132,116
Investments, non-current, restricted	799,568	-	868,000	-	1,667,568
Total assets	\$ 170,572,887	\$ 9,656,755	\$ 25,916,347	\$ 44,828,779	\$ 250,974,768
Liabilities					
Accounts payable	\$ 4,538,926	\$ 6,166,762	\$ 8,712,920	\$ 10,297,202	29,715,810
Accrued liabilities	4,294,692	396,431	14,152	922,528	5,627,803
Due to other funds	2,025,889	-	-	5,721,276	7,747,165
Due to other governments	936,566	-	-	-	936,566
Unearned revenue	1,553,994	2,906,779	-	5,693,090	10,153,863
Due to third parties	1,842,107	-	-	-	1,842,107
Accrued claims health insurance	1,234,017	148,978	6,684,720	-	8,067,715
Payable from restricted assets	596,523	-	10,504,555	4,451	11,105,529
Total liabilities	17,022,714	9,618,950	25,916,347	22,638,547	75,196,558
Deferred inflows of resources					
Unavailable property taxes	6,033,501	-	-	-	6,033,501
Other unavailable	12,675,518	2,054	-	5,484,898	18,162,470
Total deferred inflows of resources	18,709,019	2,054	-	5,484,898	24,195,971
Fund balances:					
Nonspendable	1,641,843	4,560	-	2,832,318	4,478,721
Restricted	2,859,389	31,191	-	13,873,016	16,763,596
Committed	7,327,174	-	-	-	7,327,174
Assigned	4,082,537	-	-	-	4,082,537
Unassigned	118,930,211	-	-	-	118,930,211
Total fund balances	134,841,154	35,751	-	16,705,334	151,582,239
Total liabilities, deferred inflows of resources and fund balances	\$ 170,572,887	\$ 9,656,755	\$ 25,916,347	\$ 44,828,779	\$ 250,974,768

See accompanying notes to the financial statements.

Total fund balances for governmental funds \$ 151,582,239

Total net position 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	\$	15,788,492	
Agland easements		79,371,116	
Infrastructure, net		10,280,914	
Building and improvements, net		95,919,843	
Furniture, fixtures, equipment and vehicles, net		59,311,440	
Historical treasures		2,279,644	
Software in Progress		3,087,896	
Construction in progress		<u>19,182,126</u>	
			285,221,471

These pension items are not financial resources and therefore not reported in the funds.

Net pension asset		5,990,366	
Deferred outflow of resources		20,708,308	
Deferred inflow of resources		(2,151,503)	

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		2,376,747	
Delinquent property taxes		3,656,754	
Clerk of Courts departmental charges and reimbursements		9,059,873	
Community Development liens receivable		5,484,210	
District Justices departmental charges and reimbursements		<u>1,660,269</u>	
			22,237,853

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		6,195,000	
Accrued interest receivable from Greater Berks Development Fund		<u>45,546</u>	
			6,240,546

Other liabilities not paid until future periods that are a current period expense.

Payroll and payroll taxes			(203,245)
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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 position. 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, 2016 are:

Swap agreements/deferred inflow for hedging swap agreements		845,651	
Accrued interest on bonds and notes		(1,304,236)	
Compensated absences		(4,391,993)	
Accrued claims liabilities		(1,788,231)	
Bonds and notes payable		<u>(221,733,000)</u>	
			(228,371,809)

Total net position of governmental activities \$ 261,254,226

See accompanying notes to the financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
Revenues					
Taxes:					
Property	\$ 136,924,879	\$ -	\$ -	\$ -	\$ 136,924,879
Hotel	-	-	-	2,434,126	2,434,126
Court costs, fines and forfeitures	3,021,575	-	-	-	3,021,575
Intergovernmental revenue	13,273,887	35,843,586	102,809,008	58,365,023	210,291,504
Departmental charges and reimbursements	53,119,775	855,447	-	13,159,040	67,134,262
Payments in lieu of taxes	237,561	-	-	-	237,561
Rentals	400,736	-	-	64,214	464,950
Sales of property, supplies and equipment	86,776	-	-	-	86,776
Investment earnings	1,275,006	8,668	64,096	126,255	1,474,025
Miscellaneous	7,491,100	1,445	-	1,892,251	9,384,796
Total revenues	<u>215,831,295</u>	<u>36,709,146</u>	<u>102,873,104</u>	<u>76,040,909</u>	<u>431,454,454</u>
Expenditures					
Current:					
General government, administrative	40,848,250	-	-	2,713,442	43,561,692
General government, judicial	51,875,934	-	-	21,748	51,897,682
Public safety	60,971,781	-	-	11,331,715	72,303,496
Human services	-	44,092,453	102,857,841	48,648,360	195,598,654
Capital outlay	-	-	-	2,143,152	2,143,152
Culture and recreation	8,705,093	-	-	-	8,705,093
Community and economic development	3,602,108	-	-	3,290,111	6,892,219
Public works	197,609	-	-	11,496,345	11,693,954
Community support	10,538,809	-	-	-	10,538,809
Intergovernmental expenditures - Solid waste	928,453	-	-	-	928,453
Debt service:					
Principal	18,896,062	-	-	-	18,896,062
Interest and fiscal charges	5,106,802	-	-	-	5,106,802
Debt issuance costs	119,123	-	-	-	119,123
Administrative expenditures	141,015	-	-	-	141,015
Total expenditures	<u>201,931,039</u>	<u>44,092,453</u>	<u>102,857,841</u>	<u>79,644,873</u>	<u>428,526,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,900,256</u>	<u>(7,383,307)</u>	<u>15,263</u>	<u>(3,603,964)</u>	<u>2,928,248</u>
Other financing sources (uses)					
Issuance of refunding bonds	9,790,000	-	-	-	9,790,000
Premium on issuance of refunding bonds	209,950	-	-	-	209,950
Payment to refunded bonds escrow agent	(24,943,412)	-	-	-	(24,943,412)
Transfers in	3,715,526	7,746,118	-	11,657,073	23,118,717
Transfers out	(19,115,035)	(353,287)	(15,263)	(2,561,157)	(22,044,742)
Total other financing sources (uses)	<u>(30,342,971)</u>	<u>7,392,831</u>	<u>(15,263)</u>	<u>9,095,916</u>	<u>(13,869,487)</u>
Net changes in fund balances	<u>(16,442,715)</u>	<u>9,524</u>	<u>-</u>	<u>5,491,952</u>	<u>(10,941,239)</u>
Fund balances, beginning, as restated	151,283,869	26,227	-	11,213,382	162,523,478
Fund balances, ending	<u>\$ 134,841,154</u>	<u>\$ 35,751</u>	<u>\$ -</u>	<u>\$ 16,705,334</u>	<u>\$ 151,582,239</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, 2016

County of Berks
2016 Comprehensive Annual Financial Report

Net change in fund balances - total governmental funds \$ (10,941,239)

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	\$ 21,677,911	
Transfer of capital assets from General Fund to Berks County Residential Center	(1,140,206)	
Depreciation expense	<u>(11,197,604)</u>	
		9,340,101

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 position. Also, governmental funds report the effect of 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	(1,109,819)	
Debt principal repayments	20,031,320	
Bond principal borrowings - refunding	(9,790,000)	
Issuance of notes payable	(145,307)	
Payment to escrow agent for refunded bonds	24,943,412	
Bond premium/discounts/refunding losses	(177,123)	
Accreted interest	<u>(3,718,316)</u>	
		30,034,167

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: 195,733

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	(55,462)	
Services	1,756,060	
Notes receivable	<u>(1,047,605)</u>	
		652,993

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	(8,667)	
Net pension obligation	<u>(7,733,638)</u>	
		<u>(7,742,305)</u>

Change in net position of governmental activities \$ 21,539,450

See accompanying notes to the financial statements.

	Berks County Residential Center	Berks Heim	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,000	\$ 213,950	\$ 214,950
Cash and cash equivalents, restricted	-	11,836	11,836
Investments, restricted	-	112,432	112,432
Accounts receivable, net	-	5,548,567	5,548,567
Due from other governments	1,169,354	-	1,169,354
Due from other funds	933,383	-	933,383
Inventories	68,273	92,688	160,961
Prepaid expenses	-	52,777	52,777
Total current assets	<u>2,172,010</u>	<u>6,032,250</u>	<u>8,204,260</u>
Noncurrent assets:			
Employee pay advance	-	52,733	52,733
Investments	-	112,432	112,432
Pension asset	215,374	1,210,127	1,425,501
Capital assets:			
Buildings and improvements, net	8,158,674	26,655,751	34,814,425
Furniture, fixtures, equipment and vehicles, net	70,779	628,248	699,027
Construction in progress	-	17,642	17,642
Total noncurrent assets	<u>8,444,827</u>	<u>28,676,933</u>	<u>37,121,760</u>
Deferred outflows of resources:			
Pension	733,657	4,180,899	4,914,556
Unamortized bond refunding loss	253,929	-	253,929
Derivatives	11,917	68,437	80,354
Total deferred outflows of resources	<u>999,503</u>	<u>4,249,336</u>	<u>5,248,839</u>
Total assets and deferred outflows of resources	<u>11,616,340</u>	<u>38,958,519</u>	<u>50,574,859</u>
Liabilities:			
Current liabilities:			
Accounts payable	380,798	1,245,738	1,626,536
Accrued liabilities	304,714	1,099,572	1,404,286
Due to other funds	-	2,582,337	2,582,337
Accrued interest payable	17,737	112,442	130,179
Compensated absences	35,169	289,109	324,278
Accrued claims health insurance	65,051	337,709	402,760
Accrued claims liability	8,428	151,525	159,953
Bonds payable, net	58,843	359,937	418,780
Total current liabilities	<u>870,740</u>	<u>6,178,369</u>	<u>7,049,109</u>
Noncurrent liabilities:			
Compensated absences	91,039	534,082	625,121
Accrued claims liability	64,037	1,151,353	1,215,390
Bonds payable, net	3,618,158	22,671,052	26,289,210
Total noncurrent liabilities	<u>3,773,234</u>	<u>24,356,487</u>	<u>28,129,721</u>
Total liabilities	<u>4,643,974</u>	<u>30,534,856</u>	<u>35,178,830</u>
Deferred inflows of resources:			
Unearned revenue	74,037	-	74,037
Unearned grant revenue	-	33,009	33,009
Unamortized bond refunding gain	-	609,588	609,588
Pension	79,036	435,317	514,353
Total deferred inflows of resources	<u>153,073</u>	<u>1,077,914</u>	<u>1,230,987</u>
Net position:			
Net investment in capital assets	5,587,420	8,136,225	13,723,645
Unrestricted net position (deficit)	1,231,873	(790,476)	441,397
Total net position	<u>\$ 6,819,293</u>	<u>\$ 7,345,749</u>	<u>\$ 14,165,042</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, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Berks County Residential Center	Berks Heim	Totals
Operating revenues			
Charges for services	\$ 6,569,647	\$ 38,757,649	\$ 45,327,296
Other operating revenues	<u>2,266,535</u>	<u>9,138,980</u>	<u>11,405,515</u>
Total operating revenues	<u>8,836,182</u>	<u>47,896,629</u>	<u>56,732,811</u>
Operating expenses			
Program services	7,378,331	33,751,870	41,130,201
Administrative expenses	-	6,209,680	6,209,680
Depreciation	<u>360,298</u>	<u>1,076,797</u>	<u>1,437,095</u>
Total operating expenses	<u>7,738,629</u>	<u>41,038,347</u>	<u>48,776,976</u>
Operating income	<u>1,097,553</u>	<u>6,858,282</u>	<u>7,955,835</u>
Nonoperating revenues (expenses)			
Grants	-	8,587	8,587
Investment earnings	-	1,986	1,986
Change in fair value of interest rate swaps	(11,701)	(67,028)	(78,729)
Interest expense	(138,809)	(877,859)	(1,016,668)
Contribution to General Fund	<u>-</u>	<u>(4,945,007)</u>	<u>(4,945,007)</u>
Total nonoperating revenues (expenses)	<u>(150,510)</u>	<u>(5,879,321)</u>	<u>(6,029,831)</u>
Income before transfers	947,043	978,961	1,926,004
Transfers in	1,220,957	15,000	1,235,957
Transfers out	<u>(1,088,977)</u>	<u>-</u>	<u>(1,088,977)</u>
Change in net position	1,079,023	993,961	2,072,984
Total net position, beginning, as restated	<u>5,740,270</u>	<u>6,351,788</u>	<u>12,092,058</u>
Total net position, ending	<u>\$ 6,819,293</u>	<u>\$ 7,345,749</u>	<u>\$ 14,165,042</u>

See accompanying notes to the financial statements.

	Berks County Residential Center	Berks Heim	Totals
Cash flows from operating activities			
Receipts from customers	\$ 8,865,064	\$ 48,428,146	\$ 57,293,210
Payments to suppliers	(2,191,655)	(10,647,982)	(12,839,637)
Payments to employees	(4,591,894)	(27,586,100)	(32,177,994)
Net cash provided by operating activities	<u>2,081,515</u>	<u>10,194,064</u>	<u>12,275,579</u>
Cash flows from noncapital financing activities			
Principal paid on bonds	(27,963)	(160,506)	(188,469)
Receipts from other governments	-	8,587	8,587
Interest paid	(21,147)	(121,169)	(142,316)
Contribution from General Fund	-	(4,945,007)	(4,945,007)
Transfers from (to) other funds	(1,088,977)	15,000	(1,073,977)
Amounts due from (to) other funds	(730,671)	(3,812,141)	(4,542,812)
Net cash used by noncapital financing activities	<u>(1,868,758)</u>	<u>(9,015,236)</u>	<u>(10,883,994)</u>
Cash flows from capital and related financing activities			
Principal paid on bonds	(75,900)	(484,800)	(560,700)
Interest paid	(117,888)	(757,685)	(875,573)
Construction in progress	-	(17,642)	(17,642)
Purchase of capital assets	(18,969)	(44,112)	(63,081)
Net cash used by capital and related financing activities	<u>(212,757)</u>	<u>(1,304,239)</u>	<u>(1,516,996)</u>
Cash flows from investing activities			
Investment earnings received	-	1,986	1,986
Net cash provided by investing activities	<u>-</u>	<u>1,986</u>	<u>1,986</u>
Net decrease in cash and cash equivalents	-	(123,425)	(123,425)
Cash and cash equivalents, beginning	1,000	349,211	350,211
Cash and cash equivalents, ending	<u>\$ 1,000</u>	<u>\$ 225,786</u>	<u>\$ 226,786</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,097,553	\$ 6,858,282	\$ 7,955,835
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	360,298	1,076,797	1,437,095
Amortization of bond premium	(28,680)	(181,641)	(210,321)
Amortization of refunding loss	21,161	(50,799)	(29,638)
Changes in assets and liabilities:			
Accounts receivable, net	-	636,493	636,493
Due from other governments	(45,155)	-	(45,155)
Employee pay advance	-	10,342	10,342
Inventories	(6,235)	2,879	(3,356)
Prepaid expenses	-	2,399	2,399
Pension asset, net	45,724	226,555	272,279
Pension deferred outflow	273,420	1,356,334	1,629,754
Accounts payable and accrued liabilities	299,847	582,375	882,222
Unearned revenue	74,037	-	74,037
Unearned grant revenue	-	(104,976)	(104,976)
Due to third parties	-	(1,166)	(1,166)
Compensated absences	(9,860)	(194,645)	(204,505)
Accrued claims health insurance	5,308	17,040	22,348
Accrued claims liability	(4,502)	(35,253)	(39,755)
Pension deferred inflow	(1,401)	(6,952)	(8,353)
Net cash provided by operating activities	<u>\$ 2,081,515</u>	<u>\$ 10,194,064</u>	<u>\$ 12,275,579</u>

See accompanying notes to the financial statements.

Statement of Fiduciary Net Position
 Fiduciary Funds
 December 31, 2016

County of Berks
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	Berks County Employees' Retirement	Agency
Assets		
Cash and cash equivalents	\$ 177,527	\$ 9,434,186
Receivables:		
Contributions receivable	315,889	-
Investment income receivable	233,037	-
Total receivables	<u>548,926</u>	<u>-</u>
Investments, at fair value (see Note 2):		
Fixed income securities	137,688,144	-
Domestic equities	131,260,932	-
International equities	58,279,149	-
Real estate/Alternative	89,968,300	-
Certificates of deposit	-	2,856,982
Total investments	<u>417,196,525</u>	<u>2,856,982</u>
Total assets	<u>417,922,978</u>	<u>12,291,168</u>
Liabilities		
Accounts payable	357,421	-
Accrued liabilities	209	-
Due to third parties	15,319	12,291,168
Total liabilities	<u>372,949</u>	<u>\$ 12,291,168</u>
Net position		
Net position restricted for pension	<u>\$ 417,550,029</u>	

See accompanying notes to the financial statements.

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

**Berks County
 Employees'
 Retirement**

Additions

Contributions:

Member	\$ 6,500,174
County	<u>2,088,776</u>
Total contributions	<u>8,588,950</u>

Investment income:

Net increase in fair value of investments	22,424,460
Interest and dividends	8,273,382
Less investment expenses	<u>(1,438,286)</u>
Net investment income	<u>29,259,556</u>

Other	<u>32,040</u>
Total additions	<u>37,880,546</u>

Deductions

Benefit payments, including refunds of member contributions	19,382,777
Administrative expense	<u>71,068</u>
Total deductions	<u>19,453,845</u>
Change in net position	18,426,701
Net position restricted for pension, beginning	<u>399,123,328</u>
Net position restricted for pension, ending	<u>\$ 417,550,029</u>

See accompanying notes to the financial statements.

	Berks County Solid Waste Authority	Reading Regional Airport Authority **	Reading Area Community College *	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 247,185	\$ 2,084,540	\$ 12,202,168	\$ 14,533,893
Cash and cash equivalents, restricted	-	510,567	-	510,567
Investments	-	-	5,097,762	5,097,762
Accounts receivable, net	142,933	277,536	6,522,837	6,943,306
Due from other governments	-	329,425	-	329,425
Inventories	-	-	21,450	21,450
Prepaid expenses	14,143	24,332	640,081	678,556
Deposits	-	3,294	-	3,294
Total current assets	<u>404,261</u>	<u>3,229,694</u>	<u>24,484,298</u>	<u>28,118,253</u>
Noncurrent assets:				
Investments	-	-	10,611,277	10,611,277
Beneficial interests in perpetual trusts held by others	-	-	4,629,846	4,629,846
Collections - works of art	-	-	909,433	909,433
Capital assets:				
Land and improvements, net	111,957	6,776,423	1,081,556	7,969,936
Air easement rights	-	103,002	-	103,002
Infrastructure, net	-	20,495,307	-	20,495,307
Buildings and improvements, net	-	6,452,356	36,498,182	42,950,538
Furniture, fixtures, equipment and vehicles, net	104,754	753,115	2,207,866	3,065,735
Leasehold improvements	-	824,512	-	824,512
Construction in progress	65,328	2,386,614	332,506	2,784,448
Total noncurrent assets	<u>282,039</u>	<u>37,791,329</u>	<u>56,270,666</u>	<u>94,344,034</u>
Deferred outflows of resources:				
Deferred charge on bond refunding	-	-	254,843	254,843
Pension	-	-	166,816	166,816
Pension contributions made subsequent to the measurement date	-	-	304,638	304,638
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>726,297</u>	<u>726,297</u>
Total assets and deferred outflows of resources	<u>686,300</u>	<u>41,021,023</u>	<u>81,481,261</u>	<u>123,188,584</u>
Liabilities				
Accounts payable	7,118	399,032	1,048,493	1,454,643
Accrued liabilities	8,710	6,091	1,069,455	1,084,256
Unearned revenue	-	46,924	4,302,401	4,349,325
Compensated absences	-	-	380,295	380,295
Deposits	-	37,143	-	37,143
Lease obligations	-	-	4,136	4,136
Bonds, loans and notes payable	-	-	1,455,411	1,455,411
Total current liabilities	<u>15,828</u>	<u>489,190</u>	<u>8,260,191</u>	<u>8,765,209</u>
Noncurrent liabilities:				
Compensated absences	-	-	388,984	388,984
Medical insurance liability	-	-	400,000	400,000
Other postemployment benefit liability	-	-	269,841	269,841
Lease obligations	-	-	12,259	12,259
Net pension liability	-	-	4,561,577	4,561,577
Bonds, loans and notes payable	-	4,420,000	11,511,823	15,931,823
Total noncurrent liabilities	<u>-</u>	<u>4,420,000</u>	<u>17,144,484</u>	<u>21,564,484</u>
Total liabilities	<u>15,828</u>	<u>4,909,190</u>	<u>25,404,675</u>	<u>30,329,693</u>
Deferred inflows of resources				
Deferred rent revenue	-	2,796,417	-	2,796,417
Deferred pension expense	-	-	133,623	133,623
Total deferred inflows of resources	<u>-</u>	<u>2,796,417</u>	<u>133,623</u>	<u>2,930,040</u>
Net position:				
Net investment in capital assets	282,039	33,371,329	27,391,324	61,044,692
Restricted for:				
Debt service	-	510,567	-	510,567
Foundation for Reading Area Community College	-	-	13,673,776	13,673,776
Unrestricted net position (deficit)	<u>388,433</u>	<u>(566,480)</u>	<u>14,877,863</u>	<u>14,699,816</u>
Total net position	<u>\$ 670,472</u>	<u>\$ 33,315,416</u>	<u>\$ 55,942,963</u>	<u>\$ 89,928,851</u>

* Presented as of June 30, 2016

** Presented as of September 30, 2016

See accompanying notes to the financial statements.

Statement of Activities/Revenues, Expenses and Changes in Net Position (Deficits)
 Component Units
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Berks County Solid Waste Authority	Reading Regional Airport Authority **	Reading Area Community College *	Total
Operating revenues				
Charges for services	\$ 428,922	\$ 2,194,015	\$ 5,096,070	\$ 7,719,007
Charges for services (from County of Berks)	1,173,406	-	-	1,173,406
Operating grants and contributions	-	1,990,783	13,736,523	15,727,306
Investment earnings	-	-	123,216	123,216
Other revenues	-	-	2,246,562	2,246,562
Total operating revenues	<u>1,602,328</u>	<u>4,184,798</u>	<u>21,202,371</u>	<u>26,989,497</u>
Total operating expenses	<u>727,481</u>	<u>3,811,366</u>	<u>34,573,207</u>	<u>39,112,054</u>
Operating income (loss)	<u>874,847</u>	<u>373,432</u>	<u>(13,370,836)</u>	<u>(12,122,557)</u>
Nonoperating revenues (expenses)				
Payments from County of Berks	-	-	3,100,000	3,100,000
Payments from other governments	-	-	8,760,192	8,760,192
Contributions to County of Berks	(60,739)	-	-	(60,739)
Investment income	4,398	4,564	140,497	149,459
Interest expense	(6,703)	(123,999)	(538,840)	(669,542)
Gain on disposal of capital assets	-	-	7,758	7,758
Miscellaneous income (loss)	(108,086)	60,794	-	(47,292)
Total nonoperating revenues (expenses)	<u>(171,130)</u>	<u>(58,641)</u>	<u>11,469,607</u>	<u>11,239,836</u>
Other revenues:				
Payments from other governments	-	-	1,243,180	1,243,180
Long-term gifts and grants	-	-	82,474	82,474
Insurance proceeds	-	-	33,340	33,340
Total other revenues	<u>-</u>	<u>-</u>	<u>1,358,994</u>	<u>1,358,994</u>
Change in net position (deficit)	703,717	314,791	(542,235)	476,273
Net position (deficit) - beginning, as restated	(33,245)	33,000,625	56,485,198	89,452,578
Total net position, ending	<u>\$ 670,472</u>	<u>\$ 33,315,416</u>	<u>\$ 55,942,963</u>	<u>\$ 89,928,851</u>

* Presented for the year ended June 30, 2016

** Presented for the year ended September 30, 2016

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: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Berks (the County) 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. The financial reporting entity

The County of Berks, Pennsylvania, was formed on March 11, 1752. The County is a political subdivision of the Commonwealth of Pennsylvania. The County is a Third Class county based on population. The County operates under the direction of an elected Board of Commissioners consisting of three members. The County provides the following services: general administrative services, tax assessment and collection, judicial, public improvements, public safety, conservation and development, and human services programs.

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 discretely presented 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 guaranteed the debt of the Solid Waste Authority. The Authority operates on a fiscal year ending December 31.
- The Reading Regional Airport Authority is a public authority created under the Pennsylvania Municipal Authorities Act of 1935 and 1945 and is responsible for the operations of the Reading Regional Airport. The governing body of the Reading Regional Airport Authority is a Board consisting of seven directors who are appointed by the Board of County Commissioners. The County guarantees a portion of the debt of the Reading Regional Airport Authority. The Reading Regional Airport 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 Trustees of the governing board of Reading Area Community College are appointed by the Board of County Commissioners. The County sponsors the College and supports its capital expansion initiatives. 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

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

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.
- Redevelopment Authority of the County of Berks

B. Measurement focus, basis of accounting, and financial statement presentation

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 Employees'

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 sources 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 and the economic resources measurement focus. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. 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 2016:

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 financial resources related to the provision of services to children and youth. Revenues of this fund are derived from federal and state grants. Expenditures are restricted to provision of the program.
- **Health Choices**
The Health Choices Fund accounts for financial resources related to the provision of a behavioral health managed care program for medical assistance recipients. Revenues of this fund are derived from state grants. Expenditures are restricted to provision of the program.

2. Proprietary fund types

- **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 the 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 Employees’ 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 2016 property tax levy outstanding at December 31, 2016. The allowance for court fines, fees and costs is equal to 90 percent of the outstanding accounts receivable at December 31, 2016. The allowance for district justices’ fines and court costs is equal to 40 percent of the outstanding accounts receivable at December 31, 2016. The allowance for liens for the closing cost assistance program is equal to 100 percent of the outstanding balance at December 31, 2016. 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, 2016.

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 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. In governmental fund types, there is a reservation of fund balance equal to the inventory balance as these amounts are not available for appropriation.

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, using the consumption method. In governmental fund types, there is a reservation of fund balance equal to the prepaid items as these amounts are not available for appropriation.

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, 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 (see Note 6) of the County are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	10 - 45 years
Machinery and equipment	6 - 10 years
Motor vehicles	3 - 5 years
Computer equipment	3 - 5 years
Infrastructure	40 years

K. Deferred outflows/inflows of resources

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 balance

In the fund financial statements, the County has established and will maintain reservations of fund balance in accordance with GASB Statement No. 54 (GASB 54), “*Fund Balance Reporting and Governmental Fund Type Definitions.*” GASB 54 establishes criteria to report fund balance as nonspendable, restricted, committed, assigned or unassigned based on the required restraints on the resource. This policy applies to the County’s General Fund and all governmental funds. 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. Please refer to Note 11 for more information on fund balance.

M. Net Position

GASB Statement No. 63 (GASB 63), “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,*” 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 position. 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 position 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. Pension

For measurement purposes, the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Berks County Employees’ Pension Plan (“BCEPP”) and additions to/deductions from BCEPP’s fiduciary net position have been determined on the same basis as reported by BCEPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. 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.

R. 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.

S. 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 Refundings 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 statement of net position, 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.

T. 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.

U. 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.

V. Restatement of Entity-Wide Financial Statements

The County’s beginning entity-wide net position has been restated to properly reflect the effect of prior period adjustments as follows:

Governmental funds:	
Net position, beginning, as previously reported	\$ 238,643,876
Amounts in "W" Restatement of Governmental Funds Financial Statements (see below)	(1,450,770)
Prior period adjustment	<u>2,521,670</u>
Net position, beginning, as restated	<u>\$ 239,714,776</u>

In addition to the reasons noted below for the General Fund and the Employment & Training and Children and Youth Special Revenue Funds, the Governmental Funds experienced a prior period adjustment related to pension deferred outflow of resources that corrected the prior classification of service cost related to member contributions and interest credited to members of the Berks County Employees’ Pension Plan.

W. Restatement of Governmental Funds/Enterprise Fund Financial Statements

The County's beginning fund balances in governmental funds and net position in enterprise funds has been restated to properly reflect the effect of prior and current period adjustments as follows:

General Fund

Fund balance, beginning, as previously reported	\$ 152,963,058
Prior period adjustments	<u>(1,679,189)</u>
Fund balance, beginning, as restated	<u>\$ 151,283,869</u>

Prior period adjustments in the General Fund to:

- Write off a receivable in the amount of \$310,778 due to a decrease in funding.
- Reclassify prior period errors of \$1,368,411 to the General Fund from the Children and Youth Services Special Revenue Fund and the Juvenile Probation Office.

Children and Youth Services Special Revenue Fund

Fund balance, beginning, as previously reported	\$ 18,499
Prior period adjustment	<u>7,728</u>
Fund balance, beginning, as restated	<u>\$ 26,227</u>

Prior period adjustment in the Children and Youth Services Special Revenue Fund to adjust trial balances to reflect 2016 actual results.

Employment and Training Special Revenue Fund

Fund balance, beginning, as previously reported	\$ 198,200
Prior period adjustment	<u>220,691</u>
Fund balance, beginning, as restated	<u>\$ 418,891</u>

Prior period adjustment in the Employment and Training Special Revenue Fund to recognize revenue deferred in the prior year that should have been recognized in 2015.

Berks County Residential Center Enterprise Fund

Total net position, beginning, as previously reported	\$ 5,647,843
Prior period adjustment	<u>92,427</u>
Total net position, beginning, as restated	<u>\$ 5,740,270</u>

The Berks County Residential Center Enterprise Fund experienced a prior period adjustment related to pension deferred outflow of resources that corrected the prior classification of service cost related to member contributions and interest credited to members in the Berks County Employees' Pension Plan.

Berks Heim Enterprise Fund

Total net position, beginning, as previously reported	\$ 5,842,190
Prior period adjustment	<u>509,598</u>
Total net position, beginning, as restated	<u>\$ 6,351,788</u>

The Berks Heim Enterprise Fund experienced a prior period adjustment related to pension deferred outflow of resources that corrected the prior classification of service cost and related to member contributions and interest credited to members in the Berks County Employees' Pension Plan.

X. Pending and Adopted Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, "*Fair Value Measurement and Application.*" The adoption of this statement had no effect on the financial reporting information of the County, except to change disclosures in Note 2.

In August 2015, the GASB issued Statement No. 77, "*Tax Abatement Disclosures.*" The adoption of this statement had no effect on the financial reporting information of the County, except to change disclosures in Note 4.

In December 2015, the GASB issued Statement No. 79, "*Certain External Investment Pools and Pool Participants.*" The adoption of this statement had no effect on the financial reporting information of the County, except to change disclosures in Note 2.

In January 2016, the GASB issued Statement No. 80, "*Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.*" The County is required to adopt GASB No. 80 for its year 2017 financial statements.

In March 2016, the GASB issued Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The County is required to adopt GASB No. 81 for its year 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, "*Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.*" The County is required to adopt GASB No. 82 for its year 2017 financial statements.

In November 2016, the GASB issued Statement No. 83, "*Certain Asset Retirement Obligations.*" The County is required to adopt GASB No. 83 for its year 2019 financial statements.

NOTE 2: CASH AND INVESTMENTS

A. Primary government

Interest rate risk: The County of Berks has a formal investment policy for General Operating 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 maximum remaining maturity of any individual security is 5 years or less at the time of purchase. The average duration of the Portfolio shall be 3 years or less. All investments will be actively traded in a secondary market to ensure liquidity. The County investment policy 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, 2016 consist of the following:

Cash and cash equivalents	\$ 102,484,934
Petty cash	16,926
Investments	510,032,264
	<u>\$ 612,534,124</u>

Financial statement classification:

Statement of net position:

Current assets, cash and cash equivalents	76,308,667
Current assets, cash and cash equivalents, restricted	16,581,454
Current assets, investments	24,058,459
Current assets, investments, restricted	5,008,208
Noncurrent assets, investments	59,244,548
Noncurrent assets, investments, restricted	1,667,568

Statement of fiduciary net position:

Berks County Employees' Retirement Trust Fund:

Cash and cash equivalents	177,553
Investments	417,196,499

Agency fund:

Cash and cash equivalents	9,434,186
Investments	2,856,982

\$ 612,534,124

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, 2016, the carrying amounts of the County's bank deposits were \$102,484,934 and the bank balances were \$105,188,870, of which \$795,399 was covered by Federal Depository Insurance, \$87,351,923 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, \$7,365,943 was invested in an external investment pool, described in more detail below, \$7,272,684 was invested in money market funds, and the remaining balance of \$2,402,921 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, 2016, PLGIT carried an AAAM rating and had an average maturity of less than one year. The County's position in the pool is the same value as the pool shares.

The County invests in various money market funds, in the amount of \$7,272,684, which have been classified as cash and cash equivalents in the statement of net position. These money market funds are unrated and have 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.

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 fiduciary net position.

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.

Energy Debt Collective Investment 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.

As of December 31, 2016, 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	\$ 1,683,136	\$ 883,568	\$ 799,568	\$ -	\$ -
U.S. Govt agency securities	80,890,539	22,505,423	58,385,116	-	-
Health Choices Fund					
Negot. certif. of deposit	2,372,644	1,504,644	868,000	-	-
U.S. Govt agency securities	2,507,564	2,507,564	-	-	-
Other Governmental Funds					
Negot. certif. of deposit	1,494,000	747,000	747,000	-	-
U.S. Govt agency securities	806,036	806,036	-	-	-
Total Governmental Funds	<u>89,753,919</u>	<u>28,954,235</u>	<u>60,799,684</u>	<u>-</u>	<u>-</u>
Enterprise Funds					
Berks Heim					
Negot. certif. of deposit	<u>224,864</u>	<u>112,432</u>	<u>112,432</u>	<u>-</u>	<u>-</u>
Fiduciary Funds					
County Employees' Retirement:					
Collective Trusts					
Core Trust Property	\$ 44,455,090	\$ 44,455,090	\$ -	\$ -	\$ -
Energy Debt	17,594,013	17,594,013	-	-	-
Special Situations	2,716,099	2,716,099	-	-	-
Equity Mutual Funds					
Large Cap Disciplined	90,085,097	90,085,097	-	-	-
Small/Mid Cap	29,852,407	29,852,407	-	-	-
Emerging Markets	11,323,428	11,323,428	-	-	-
World Ex-US	58,279,149	58,279,149	-	-	-
Dynamic Asset Allocation	25,203,098	25,203,098	-	-	-
Fixed Income Mutual Funds					
Core Fixed Income	38,340,966	38,340,966	-	-	-
High Yield Bonds	20,409,674	20,409,674	-	-	-
Limited Duration Bonds	19,868,453	19,868,453	-	-	-
Opportunistic Income	28,265,222	28,265,222	-	-	-
Emerging Markets Debt	18,852,130	18,852,130	-	-	-
Multi-Asset Real Return	11,951,673	11,951,673	-	-	-
Agency Funds:					
Negot. certif. of deposit	<u>2,856,982</u>	<u>2,856,982</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>420,053,481</u>	<u>420,053,481</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 510,032,264</u>	<u>\$ 449,120,148</u>	<u>\$ 60,912,116</u>	<u>\$ -</u>	<u>\$ -</u>

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's investments in certificates of deposit at December 31, 2016 were \$8,631,626. Of this total, \$4,969,000 was covered by Federal Depository Insurance, and \$3,662,626 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, 2016:

	<u>Fair Value</u>	<u>Rating</u>
U.S. Govt agency obligations	\$ 84,204,139	AAA
Negotiable certificates of deposit	8,631,626	Unrated
Mutual funds - Core fixed income	38,340,966	AA-
Mutual funds - Emerging Mkts Debt	18,852,130	BB+
Mutual funds - High Yield Bonds	20,409,674	B+
Mutual funds - Limited Duration	19,868,453	AA-
Mutual funds - Opportunistic Income	28,265,222	BBB+

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 managers are authorized by the Retirement Board to invest in marketable debt issues of the U.S. Treasury, U.S. Agencies, U.S. corporations, U.S. banks or other financial institutions, mortgage or asset backed securities, Yankee bonds, and cash equivalents. Investment managers may also invest in mutual funds and other commingled investments.

The Retirement Board has passed a “Statement of Investment Policy” which establishes a target asset allocation for each type of investment as noted below. Several other target allocations exist within each investment type noted below and can be found in the Statement of Investment Policy. The investment guidelines allow for the following types of investments and target allocations:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	22%
International equity	22%
Fixed Income	40%
Real Estate/Alternative	16%
Cash	0%
	<hr/>
Total	100%

At December 31, 2016, the pension investment portfolio was in compliance with the County’s investment policy as it relates to pension funds.

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, 2016, \$510,032,290 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, 2016.

Fair Value Measurement: The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy sets out a fair value hierarchy with the highest priority being quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurement). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Fair value measurements will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table presents the balances of fair value measurements on a recurring basis by level within the hierarchy as of December 31, 2016:

Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
By fair value level				
Negotiable Certificates of Deposit	\$ 8,631,626	\$ -	\$ -	\$ 8,631,626
U.S. Government Agency notes	84,204,139	-	-	84,204,139
Fixed income mutual funds				
Core Fixed Income	38,340,966	-	-	38,340,966
High Yield Bond	20,409,674	-	-	20,409,674
Limited Duration Bond	19,868,453	-	-	19,868,453
Opportunistic Income	28,265,222	-	-	28,265,222
Emerging Markets Debt	18,852,130	-	-	18,852,130
Multi-Asset Real Return	11,951,673	-	-	11,951,673
Total fixed income mutual funds	137,688,118	-	-	137,688,118
Equity mutual funds				
Large Cap Disciplined	90,085,097	-	-	90,085,097
Small/Mid Cap	29,852,407	-	-	29,852,407
Emerging Markets	11,323,428	-	-	11,323,428
World Ex-US	58,279,149	-	-	58,279,149
Dynamic Asset Allocation	25,203,098	-	-	25,203,098
Total equity mutual funds	214,743,179	-	-	214,743,179
Total investments by fair value level	\$ 445,267,062	\$ -	\$ -	\$ 445,267,062
Measured at Net Asset Value (NAV)				
Collective Trust Funds				64,765,202
Total investment measured at fair value				\$ 510,032,264
Investment derivative instruments				
Interest Rate Swaps		\$ 926,005		\$ 926,005

Negotiable certificates of deposit, U.S. Treasury and Agency notes, and debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Derivative investments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

Collective investment funds are valued at net asset value (NAV) of units held. The NAV 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 funds less their liabilities. The following table summarizes investments for which fair value is measured using the NAV per share practical expedient:

		<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Collective Trust Funds					
Core Property	(a)	\$ 44,455,090	\$ -	Immediate	None
Energy Debt	(b)	17,594,013	-	Immediate	None
Special Situations	(c)	<u>2,716,099</u>	<u>-</u>	Immediate	None
Total Collective Trust Funds		<u>\$ 64,765,202</u>	<u>\$ -</u>		

- (a) The Core Property Collective Investment Trust Fund is a “master feeder” complex, by which the Trust invests substantially all of its assets in the SEI Core Property Fund, LP. (CPF) This structure provides a means for eligible investors to participate in investments in various private investment funds, many of which will pursue U.S. Core Real Estate Strategies. The CPF invests directly and indirectly in a diversified pool of private investment vehicles that invest in commercial real estate properties. Most properties are owned outright with mortgage debt generally limited to 40% of total value aggregate across the entire portfolio. The CPF seeks both current income and long-term capital appreciation through management of the portfolio. Investments in this Fund can be redeemed daily at the current NAV per share based on the fair value of the underlying investments. The fair value of investments in this Fund has been estimated using the NAV per share of the underlying investments.
- (b) The Energy Debt Collective Investment Trust Fund is a “master feeder” complex, by which the Trust invests substantially all of its assets in the SEI Energy Debt Fund, LP. (EDF) This structure provides a means for eligible investors to participate in investments in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy companies. The EDF seeks to achieve high total returns. Investments in this Fund can be redeemed daily at the current NAV per share based on the fair value of the underlying investments. The fair value of investments in this Fund has been estimated using the NAV per share of the underlying investments.

(c) The Special Situations Collective Fund is a “master feeder” complex, by which the Trust invests substantially all of its assets in the SEI Special Situations Fund, LP. (SSF) This structure provides a means for eligible investors to participate in investments in various private investment funds, many of which will pursue hedged investment strategies. The SSF invests using a “fund of funds” approach, which includes investments in various private funds such as hedge funds that pursue “hedged” or other “alternative” investment strategies, private equity funds, hybrid funds and any other “alternative” investment funds, while also opportunistically investing directly in any other securities and financial instruments. The SSF seeks to achieve high returns balanced against an appropriately level of volatility and directional market exposure over a full market cycle. Investments in this Fund can be redeemed daily at the current NAV per share based on the fair value of the underlying investments. The fair value of investments in this Fund has been estimated using the NAV per share of the underlying investments.

B. Component units

1. Berks County Solid Waste Authority

The Authority’s available cash is invested in demand deposit accounts and money market accounts. The carrying amounts of the cash deposits at December 31, 2016 consist of the demand deposits of \$247,185.

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, 2016, the carrying amount of the Authority’s cash deposits was \$247,185 and the bank balance was \$374,529, all of which was covered by Federal Deposit Insurance.

2. 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, 2016:

Petty cash	\$ 250
Unrestricted cash	2,084,290
Settlement fund cash	510,567
Escrow deposits	3,294
	<u>\$ 2,598,401</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, 2016, \$2,354,284 of the Authority’s bank balance of \$2,604,284 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, 2016, 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 currently 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.

3. Reading Area Community College

Cash and cash equivalents at June 30, 2016 consist of the following:

Cash on hand	\$ 3,650
Cash	12,198,518
Investments	15,709,039
	\$ 27,911,207

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, 2016, the carrying amount of the College’s deposits was \$11,738,392 and the bank balance was \$11,852,490. Of the bank balance, \$250,000 was covered by federal depository insurance and \$11,602,490 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, 2016, the cash and cash equivalents for the College Foundation was \$460,126. All balances above federal depository insurance limits and exposed to custodial credit risk were covered by the collateralization requirements in accordance with Act 72.

Investments: The College authorizes the following investment instruments which are allowable under PA Law including Act 72 of 1971:

- Direct obligations of the United States of America (USA) i.e. US Treasury Obligations
- Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the USA.
- Obligations of government sponsored agencies which are not backed by the full faith and credit of the USA including Federal Home Loan Mortgage Corporation (FHLMC), Farm Credit System (FCS), Federal Home Bank Loans (FHLB), and Federal National Mortgage Associations (FNMNA) excluding “stripped mortgage securities” purchase at proceeds exceeding their principal amounts.
- Deposits in savings accounts or time deposits in certificates of deposit insured by the Federal Deposit Insurance Company or other like insurance and for any amounts above the insured maximum, provided that approved collateral is provided by law, therefore shall be pledged by the depository.
- Repurchase agreements that are fully collateralized by obligation of the USA. Monthly statements of deposit collateral shall be obtained from the authorized depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College's entire investment carrying value of \$5,097,762 is valued using bid prices for comparable securities (Level 2 input).

The fair value of investments for the College is presented below as of June 30, 2016:

<u>Investment</u>	<u>Interest Rates</u>	<u>Total</u>	<u>< 1 year</u>	<u>> 1 year</u>
FHLB Notes	.785% - 1.125%	\$ 748,555	\$ 250,678	\$ 497,877
FNMA	.875% - 1.875%	2,248,133	241,085	2,007,048
FHLMC	.750% - 1.375%	1,993,404	491,390	1,502,014
Other		<u>107,670</u>	<u>107,670</u>	<u>-</u>
Total Investments		<u>\$5,097,762</u>	<u>\$1,090,823</u>	<u>\$4,006,939</u>

Interest rate risk: The College does have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk and concentration of credit risk: The College does have an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2016, the College's investments in FHLB, FNMA, and FHLMC were rated as Aaa by Standard & Poor's. The College places no limit on the amount the College may invest in any one issuer. The College's investments in FHLB, FNMA, and FHLMC are all over five percent of total investments.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The College has no investments subject to custodial credit risk.

Foundation investments as of June 30, 2016 are summarized as follows:

<u>Investment</u>	<u>Total</u>
Equity funds	\$ 7,284,646
Fixed income securities	3,140,922
Cash and equivalents	<u>185,709</u>
Total Investments	<u>\$ 10,611,277</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2016:

Category	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest	\$ 41,436	\$ 177,057		\$ 218,493
Market losses	\$ (17,640)	\$ (77,637)	\$ -	\$ (95,277)
Total	\$ 23,796	\$ 99,420	\$ -	\$ 123,216

The Foundation has investments in mutual funds consisting primarily of bond and equity securities. Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

Investments: The investments are held by a trust company. The investments consist of money market funds, fixed income securities, and equity securities. The trust company has rated their holdings in accordance with the fair value hierarchy as noted above with Level 1 consisting of money market funds, fixed income securities, and equity securities.

Beneficial Interests in Perpetual Trusts: The Foundation is the beneficiary of two trusts which are managed by two banks. The banks hold the investments in diversified and balanced portfolios consisting of cash and money market funds and equity securities. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of funds held at year end.

Charitable Remainder Trust Receivable: The Foundation is the beneficiary of a charitable remainder trust that is managed by a third party bank. The bank holds the investments in diversified and balanced portfolios. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of funds held at year end.

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth the by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2016:

Category	Level 1	Level 2	Level 3	Total
Equity	\$ 7,284,646	\$ -	\$ -	\$ 7,284,646
Fixed income	3,140,922	-	-	3,140,922
Total investments, at market	10,425,568	-	-	10,425,568
Beneficial interest in perpetual trusts	-	-	4,629,846	4,629,846
Beneficial interest in CRAT	-	-	125,000	125,000
Total assets at fair value	\$ 10,425,568	\$ -	\$ 4,754,846	\$ 15,180,414

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2016:

Balance, beginning of year	\$ 4,152,774
Contributions/purchases	213,036
Realized and unrealized gains	<u>389,036</u>
Balance, end of year	<u>\$ 4,754,846</u>

During the year ended June 30, 2016, the Foundation was named the beneficiary of a Charitable Remainder Trust to provide capital for the science center improvements. A Charitable Remainder Trust provides for the payment of distributions to designated beneficiaries over the Trust's term. Under terms of the Trust agreement dated April 13, 2016, the Foundation is to receive the Trust principal as then constituted and any accrued or undistributed net income upon the death of the surviving beneficiary or expiration of seven years, whichever comes first. Based on the beneficiary life expectancy and a 6.4 percent discount rate, the present value of future benefit expected to be received by the Foundation was estimated to be \$125,000, as of June 30, 2016, which is recorded as a temporarily restricted contribution and a Charitable Remainder Trust receivable.

The Foundation is a beneficiary of two irrevocable trusts held by various trust departments of financial institutions. The Foundation recorded its proportionate share of the fair market value of

principal of each trust when received. Agreement terms provide that the Foundation receives its proportionate share of the net income earned by the funds held in trust. Distributions from the trusts are recorded as trust income in temporarily restricted net assets and amounted to \$138,100 for the year ended June 30, 2016. The value of the trusts recorded is \$4,629,846 at June 30, 2016.

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 and Balance Sheet. Restricted assets at December 31, 2016 consist of the following:

	Cash and cash equivalents	Investments
Governmental funds		
General Fund		
Antietam Lake	\$ 466,216	\$ -
Act 198 Fund	344,740	-
Environmental Litigation	69,660	-
Hazmat Response Fund	282,120	1,410,000
MCT Trust	580,366	-
Inmate Pay	3,502	-
Parks Trust Accounts	1,028,315	-
Workers' Compensation Trust	14,378	273,136
Special Legislation Funds		
Adult Probation Supervision Fund	2,308,732	-
Coroner Record Improvement Fund	130,014	-
Courts Automation Fund	214,762	-
Hotel Tax Account	132,529	-
Prothonotary Automation Fund	89,359	-
Register of Wills Record Improvement Fund	134,559	-
Recorder of Deeds Record Improvement Fund	263,696	-
Treasurer Record Improvement Fund	355,671	-
Children and Youth Services		
Gift Fund	14,867	
Health Choices Special Revenue Fund		
Appendix V - Jumbo Auto Renew CD	-	805,644
Reinvestment account	802,036	-
Risk & Contingency account	1,968,152	4,074,564
Capital Projects Funds		
Unspent bond proceeds Series B of 2009	19,621	-
Unspent bond proceeds Series A of 2010	178,191	-
Unspent bond proceeds Series B of 2010	119,931	-
Unspent bond proceeds Series C of 2010	1,054,803	-
Unspent bond proceeds Series D of 2010	14,900	-
Unspent bond proceeds 2012 Tax Exempt	690,306	-
Unspent bond proceeds Series A of 2012	460,964	-
Unspent bond proceeds Series of 2013	4,827,228	-
Total governmental funds	<u>\$ 16,569,618</u>	<u>\$ 6,563,344</u>
Business-Type Activity		
Berks Heim		
Workers' Compensation Trust	<u>\$ 11,836</u>	<u>\$ 224,864</u>

NOTE 4: REAL ESTATE TAXES AND TAX ABATEMENTS

Real estate taxes attach an enforceable lien on property on January 1. Taxes are billed on or about March, payable under the following terms: 2% discount, March through April 30; face amount, May through June 30, and 10% penalty between July 1 and January 15 of the subsequent year. After January 15 of the subsequent year, the levies are 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 2016 adopted rate of taxation was 7.372 mills.

County property tax revenues were reduced by \$972,423 because of legislation enacted by the Commonwealth of Pennsylvania under the following programs:

Local Economic Revitalization Tax Assistance (LERTA) Program

The LERTA Program authorizes local taxing authorities within the County to exempt property taxes of new construction in deteriorated areas of economically depressed communities and improvements to certain deteriorated industrial, commercial and other business property. The LERTA tax exemptions are authorized under Act 76 of 1977 (72 P.S. section 4722 et seq.) which was passed by the General Assembly of Pennsylvania. A local taxing authority by ordinance or resolution may exempt from real property taxation the assessed valuation of improvements to deteriorated properties and the assessed valuation of new construction within designated deteriorated areas. The County recognizes, supports and approves any LERTA of any municipality located within the boundaries of the County that has established a standard LERTA from property tax for certain deteriorated industrial, commercial or other business property. Application to each local taxing authority for a tax exemption under a LERTA ordinance is to be made at the same time a building permit is secured or other official notification is made. A copy of the exemption request shall be forwarded to the County Board of Assessment. The assessment office shall assess separately the new construction or improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption. For the first year immediately following the date upon which the improvement become assessable, 100 percent of the assessed valuation of the eligible improvement shall be exempted from real estate tax. In subsequent years, the amount exempted from real estate tax is reduced by 10 percent each year, and after the tenth year, the exemption shall terminate.

The exempted portion of the assessable improvement is not included on the property owner's tax bill. The exemption from taxes is upon the eligible property and does not terminate upon the sale or exchange of the property.

The exemption from real estate taxes provided for herein shall be forfeited by the Applicant and/or any subsequent owner of the real estate upon the occurrence of failure to pay any non-exempt real estate taxes by the last day of the time period to pay such taxes in the penalty period.

The following local taxing authorities within the County have enacted LERTA ordinances or resolutions:

- City of Reading
- Borough of Wyomissing

- Bethel Township
- Borough of Birdsboro
- Bern Township

The County forgone real estate tax revenue as a result of LERTA tax abatement agreements entered into by the Commonwealth of Pennsylvania was \$703,671 for the year ended December 31, 2016.

Keystone Opportunity Zone Program (KOZ) Program

The KOZ Program provides 100% abatement of real property taxation on the assessed valuation of deteriorated property in an area designated as a subzone within this Commonwealth. The real property tax abatements under this program are authorized under Act 92 of 1998, P.L. 705, as amended (the “Act”), which was passed by the General Assembly of Pennsylvania.

For a qualified business to qualify each year for property tax abatement under the Act, a business shall own or lease real property in a Subzone from which the business actively conducts a trade, profession or business. The qualified business shall receive certification from the Department that the business is located and is in the active conduct of a trade, profession or business, within the Subzone. The business shall obtain annual renewal of the certification from the Department to continue to qualify as a qualified business. For a property owner to qualify each year for property tax abatement under the Act, the property owner must apply annually to the Department in order to receive approval for property tax abatement, as required by Section 907 of the Act. The deadline to file a KOZ application is December 31st of the year for which benefits are to be received. Applicants must be in full compliance with all state and local tax laws and building and housing code provisions, in order to claim property tax abatements offered in the Act. Compliant applications will receive an approval letter from the Department. The approval letter is verification of eligibility to receive KOZ benefits from state and local entities. Property tax abatement is applied by way of exemption of assessed value. The Pennsylvania Department of Revenue reserves the right to conduct an audit of an applicant for benefits to ensure full compliance with the Act. Any party improperly receiving KOZ tax benefits must return all tax benefits received and will be subject to the applicable interest, civil and criminal penalty provisions in the Act.

The County forgone real estate tax revenue as a result of KOZ tax abatement agreements entered into by the Commonwealth of Pennsylvania was \$268,752 for the year ended December 31, 2016.

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, 2016 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Governmental funds:		
General fund	\$ -	\$ 2,025,889
Children and Youth Services	4,303,071	-
Health Choices	93,059	-
Nonmajor	<u>4,999,989</u>	<u>5,721,276</u>
	<u>9,396,119</u>	<u>7,747,165</u>
Proprietary funds:		
Berks County Residential Center	933,383	-
Berks Heim	<u>-</u>	<u>2,582,337</u>
	<u>933,383</u>	<u>2,582,337</u>
Total	<u>\$ 10,329,502</u>	<u>\$ 10,329,502</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 2016 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 3,715,526	\$ 19,115,035
Children and Youth Services	7,746,118	353,287
Health Choices	-	15,263
Nonmajor	<u>11,657,073</u>	<u>2,561,157</u>
	<u>23,118,717</u>	<u>22,044,742</u>
Proprietary funds:		
Berks County Residential Center	1,220,957	1,088,977
Berks Heim	<u>15,000</u>	<u>-</u>
	<u>1,235,957</u>	<u>1,088,977</u>
Total	<u>\$ 24,354,674</u>	<u>\$ 23,133,719</u>

The majority of the amounts noted above are comprised of these transfers:

- Transfers of \$17,214,153 were made from the General Fund to several funds during 2016 to cover deficits.
- Transfers of \$1,608,592 were made from the Special Legislation Special Revenue Fund to the General Fund for Adult Probation Office wage reimbursements.
- Transfers of \$6,759,580 were made from the General Fund to the Department of Emergency Services Special Revenue Fund to remove due to General Fund arising from prior years.

- Transfers of \$1,726,372 were made from the General Fund to the Drug and Alcohol Special Revenue Fund for County contributions to the Council on Chemical Abuse.
- Transfers of \$1,220,956 were made from the General Fund in Berks County Residential Center to transfer the Annex capital asset costs. This transfer was made in the entity wide financial statements only and causes transfers in to not equal transfers out in 2016.
- Transfers of \$1,088,977 were made from Berks County Residential Center to the General Fund for rental of space.
- Transfers of \$15,000 were made from the General Fund to Berks Heim to transfer funds for parking lot improvements.

NOTE 6: CAPITAL ASSETS

A. Primary government

1. Capital assets

Capital asset activity for the year ended December 31, 2016 was as follows:

- **Governmental activities:**

	Beginning balance	Additions/ Transfers in	Retirements/ Transfers out	Transfers Between Activities	Ending balance
Capital assets, not being depreciated:					
Land	\$ 13,481,858	\$ -	\$ -	\$ -	\$ 13,481,858
Historical treasures	2,279,644	-	-	-	2,279,644
Agricultural easements	78,161,441	1,209,675	-	-	79,371,116
Software in progress	2,560,399	1,421,220	(893,723)	-	3,087,896
Construction in progress	7,324,041	14,680,049	(2,821,964)	-	19,182,126
Total capital assets, not being depreciated	<u>103,807,383</u>	<u>17,310,944</u>	<u>(3,715,687)</u>	<u>-</u>	<u>117,402,640</u>
Capital assets, being depreciated:					
Land improvements	2,415,041	1,334,468	-	-	3,749,509
Buildings and improvements	205,916,568	1,979,073	-	(1,281,098)	206,614,543
Furniture, fixtures, equipment, and vehicles	87,334,226	2,512,648	(4,726,185)	-	85,120,689
Infrastructure	10,587,072	2,256,465	-	-	12,843,537
Total capital assets, being depreciated	<u>306,252,907</u>	<u>8,082,654</u>	<u>(4,726,185)</u>	<u>(1,281,098)</u>	<u>308,328,278</u>
Total capital assets, historical cost	<u>410,060,290</u>	<u>25,393,598</u>	<u>(8,441,872)</u>	<u>(1,281,098)</u>	<u>425,730,918</u>
Less accumulated depreciation for:					
Land improvements	1,253,317	189,558	-	-	1,442,875
Building and improvements	105,126,846	5,627,996	-	(60,142)	110,694,700
Furniture, fixtures, equipment, and vehicles	25,567,242	4,968,192	(4,726,185)	-	25,809,249
Infrastructure	2,231,515	331,108	-	-	2,562,623
Total accumulated depreciation	<u>134,178,920</u>	<u>11,116,854</u>	<u>(4,726,185)</u>	<u>(60,142)</u>	<u>140,509,447</u>
Total capital assets, net of accumulated depreciation	<u>\$275,881,370</u>	<u>\$ 14,276,744</u>	<u>\$ (3,715,687)</u>	<u>\$ (1,220,956)</u>	<u>\$285,221,471</u>

Transfers between activities in both capital asset tables represent Annex Project costs allocated to the Berks County Residential Center Enterprise Fund from the General Fund.

- **Business-type activities:**

	Beginning balance	Additions/ Transfers in	Retirements/ Transfers out	Transfers Between Activities	Ending balance
Capital assets, not being depreciated:					
Construction in progress	\$ 14,366	\$ 17,642	\$ (14,366)	\$ -	\$ 17,642
Capital assets, being depreciated:					
Buildings and improvements	46,941,229	11,309	-	1,281,098	48,233,636
Furniture, fixtures, equipment, and vehicles	4,896,189	66,137	(7,120)	-	4,955,206
Total capital assets, being depreciated	51,837,418	77,446	(7,120)	1,281,098	53,188,842
Total capital assets, historical cost	51,851,784	95,088	(21,486)	1,281,098	53,206,484
Less accumulated depreciation for:					
Building and improvements	12,077,610	1,281,459	-	60,142	13,419,211
Furniture, fixtures, equipment, and vehicles	4,107,663	155,636	(7,120)	-	4,256,179
Total accumulated depreciation	16,185,273	1,437,095	(7,120)	60,142	17,675,390
Total capital assets, net of accumulated depreciation	\$ 35,666,511	\$ (1,342,007)	\$ (14,366)	\$ 1,220,956	\$ 35,531,094

2. Depreciation expense

Depreciation expense was charged to functions/programs of the primary government during 2016 as follows:

- **Governmental activities:**

Judicial	\$ 434,047
Public safety	4,532,864
Public works	533,125
General government	5,078,640
Human services	40,935
Community and economic development	52,000
Culture and recreation	445,243
Total	<u>\$11,116,854</u>

- **Business-type activities:**

Berks County Residential Center	\$ 360,298
Berks Heim	1,076,797
Total	<u>\$ 1,437,095</u>

3. Capital projects commitments

The Anthony's Mill Bridge project is in the construction phase with expenditures to date totaling \$222,017. Management anticipates this project to be completed by March 31, 2017 with a projected final cost of approximately \$244 thousand.

The Buttonwood Street Bridge project is in the construction phase with expenditures to date totaling \$13,553,729. Management anticipates this project to be completed by April 30, 2017 with a projected final cost of approximately \$15.7 million.

The Blandon Bridge project is in the design phase with expenditures to date totaling \$506,470. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$1.7 million.

The Peach Street Bridge project is in the design phase with expenditures to date totaling \$13,625. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$34 thousand.

The Dreibelbis Station Bridge project is in the design phase with expenditures to date totaling \$209,366. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$1.9 million.

The Manatawny Bridge project is in the design phase with expenditures to date totaling \$550,923. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$1.7 million.

The Burkey's Bridge project is in the design phase with expenditures to date totaling \$14,044. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$82 thousand.

The Hartz Mill Bridge project is in the design phase with expenditures to date totaling \$9,749. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$97 thousand.

The Fisher's Mill Bridge project is in the design phase with expenditures to date totaling \$16,207. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$148 thousand.

The Elevator Rehabilitation Project is in the construction phase with expenditures to date totaling \$3,494,095. Management anticipates this project to be completed by December 31, 2017 with a projected final cost of approximately \$5.9 million.

B. Component units

1. Berks County Solid Waste Authority

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 65,328	\$ -	\$ 65,328
Capital assets being depreciated:				
Site improvements	214,291	28,011	-	242,302
Recycling equipment	<u>205,870</u>	<u>19,353</u>	<u>(31,508)</u>	<u>193,715</u>
Total capital assets being depreciated	<u>420,161</u>	<u>47,364</u>	<u>(31,508)</u>	<u>436,017</u>
Less accumulated depreciation for:				
Site improvements	97,731	32,614	-	130,345
Recycling equipment	<u>87,452</u>	<u>24,713</u>	<u>(23,204)</u>	<u>88,961</u>
Total accumulated depreciation	<u>185,183</u>	<u>57,327</u>	<u>(23,204)</u>	<u>219,306</u>
Total capital assets, net	<u>\$ 234,978</u>	<u>\$ 55,365</u>	<u>\$ (8,304)</u>	<u>\$ 282,039</u>

2. Reading Regional Airport Authority

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015 (Restated)	Additions	Transfers/ Deletions	Balance September 30, 2016
Capital assets, not being depreciated:				
Land	\$ 4,636,399	\$ -	\$ -	\$ 4,636,399
Air easement rights	103,002	-	-	103,002
Construction in progress	391,914	2,159,587	(164,887)	2,386,614
Total capital assets, not being depreciated	<u>5,131,315</u>	<u>2,159,587</u>	<u>(164,887)</u>	<u>7,126,015</u>
Capital assets, being depreciated:				
Land improvements	9,305,879	-	-	9,305,879
Infrastructure	39,587,433	-	-	39,587,433
Buildings and improvements	17,440,810	-	-	17,440,810
Furniture and equipment	3,760,984	22,304	-	3,783,288
Leasehold improvements	2,198,700	-	-	2,198,700
Total capital assets, being depreciated	<u>72,293,806</u>	<u>22,304</u>	<u>-</u>	<u>72,316,110</u>
Total capital assets, historical cost	<u>77,425,121</u>	<u>2,181,891</u>	<u>(164,887)</u>	<u>79,442,125</u>
Less accumulated depreciation for:				
Land improvements	6,859,500	306,355	-	7,165,855
Infrastructure	17,695,945	1,396,181	-	19,092,126
Buildings and improvements	10,545,891	442,563	-	10,988,454
Furniture and equipment	2,934,008	96,165	-	3,030,173
Leasehold improvements	1,282,575	91,613	-	1,374,188
Total accumulated depreciation	<u>39,317,919</u>	<u>2,332,877</u>	<u>-</u>	<u>41,650,796</u>
Total capital assets, net of accumulated depreciation	<u>\$ 38,107,202</u>	<u>\$ (150,986)</u>	<u>\$ (164,887)</u>	<u>\$ 37,791,329</u>

Depreciation expense for the Authority for the year ended September 30, 2016 was \$2,332,877.

3. Reading Area Community College

Capital asset activity for the year ended June 30, 2016 is as follows:

Depreciation expense for the College for the year ended June 30, 2016 was \$2,302,154.

	Balance July 1, <u>2015</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance June 30, <u>2016</u>
Capital assets, not being depreciated:				
Land	\$ 1,081,556	\$ -	\$ -	\$ 1,081,556
Construction in progress	<u>569,016</u>	<u>658,294</u>	<u>(894,804)</u>	<u>332,506</u>
Total capital assets, not being depreciated	<u>1,650,572</u>	<u>658,294</u>	<u>(894,804)</u>	<u>1,414,062</u>
Capital assets, being depreciated:				
Buildings and improvements	63,668,803	1,039,122	(923)	64,707,002
Equipment, furnishings and library books	<u>9,241,342</u>	<u>333,894</u>	<u>(114,344)</u>	<u>9,460,892</u>
Total capital assets, being depreciated	<u>72,910,145</u>	<u>1,373,016</u>	<u>(115,267)</u>	<u>74,167,894</u>
Total capital assets, historical cost	<u>74,560,717</u>	<u>2,031,310</u>	<u>(1,010,071)</u>	<u>75,581,956</u>
Less accumulated depreciation for:				
Buildings and improvements	26,469,121	1,740,622	(923)	28,208,820
Equipment, furnishings and library books	<u>6,804,925</u>	<u>561,532</u>	<u>(113,431)</u>	<u>7,253,026</u>
Total accumulated depreciation	<u>33,274,046</u>	<u>2,302,154</u>	<u>(114,354)</u>	<u>35,461,846</u>
Total capital assets being depreciated, net	<u>39,636,099</u>	<u>(929,138)</u>	<u>(913)</u>	<u>38,706,048</u>
Total capital assets, net of accumulated depreciation	<u>\$ 41,286,671</u>	<u>\$ (270,844)</u>	<u>\$ (895,717)</u>	<u>\$ 40,120,110</u>

NOTE 7: RETIREMENT PLANS

A. Primary government

1. General information about the Plan

Plan description. The County provides a single-employer defined benefit pension plan, the Berks County Employees' Pension Plan ("BCEPP") that covers all employees of the County. 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. BCEPP is administered by the Berks County Employees' Retirement Fund Board ("Board"). Management of BCEPP is vested in the Board, which consists of five members – three elected County Commissioners, the County Controller, and the County Treasurer.

Benefits provided. BCEPP provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's highest 3-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a county employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement. Death benefit for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest.

On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

Employees covered by benefit terms. At December 31, 2016, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	1,147
Inactive plan members entitled to but not yet receiving benefits	215
Active plan members	<u>2,024</u>
Total members	<u>3,386</u>

Contributions. An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amount to finance an unfunded accrued liability. For the 2016 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 2.01 percent of annual payroll.

2. Net Pension (Asset) Liability

The County's net pension (asset) liability was measured as of December 31, 2016, and the total pension asset used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension asset in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 3.0 percent
- Salary increase: 3.5 percent, average, including inflation
- Investment rate of return: 7.5 percent, net of pension plan investment expense, including inflation.

Mortality rates were based on the 1983 Group Annuitant Mortality Tables for Males and Females with no projected improvement.

The actuarial assumptions used in the valuation for the 2016 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2016 measurement period (see pension plan's investment policy) are summarized in the following table:

Asset Class	Real Rate of Return
Domestic equity	5.4-6.4%
International equity	5.5-6.5%
Fixed income	1.3-3.3%
Real estate	4.5-5.5%
Cash	0.0-1.0%

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (i.e. no depletion date is projected to occur). See pages RSI 7 and 8 for further information.

Changes in Net Pension (Asset) Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at December 31, 2015	\$ 401,758,296	\$ 399,123,328	\$ (2,634,968)
Restatement (see Note 1)	(11,435,134)	-	11,435,134
Balance as restated at December 31, 2015	390,323,162	399,123,328	8,800,166
Changes for the year:			
Service cost	10,623,914	-	(10,623,914)
Interest cost	29,071,529	-	(29,071,529)
Difference between expected and actual experience	(501,667)	-	501,667
Contributions - County	-	2,088,776	2,088,776
Contributions - member	-	6,500,174	6,500,174
Net investment income	-	29,291,596	29,291,596
Other additions	-	(29,494)	(29,494)
Benefit payments, including refunds of member contributions	(19,382,776)	(19,382,776)	-
Administrative expense	-	(41,575)	(41,575)
Net changes	19,811,000	18,426,701	(1,384,299)
Balance at December 31, 2016	<u>\$ 410,134,162</u>	<u>\$ 417,550,029</u>	<u>\$ 7,415,867</u>

Sensitivity of the net pension (asset) liability to changes in the discount rate. The following presents the net pension (asset) liability of the County, calculated using the discount rate of 7.5%, as well as what the County's net pension (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

Discount rate	County's net pension (asset) liability
1% decrease (6.5%)	\$ (35,854,019)
Current discount rate (7.5%)	\$ 7,415,867
1% increase (8.5%)	\$ 37,775,326

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available on pages FS 13 and FS 14 of this financial statement.

3. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions.

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total Pension Liability		Plan Fiduciary Net Position		Total
	(Outflow)	Inflow	(Outflow)	Inflow	
Deferred Inflow/(Outflow) of Resources as of December 31, 2015	\$ -	\$ (8,893,864)	\$(30,617,599)	\$ -	\$(39,511,463)
Restatement	<u>(3,290,747)</u>	<u>11,602,185</u>	<u>-</u>	<u>-</u>	<u>8,311,438</u>
Deferred Inflow/(Outflow) of Resources as of December 31, 2015, as restated	(3,290,747)	2,708,321	(30,617,599)	-	(31,200,025)
2016 Differences between expected and actual experience	-	501,667	(243,672)	-	257,995
2016 portion recognized as pension expense	<u>498,598</u>	<u>(544,132)</u>	<u>8,030,556</u>	<u>-</u>	<u>7,985,022</u>
Deferred Inflow/(Outflow) of Resources as of December 31, 2016	<u>\$ (2,792,149)</u>	<u>\$ 2,665,856</u>	<u>\$(22,830,715)</u>	<u>\$ -</u>	<u>(22,957,008)</u>
Change in Deferred Inflow/(Outflow) of Resources during 2016					<u>\$ (8,243,017)</u>

For the 2016 year, the County recognized pension expense of \$11,716,092. Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
2017	\$ (7,985,022)
2018	(7,985,020)
2019	(6,675,335)
2020	(3,202)
2021	(47,857)
Thereafter	<u>(260,572)</u>
	<u>\$ (22,957,008)</u>

4. Payable to the Pension Plan

For the year ended December 31, 2016, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

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; this contribution amount was \$471 at September 30, 2016. The Authority's contributions for each employee are fully vested when made. The pension contribution for the year ended September 30, 2016 was \$39,041.

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, 2016 was \$6,303.

2. Reading Area Community College

Retirement Plans

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 or PSERS and have not withdrawn their funds in full are automatically enrolled in SERS or PSERS upon employment with the College; otherwise, only the TIAA/CREF are available to employees.

Employee Defined Benefit Pension Plans

Summary of Significant Accounting Policies

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PSERS and SERS and additions to/deductions from PSERS and SERS fiduciary net position have been determined on the same basis as they are reported by PSERS and SERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan descriptions

SERS is a governmental cost-sharing multi-employer defined benefit pension plan established by the Commonwealth of Pennsylvania to provide pension benefits for employees of state government and certain independent agencies. SERS is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund.

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits provided

SERS provides retirement, death, and disability benefits. Cost of Living Adjustments (COLA) are provided ad hoc at the discretion of the General Assembly. Article II of the Commonwealth of Pennsylvania's Constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Member retirement benefits are determined by taking years of credited service times final average salary times two percent times class of service multiplier.

Prior to Act 2010-120, employees who retire at age 60 with three years of service, or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit. Members of the General Assembly and certain employees classified in hazardous duty positions can retire with full benefits at age 50, with at least three years of service. Act 2010-120 preserved all benefits in place for members, but mandated a number of benefit reductions for new members effective January 1, 2011. The benefit reduction included a new class of membership that accrues benefits at 2 percent of their final average salary instead of the previous 2.5 percent. The new vesting period changed from five to ten years of credited service, and the option to withdraw lump-sum accumulated benefits.

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early

retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

PSERS participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active PSERS member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member has retired on the day before death.

Contributions

Pursuant to 5507 of the SERC (71 PA. C.S. 5507) requires the Commonwealth and other employers whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the board, provides for periodic active member contributions at statutory rates. SERS fund policy, as set by the board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. However, Act 2010-120 imposes rate increase collars (limits on annual rate increases) on employer contributions that keep the employer contribution rate below the rates established in accordance with the actuarial parameters. The collar of the Commonwealth fiscal year 2013-2014 was 4.5 percent and will remain at that rate until no longer needed.

SERS Member Contributions:

The general membership contribution rate for all Class A and Class AA members is 5 percent and 6.25 percent of salary, respectively. The general membership contribution rate under Act 2010-120 for A-3 and A-4 members is 6.25 percent and 9.3 percent of salary, respectively. The contribution rate for Class D-4 members is 7.5 percent. All employee contributions are recorded in individually identified accounts that are credited with interest, calculated at 4 percent per annum, as mandated by statute.

SERS Employer Contributions:

Participating employer contributions for SERS are based upon an actuarially determined percentage of gross pay that is necessary to provide SERS with assets sufficient to meet the benefits to be paid to members. The College contribution rate at June 30, 2016 ranged between 17.18 percent and 24.86 percent of gross pay depending on the class of the employee. Contributions to the pension plan from the College were \$15,211 for the year ended June 30, 2016. The PSERS contribution policy is set by state statute and requires contributions by active members, employees and the Commonwealth of Pennsylvania.

PSERS Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class T-C) or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3 percent (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5 percent and 9.5 percent and Membership Class T-F contribution rate to fluctuate between 10.3 percent and 12.3 percent.

PSERS Employer Contributions:

The College's contractually required contribution rate for fiscal year ended June 30, 2016 was 25.00 percent of covered payroll of which the Commonwealth of Pennsylvania contributes 50 percent of the College's contractually required contributions. The contractually required contribution is actually determined as an amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The rate was certified by the PSERS board of trustees. Contributions to the pension plan from the College were \$300,068 for the year ended June 30, 2016.

PSERS State Contributions:

Pursuant to Section 8327 of the PSERS Retirement Code, the Commonwealth of Pennsylvania funds 50 percent of the College's retirement expense directly to the plan. This arrangement does meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 50 percent of the College's share of these amounts.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the College reported a liability of \$186,577 for its proportionate share of the SERS net pension liability. The SERS net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of December 31, 2014 to December

31, 2015. The College's proportion of the SERS net pension liability was calculated utilizing the projected employer's contributions for the following year as it relates to the total projected employer's contributions for the following year. At December 31, 2015, the College's proportion was 0.0010 percent, which was a decrease of 0.0007 percent from its proportion measured as of December 31, 2014.

At June 30, 2016, the College reported a liability for its proportionate share of the PSERS net pension liability that reflected a reduction for Commonwealth of Pennsylvania pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the College are as follows:

College's proportional share of the net pension liability	\$ 4,375,000
Commonwealth's proportional share of the net pension liability	<u>4,375,000</u>
Total proportionate share of the net pension liability	<u>\$ 8,750,000</u>

The PSERS net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2014 to June 30, 2015. The College's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the College's proportion was 0.0101 percent, which was a decrease of 0.0001 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the College recognized total pension expense from the two plans of \$114,302. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Net difference between projected and actual investment earnings	\$ 18,995	\$ 9,000
Change of assumptions	5,544	-
Difference between expected and actual experience	3,777	18,000
Changes in proportions	121,832	106,491
Difference between employer contributions and proportionate share of total contributions	16,668	132
Contributions subsequent to the measurement date	<u>304,638</u>	<u>-</u>
	<u>\$ 471,454</u>	<u>\$ 133,623</u>

The \$304,638 reported as deferred outflows of resources resulting from College pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2017	\$ (329)
2018	(329)
2019	(329)
2020	37,222
2021	<u>(3,042)</u>
	<u>\$ 33,193</u>

SERS Actuarial Assumptions

The actuarial valuation uses assumptions regarding future rates of investment return and rates of retirement, withdrawal, death, and disability among SERS members and their beneficiaries. The current set of assumptions used in the December 31, 2014 actuarial valuation, with the exception of the discount rate assumption, was adopted by the State Employees' Retirement Board based upon actual experience of SERS during the years 2006 through 2010. Based upon subsequent review of SERS investment data and results, the Board approved a reduction in the assumed discount rate from 8.00 percent to 7.50 percent effective as of the December 31, 2011 actuarial valuation and the 7.50 percent assumption has remained in effect since then. The following actuarial assumptions applied to all periods included in the measurement:

- Actuarial cost method: Entry Age Normal.
- Investment return: 7.50 percent, includes inflation at 2.75 percent.
- Salary increases: Effective average of 5.50 percent, which reflects an allowance for inflation of with a range of 4.30 percent and 11.05 percent including inflation at 2.75 percent.
- Mortality rates were based on the RP-2000 Mortality Tables adjusted for actual plan experience and future improvement.

PSERS Actuarial Assumptions

The total pension liability as of June 30, 2015 was determined by rolling forward the System's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method: Entry Age Normal level of percent pay
- Investment return: 7.50 percent, includes inflation at 3.00 percent.
- Salary increases: Effective average of 6.10 percent, which reflects an allowance for inflation of 3.00 percent, real wage growth of 1 percent, and merit or seniority increases of 1.50 percent .
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ended June 30, 2010. The recommended assumption changes based on this experience study were adopted by the board at its March 11, 2011 board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

The long-term expected rate of return on both pension plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The SERS pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension. The below was the board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of December 31, 2015.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Alternative investments	15%	8.50%
Global public equity	40%	5.40%
Real assets	17%	4.95%
Diversifying assets	10%	5.00%
Fixed income	15%	1.50%
Liquidity reserve	3%	0.00%
	<u>100%</u>	

The PSERS pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension. The below was the board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2015.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public markets global equity	22.5%	4.8%
Private markets	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%
High yield bonds	6.0%	3.3%
Cash	3.0%	0.7%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/Infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	-14.0%	1.1%
	100.0%	

Discount Rate: SERS and PSERS

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
College's proportionate share of the SERS' net pension liability	\$ 231,764	\$ 186,577	\$ 147,832
College's proportionate share of the PSERS' net pension liability	5,392,000	4,375,000	3,520,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

Detailed information about SERS' fiduciary net position is available in SERS Comprehensive Annual Financial Report which can be found on the System's website at www.sers.pa.gov.

Payable to the Pension Plan

At June 30, 2016, the College had an accrued balance due to PSERS of \$78,768. This amount represents the College's contractually obligated contributions for wages earned in April 2016 through June 2016. The balance will be paid in September 2016.

Employee Defined Contribution Pension Plan

TIAA-CREF is a cost-sharing multi-employer defined contribution plan and an option to employees who wish to participate in a program whose benefits depend solely on amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution of 6.25 percent (5% if enrolled before 1983) of their gross pay. The College contribution rate at June 30, 2016 was between 6.00 percent and 9.00 percent of gross pay depending on the class of employee. Beyond that salary-based contribution, the College bears no responsibility for any liabilities, funded or unfunded, of TIAA/CREF. Contributions are immediately and fully vested. The contributions to TIAA-CREF for the year ended June 30, 2016 was \$1,824,311, which consisted of \$1,066,380 from the College and \$757,931 from employees.

403(b) Tax Shelter Plan

The College has established a 403(b) tax shelter plan permitting the establishment of accounts for college employees to voluntarily set aside monies to supplement their retirement income. All college employees are eligible to participate. The College does not contribute to the Plan.

NOTE 8: FUTURE LEASE RENTALS RECEIVABLE AND RELATED DEBT

A. Component units

1. 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, 2016, future minimum lease payments receivable under significant noncancelable long-term operating leases are as follows for each year ending September 30:

2017	\$ 879,176
2018	798,205
2019	714,119
2020	694,415
2021	614,556
Thereafter	<u>4,781,815</u>
	<u>\$ 8,482,286</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 \$524,215 for 2016.

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, 2016, are summarized as follows:

Governmental activities	\$ 1,788,231
Business-type activities	<u>1,375,343</u>
Total	<u>\$ 3,163,574</u>

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2014, 2015 and 2016.

Year	January 1 liability	Incurred claims	Payments	December 31 liability
2014	\$ 3,790,088	\$ 948,752	\$ 988,883	\$ 3,749,957
2015	\$ 3,749,957	\$ 932,703	\$ 1,367,896	\$ 3,314,764
2016	\$ 3,314,764	\$ 850,336	\$ 1,001,526	\$ 3,163,574

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 2016, the County has incurred and processed healthcare claims of \$30.5 million.

All accrued incurred but not recorded (IBNR) healthcare claims liabilities at December 31, 2016, are summarized as follows:

Governmental activities	\$ 1,595,356
Business-type activities	<u>402,760</u>
Total	<u>\$ 1,998,116</u>

The following summary provides aggregate information on healthcare self-insurance liabilities, incurred claims and payments during the years ended December 31, 2014, 2015 and 2016.

Year	January 1 liability	Incurred claims	Payments	December 31 liability
2014	\$ 1,871,346	\$ 26,731,037	\$ 26,643,726	\$ 1,958,657
2015	\$ 1,958,657	\$ 27,968,237	\$ 28,073,894	\$ 1,853,000
2016	\$ 1,853,000	\$ 30,638,686	\$ 30,493,570	\$ 1,998,116

3. Health Choices self-insured healthcare

During 1997, the Commonwealth of Pennsylvania’s Department of Human Services (DHS) implemented a managed care program for the Medicaid population in Pennsylvania. This program, called the Health Choices 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 DHS Financial Report 6, Claims Payable (RBUCs and IBNRs).

The actuary issued a Statement of Actuarial Opinion certifying the total June 30, 2016 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, 2016, is \$6,679,266, 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 ended December 31, 2014, 2015 and 2016.

Year	January 1 Liability	Incurred Claims	Payments	December 31 Liability
2014	\$ 5,703,602	\$ 66,380,363	\$ 66,460,531	\$ 5,623,434
2015	\$ 5,623,434	\$ 70,726,711	\$ 70,245,582	\$ 6,104,563
2016	\$ 6,104,563	\$ 72,607,437	\$ 72,032,734	\$ 6,679,266

A. Component units

1. Reading Area Community College

The College 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 except for health insurance, for which the College retains partial risk of loss. For insured programs there were no significant reductions in insurance coverages of the 2015/2016 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The College funds health insurance claims up to \$65,000 individually and \$3,699,283 in the aggregate for the year ended June 30, 2016. Stop gap insurance is in place for claims in excess of these thresholds. Included in the financial statement is a liability for \$400,000 for outstanding estimated claims at June 30, 2016. This liability is entirely funded. Activity in the liability for outstanding claims and claim adjustment expenses is summarized as follows for the period ending June 30, 2016:

Balance at July 1	\$ 400,000
Claims incurred	2,968,938
Claims paid	<u>(2,968,938)</u>
Balance at June 30	<u>\$ 400,000</u>

NOTE 10: LONG-TERM DEBT

A. Primary government

1. General obligation bonds

Governmental activities

During 2016, the County issued General Obligation Bond Series 2016 in the amount of \$9,790,000. The 2016 Series Bonds were issued at a premium of \$209,950. The proceeds of the bonds were used to advance refund the 2009 Series A General Obligation Bonds and to pay issuance costs. The bond proceeds of \$9,790,000 were used to pay bond issuance costs of \$119,123 and to transfer \$9,880,826 to an escrow agent for the 2009 Series A Bonds. The County also deposited an additional \$15,062,585 of County funds for the defeasance of the \$12,830,000 remaining portion of the 2009 Series A bonds not refinanced with the 2016 Series Bonds. These funds are invested in United States Treasury Obligations which provide sufficient funds to pay interest and principal on all outstanding 2009 Series A bonds. The aggregate difference in debt service between the 2016 Series Bonds and the 2009 Series A Bonds totaled \$19,275,730. The economic gain on the transaction (difference between the present values of the old and new debt service payments) was \$1,769,974. Due to this transaction, a refunding loss is recognized in the funds where the bonds are recorded. The refunding loss will be amortized over the life of the 2016 Series Bonds.

At December 31, 2016, general obligation bonds consisted of the following:

	Balance outstanding January 1, 2016	Additions/ Transfers	Accretion in capital appreciation bonds	Reductions	Balance outstanding December 31, 2016	Due within one year
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.	\$ 20,884,208	\$ -	\$ 1,325,647	\$ 11,495,000	\$ 10,714,855	\$ 10,714,855
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.	43,625,273	-	2,392,669	3,460,000	42,557,942	3,560,000
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.	7,235,000	-	-	1,040,000	6,195,000	1,105,000
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.	22,620,000	-	-	22,620,000	-	-
2009 General Obligation Bonds Series B Build America, \$15,050,000 (governmental activities \$14,823,000; business-type activities \$227,700), varying interest rates ranging from 1.234% to 6.133% through 2029, to fund County Capital Projects.	13,701,160	-	-	200,900	13,500,260	210,700

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.	7,765,000	-	-	5,000	7,760,000	780,000
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.	42,375,000	-	-	5,000	42,370,000	5,000
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.	3,545,000	-	-	660,000	2,885,000	685,000
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.	9,490,000	-	-	85,000	9,405,000	85,000
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.	28,355,332	-	-	981,531	27,373,801	989,920
2013 General Obligation Bonds, \$17,785,000, varying interest rates ranging from 1% to 5% through 2033, to fund County Capital Projects.	15,850,000	-	-	635,000	15,215,000	650,000
2014 General Obligation Bonds, \$10,000,000, varying interest rates ranging from .25% to 3.0% through 2029, to advance refund a portion of the 2010 General Obligation Bonds Series A and to pay for the issuance costs associated with the bonds.	9,995,000	-	-	5,000	9,990,000	5,000
2015 General Obligation Bonds, \$44,030,000 (governmental activities \$24,656,800; business-type activities \$19,373,200), varying interest rates ranging from .18% to 5.0% through 2028, to advance refund the Series 2008 General Obligation Bonds and to advance refund the remaining portion of the 2010 Series A General Obligation Bonds.	24,525,200	-	-	708,400	23,816,800	285,600
2016 General Obligation Bonds, \$9,790,000, varying interest rates ranging from .43% to 4.0% through 2029, to advance refund the 2009 Series A General Obligation Bonds.	-	9,790,000	-	660,000	9,130,000	600,000
	\$ 249,966,173	\$ 9,790,000	\$ 3,718,316	\$ 42,560,831	\$ 220,913,658	\$ 19,676,075

Unamortized premium 2009A	60,141	-	-	60,141	-
Unamortized discount 2012	(72,024)	-	-	(5,054)	(66,970)
Unamortized premium 2013	2,452,081	-	-	136,227	2,315,854
Unamortized premium 2014	71,934	-	-	5,138	66,796
Unamortized premium 2015	3,479,854	-	-	267,681	3,212,173
Unamortized premium 2016	-	209,950	-	14,996	194,954
Total	<u>\$ 255,958,159</u>	<u>\$ 9,999,950</u>	<u>\$ 3,718,316</u>	<u>\$ 43,039,960</u>	<u>\$ 226,636,465</u>
Less: Current Maturities					<u>(19,676,075)</u>
					<u>\$ 206,960,390</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 future debt service requirements:

Years ending	Principal	Interest	Total Debt Service
2017	\$ 19,676,075	\$ 7,352,069	\$ 27,028,144
2018	20,504,203	7,178,672	27,682,875
2019	20,686,982	6,981,307	27,668,289
2020	20,941,260	6,745,741	27,687,001
2021	12,392,233	6,497,674	18,889,907
2022-2026	63,578,826	24,387,143	87,965,969
2027-2031	56,657,913	9,127,626	65,785,539
2032-2036	10,550,363	1,519,351	12,069,714
2037-2040	<u>1,807,861</u>	<u>71,176</u>	<u>1,879,037</u>
	\$ 226,795,716	\$ 69,860,759	\$ 296,656,475
Unaccreted principal	(5,882,058)		
Unamortized premium	5,789,777		
Unamortized discount	<u>(66,970)</u>		
Bonds and notes payable at December 31, 2016	<u>\$ 226,636,465</u>		

Business-type activities

	Balance outstanding January 1, 2016	Additions/ Transfers	Accretion in capital appreciation bonds	Reductions	Balance outstanding December 31, 2016	Due within one year
2009 General Obligation Bonds Series B Build America, \$15,050,000 (governmental activities \$14,823,000; business-type activities \$227,700), varying interest rates ranging from 1.234% to 6.133% through 2029, to fund County Capital Projects.	\$ 218,840	\$ -	\$ -	\$ 4,100	\$ 214,740	\$ 4,300
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.	5,444,669	-	-	188,469	5,256,200	190,080
2015 General Obligation Bonds, \$44,030,000 (governmental activities \$24,656,800; business-type activities \$19,373,200), varying interest rates ranging from .18% to 5.0% through 2028, to advance refund the Series 2008 General Obligation Bonds and to advance refund the remaining portion of the 2010 Series A General Obligation Bonds.	19,269,800	-	-	556,600	18,713,200	224,400
	\$ 24,933,309	\$ -	\$ -	\$ 749,169	\$ 24,184,140	\$ 418,780
Unamortized premium 2015	2,734,171	-	-	210,321	2,523,850	
Total	\$ 27,667,480	\$ -	\$ -	\$ 959,490	\$ 26,707,990	
Less: Current Maturities					(418,780)	
					\$ 26,289,210	

Debt service requirements to maturity are as follows:

Years ending	Principal	Interest	Total Debt Service
2017	\$ 418,780	\$ 1,041,437	\$ 1,460,217
2018	425,796	1,032,114	1,457,910
2019	438,018	1,019,918	1,457,936
2020	443,740	1,006,717	1,450,457
2021	3,052,767	997,417	4,050,184
2022-2026	12,261,176	3,082,160	15,343,336
2027-2031	5,247,090	740,088	5,987,178
2032-2036	1,549,637	255,735	1,805,372
2037-2040	347,136	13,667	360,803
	\$ 24,184,140	\$ 9,189,253	\$ 33,373,393
Unamortized premium	2,523,850		
Bonds and notes payable at December 31, 2016	\$ 26,707,990		

2. Derivatives

In March 2014, the County entered into an interest rate basis swap agreement with a financial institution in connection with the Series A of 2012 General Obligation Bonds. The agreement effective date is March 17, 2014 and terminates on November 15, 2037. The financial institution is a floating rate payer based on 67% of 30-day LIBOR. The County is a floating rate payer based upon the BMA Municipal Bond Index as published by Municipal Market Data.

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 payer based on 67% of 30-day LIBOR. The County is a floating rate payer based upon the BMA Municipal Bond Index as published by Municipal Market Data.

In September 2016, 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 November 15, 2020 and terminates on November 15, 2030 if early termination is not elected prior to 2030. The County is a fixed rate payer if the agreement doesn't terminate beginning on November 15, 2020 at 1.149% of notional value at the beginning of each year.

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2016, classified by individual derivative, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2016 financial statements are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental activities					
Investment derivatives:					
Interest rate swap	Investment revenue	\$ (700,377)	Investment	\$ 426,655	\$ 42,370,000
Interest rate swap	Investment revenue	(409,534)	Investment	418,996	32,630,000
Cash flow hedges:					
Interest rate swap	Deferred inflow	1,084,333	Debt	1,084,333	38,305,000
Business-type activities					
Investment derivatives:					
Interest rate swap	Investment revenue	(78,637)	Investment	80,354	32,630,000
Total of all activities					
Investment derivatives:					
Interest rate swap	Investment revenue	(700,377)	Investment	426,655	42,370,000
Interest rate swap	Investment revenue	(488,171)	Investment	499,350	65,260,000
Cash flow hedges:					
Interest rate swap	Deferred inflow	\$ 1,084,333	Debt	\$ 1,084,333	\$ 38,305,000

The investment derivative instruments are reported as a derivative asset and as a borrowing in the respective activities column of the statement of net position. The change in fair market value during the year ended December 31, 2016, is accounted for as a component of investment

earnings on the statement of activities. The cash flow hedge derivative instrument is reported as a derivative asset and as deferred inflow of resources in the respective activities column of the statement of net position. The change in fair value is recognized by adjusting both accounts on the statement of net position.

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. The methods used for the valuation result in the derivatives being classified as Level 2 investments in the County's fair value disclosure.

The following table displays the objectives and terms of the County's hedging derivative instruments outstanding at December 31, 2016, along with the credit rating of the associated counterparty. This hedging derivative has a mandatory early termination date of November 15, 2020, so the debt disclosures are not applicable to this derivative for that reason.

Type	Receive-fixed interest rate swap
Objective	Hedge changes in fair value of Series C of 2010 bonds
Notional Amount	\$38,305,000
Effective Date	11/15/2020
Maturity Date	11/15/2030
Terms	Receive 67% LIBOR plus .535%, pay 1.149%
Counterparty Credit rating	Aa3/AA-/AA

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–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 and Series A of 2012.

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 \$65,000 at December 31, 2016. 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. 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, 2016, \$77,580,000 of bonds outstanding is considered defeased.

During 2016, the County defeased its Series A of 2009 General Obligation Bonds by placing proceeds from its 2016 General Obligation Bonds and by separately contributing County funds 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, 2016, \$21,385,000 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, 2016.

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, 2016.

7. Other changes in long term liabilities

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

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due within one year
Governmental activities:					
Agricultural easement installment purchases	\$ 90,450	\$ 145,307	\$ 45,225	\$ 190,532	\$ 96,505
Workers compensation accrued liabilities	1,899,666	557,542	668,977	1,788,231	207,971
Compensated absences payable	<u>4,274,897</u>	<u>6,648,222</u>	<u>6,531,126</u>	<u>4,391,993</u>	<u>1,103,405</u>
Total governmental activities	<u>\$ 6,265,013</u>	<u>\$ 7,351,071</u>	<u>\$ 7,245,328</u>	<u>\$ 6,370,756</u>	<u>\$ 1,407,881</u>
Business-type activities:					
Workers compensation accrued liabilities	\$ 1,415,098	\$ 292,794	\$ 332,549	\$ 1,375,343	\$ 159,953
Compensated absences payable	<u>1,153,904</u>	<u>1,472,925</u>	<u>1,677,430</u>	<u>949,399</u>	<u>324,278</u>
Total business-type activities	<u>\$ 2,569,002</u>	<u>\$ 1,765,719</u>	<u>\$ 2,009,979</u>	<u>\$ 2,324,742</u>	<u>\$ 484,231</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, 2016. The County has not been called upon to make any payments related to this debt.

Series of 2008, Reading Regional Airport Authority	4,420,000
Series of 2007, Redevelopment Authority of Berks County	1,383,829

B. Component units

A. Revenue bonds payable

- **Berks County Solid Waste Authority**

At December 31, 2016, revenue bonds payable consisted of the following:

Bonds	Balance outstanding January 1, 2016	Additions (payments)	Balance outstanding December 31, 2016
County Guaranteed Revenue Bonds, Series of 2009, varying interest rates from 2.00% to 2.75% through 2016, initial issue \$6,290,000	\$ 975,000	\$ (975,000)	\$ -

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. In March 2016, the bonds were paid in full.

- **Reading Area Community College**

Bonds payable on June 30, 2016, 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, 2016, was as follows:

	Balance outstanding July 1, 2015	Redeemed/ Refunded	Balance outstanding June 30, 2016	Current Portion
College Revenue Bonds, Series of 2003, original issue \$12,490,000, interest rate 4.38%, final maturity April 2029.	\$ 1,165,000	\$ (440,000)	\$ 725,000	\$ 540,000
College Revenue Bonds, Series of 2004, original issue \$2,500,000, interest rate 1.79%, final maturity April 2020.	1,568,000	(225,000)	1,343,000	316,000
College Revenue Bonds, Series of 2005, original issue 1,860,000, interest rate 3.90%, final maturity April 2016.	213,000	(213,000)	-	-
College Revenue Bonds, Series of 2012, original issue 9,995,000, interest rate 2.00%, final maturity April 2029.	9,985,000	(115,000)	9,870,000	140,000
	<u>\$ 12,931,000</u>	<u>\$ (993,000)</u>	<u>\$ 11,938,000</u>	<u>\$ 996,000</u>
Less: Current maturities			<u>\$ (996,000)</u>	
			<u>\$ 10,942,000</u>	

Principal and interest requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2017	\$ 996,000	\$ 373,156	\$ 1,369,156
2018	1,039,000	333,449	1,372,449
2019	1,067,000	301,413	1,368,413
2020	1,101,000	272,188	1,373,188
2021	765,000	239,740	1,004,740
2022-2026	4,155,000	859,093	5,014,093
2027-2029	2,815,000	189,225	3,004,225
	<u>\$ 11,938,000</u>	<u>\$ 2,568,264</u>	<u>\$ 14,506,264</u>

Defeasance of debt

During the year ended June 30, 2012, the college through the Redevelopment Authority of the County of Berks issued revenue bonds, Series of 2012 to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$9,080,000 plus interest costs on College Revenue Bonds, Series of 2003. As a result, the refunded portion of the bond is considered to be defeased and the liability has been removed from the balance sheet.

- **Reading Regional Airport Authority**

Notes

September 30,
2016

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 currently refund the 2004A Bonds. The Note will mature on April 1, 2026. The Note bears interest at fixed rate of 2.80% through October 1, 2021. 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 4.50% per annum. Principal and interest are payable semi-annually. The Authority had made prepayments in the amount of \$1,855,000, which satisfied principal payments through October 2018. \$ 1,850,000

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 currently refund the 2004B Bonds. The Note will mature on October 1, 2033. The Note bears interest at fixed rate of 2.80% through October 2021. 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 5.50% per annum. Principal and interest are payable semi-annually. The Authority had made prepayments in the amount of \$1,280,000, which satisfied principal payments through October 2025. 2,570,000

	Total \$	4,420,000
Less: Amount due within one year and classified as current		-
	<u>\$</u>	<u>4,420,000</u>

The County of Berks guaranteed the \$3,705,000 and the \$3,850,000 Revenue Notes, Series A of 2008 and Series B of 2008 issuances, respectively, of Reading Regional Airport Authority where the County of Berks guaranteed full and prompt payment of the debt service on the 2008 Revenue Notes when they become due and payable, pursuant to a guaranty agreement dated June 23, 2004, between the County of Berks and Reading Regional Airport Authority. In the event that Reading Regional Airport Authority is unable to make a payment, the County of Berks will be required to make that payment.

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

	Beginning Balance	Additions	Reductions/ Refunding	Ending Balance	Amount Due Within One Year
Revenue Notes:					
Series A of 2008	\$ 1,850,000	\$ -	\$ -	\$ 1,850,000	\$ -
Series B of 2008	2,570,000	-	-	2,570,000	-
	<u>\$ 4,420,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,420,000</u>	<u>\$ -</u>

The following schedule summarizes debt service requirements to maturity. Interest for the variable portion of the notes is calculated at the interest rate in effect at year end:

Revenue Notes, Series A and B of 2008			
Year ending September 30	Principal	Interest	Total Debt service
2017	\$ -	\$ 123,760	\$ 123,760
2018	-	123,760	123,760
2019	140,000	123,760	263,760
2020	290,000	117,810	407,810
2021	295,000	109,690	404,690
2022-2026	1,235,000	439,950	1,674,950
2027-2031	1,535,000	252,420	1,787,420
2032-2034	925,000	39,550	964,550
	<u>\$ 4,420,000</u>	<u>\$ 1,330,700</u>	<u>\$ 5,750,700</u>

B. Lines of Credit

- **Reading Regional Airport Authority**

In August 2015, the Authority obtained a revolving line of credit available with a local financial institution. The line of credit has a maximum borrowing limit of \$1,000,000 and an interest rate at the Wall Street Journal prime rate. Interest only payments are due monthly with principal due on April 30, 2017. There was no balance on the line of credit at September 30, 2016.

- **Reading Area Community College**

As of June 30, 2016, the College has an unsecured bank line of credit of \$5,000,000. The maximum borrowings will be reduced to \$2,500,000 from July 1, 2016 to December 31, 2016. The line requires monthly interest payments at the rate of the Wall Street Journal prime rate minus 0.50 percent and expires on February 28, 2017. There was no outstanding balance on this line of credit at June 30, 2016.

C. Long-term liabilities

- **Reading Area Community College**

	Balance outstanding June 30, 2016
Loans payable to Pennsylvania State Public School Building Authority:	
<p>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 semiannual 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.</p>	
\$	327,874
<p>On March 15, 2014, the College entered into an agreement to borrow up to \$1,167,000 to finance the Energy Conservation Window Replacement and Exterior Factor Insulation System Project to one building of the College. The agreement requires semiannual payments of \$123,017, including interest at 2.00% per annum. Final payment is due in March 2019. The College has pledged its full faith and credit for the repayment of the loan.</p>	
	701,360
	1,029,234
Portion payable within one year and classified as current	(459,411)
Total long term debt	\$ 569,823

The following schedule summarizes the principal and interest maturities for the years ended June 30:

	Principal	Interest
2017	\$ 459,411	\$ 18,576
2018	339,462	9,221
2019	230,361	3,410
	\$ 1,029,234	\$ 31,207

Accrued compensated absences for the year ending June 30, 2016 was \$769,279, with \$380,295 due within one year.

NOTE 11: FUND BALANCE POLICY

A. Primary government

Governmental funds report fund balance in classifications prescribed by GASB 54 primarily based on the extent to which the County is required to use resources in accordance with specific purposes. The classifications created by GASB 54 and used by the County are as follows, with specific County information included herein:

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, the 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. The County has not formally adopted a policy as to the formal action required to be taken to establish, modify, or rescind a fund balance commitment.

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

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.

When more than one classification of fund balance is available for a particular purpose, the County's spending policy is to apply disbursements of fund balance in this classification order: restricted, committed, assigned, and unassigned fund balance. Disbursements are approved by the Board of Commissioners at the weekly meeting, by inclusion in the annual budget and amendments thereto.

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 has not formally adopted a minimum fund balance policy.

Fund balances of the County's governmental funds at December 31, 2016 consist of the following:

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
Nonspendable:					
Employee pay advance	\$ 54,328	\$ 4,560	\$ -	\$ 4,401	\$ 63,289
Inventories and prepaid expenses	1,587,515	-	-	2,827,917	4,415,432
Total Nonspendable	1,641,843	4,560	-	2,832,318	4,478,721
Restricted:					
Gift fund	-	14,867	-	-	14,867
Hazmat response	1,499,667	-	-	-	1,499,667
Act 198 - Courts	344,740	-	-	-	344,740
Workers' compensation	287,514	-	-	-	287,514
Special revenue funds	-	16,324	-	13,873,016	13,889,340
Act 13 Marcellus Shale	727,468	-	-	-	727,468
Total Restricted	2,859,389	31,191	-	13,873,016	16,763,596
Committed:					
Farmland preservation	1,055,553	-	-	-	1,055,553
Services Center Parking Garage	270,628	-	-	-	270,628
222 Corridor	5,000,000	-	-	-	5,000,000
Waste Water Treatment Plant	1,000,993	-	-	-	1,000,993
Total Committed	7,327,174	-	-	-	7,327,174
Assigned:					
Environmental litigation	69,660	-	-	-	69,660
Divorce Masters	12,877	-	-	-	12,877
Health care self insurance	4,000,000	-	-	-	4,000,000
Total Assigned	4,082,537	-	-	-	4,082,537
Unassigned	118,930,211	-	-	-	118,930,211
Total Governmental Funds Fund Balance	\$ 134,841,154	\$ 35,751	\$ -	\$ 16,705,334	\$ 151,582,239

The County's Board of Commissioners hereby establish the following fund balance reserves in the classification and amounts shown in the above table:

- Employee pay advance – this reservation represents long-term receivable from employees resulting from a change in payroll records. The receivable is not available to meet current expenditures.
- Inventories and prepaid expenses – this reservation represents recorded assets for inventories and prepaid expenses. These items are not available to meet current expenditures.
- Gift fund – this restriction represents donations to be used for program purposes.
- Hazmat response – this restriction represents fees and other charges to be used to fund the cleanup of hazardous materials incidents in the General Fund.
- 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.
- Workers compensation – this restriction represents funds restricted to pay future workers' compensation claims in the General Fund.
- Special revenue funds – this restriction represents amounts restricted by law or external parties to fund the operations of certain special revenue funds.

- Act 13 Marcellus Shale Money – this restriction represents amounts restricted to fund improvements to the County’s park system.
- Farmland preservation – this commitment represents funds raised to purchase farmland as part of the agricultural preservation program in the General Fund.
- Services Center Parking Garage – this commitment represents amounts restricted to fund any necessary repairs to the Services Center Parking Garage.
- 222 Corridor – this commitment represents future expenditures in the 222 Corridor project in the General Fund.
- Waste Water Treatment Plant – this commitment represents the funds assigned to the Waste Water Treatment Plant.
- Environmental Litigation – this assignment represents possible environmental litigation costs by the County in the General Fund.
- Divorce Masters – this assignment represents a commitment to this program.
- Health care self-insurance – this assignment represents the estimated obligation in excess of stop loss insurance for the health care self-insurance program due within the 2016 year.

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, 2016:

Computer equipment and copiers	\$ 25,212
Less: Accumulated depreciation	<u>(6,182)</u>
	<u>\$ 19,030</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.

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

2017	\$ 4,991
2018	4,991
2019	4,992
2020	3,471
Less: amount representing interest	<u>(2,050)</u>
Present value of lease payments	<u>\$ 16,395</u>

NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Primary government

Approximately 66% of the County’s employees are covered by collective bargaining agreements as of December 31, 2016. Two AFSCME unions and the Teamster union contract, which expired December 31, 2015, are still under negotiation. The Fraternal Order of Police contract expires December 31, 2020. The Pennsylvania Social Services Unit contract expires on December 31, 2017. Both the United Food & Commercial Workers and the Service Employees International Union contracts expire on December 31, 2019. A new union, the Deputy Sheriff’s Association, started in 2015 and contract negotiations are still ongoing.

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 2021. Total expenses for all operating leases were \$1,305,329 for the year ended December 31, 2016.

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

2017	\$ 796,646
2018	561,375
2019	92,415
2020	57,400
2021	106,200
Total	<u>\$ 1,614,036</u>

The County participates in a number of grant programs funded, in whole or part, by federal, state and other sources. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the fiscal year ended December 31, 2016 have not yet been conducted. Additionally, certain audits related to prior fiscal years have not been finalized. Accordingly, the County’s compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any to be immaterial.

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.

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, 2017 and July 31, 2017, 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.

The Authority is a defendant in a lawsuit that has been referred to the Authority's solicitor. While it is not feasible to determine the outcome of this matter, in the opinion of the Authority's management, any total ultimate liability would not have a material effect on the Authority's financial position.

2. 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 from the 2015/2016 year. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

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.

3. Reading Area Community College

Federal and State revenues

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.

Operating lease commitments

The College has entered into several lease agreements for the rental of classroom space, parking space, and certain equipment. Rent expense for the year ended June 30, 2016 approximated \$971,000. Minimum future rental payments under noncancelable operating leases are as follows:

2017	\$	968,630
2018		245,630
2019		94,034
2020		8,071
Total	\$	<u>1,316,365</u>

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 2016 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 2016, the Authority received \$988,406 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.

In addition, the amended contract stated that Follett will renovate and move the bookstore facility for a cost up to \$525,000. The actual 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 the 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 \$116,135 as of June 30, 2016.

Total revenues from this agreement, including the amortization of the bookstore renovations, were \$314,139 for the year ended June 30, 2016.

NOTE 15: 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 Postemployment 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 Postemployment 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 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 five years of service are provided life insurance at no cost to the retiree. In addition, retirees at age 55 with at least 15 years of service are provided the option to purchase medical, dental, and prescription coverage at 102 percent 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 a part of the College's negotiated agreements with employees. For the fiscal year ended June 30, 2016, the College contributed \$110,238 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 at June 30, 2016:

Annual required contribution	\$ 112,847
Interest on net OPEB obligation	11,251
Adjustment to annual required contribution	<u>(25,299)</u>
Annual OPEB cost	98,799
Contributions made	<u>(110,238)</u>
Increase in net OPEB obligation	(11,439)
Net OPEB obligation - beginning of year	<u>281,280</u>
Net OPEB obligation - end of year	<u>\$ 269,841</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, 2016 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 98,799	111.6%	\$ 269,841
6/30/2015	89,766	57.9%	281,280
6/30/2014	90,570	50.2%	243,452

As of July 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$952,515, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$952,515. The covered payroll (annual payroll of active employees covered under the plan) was \$16,809,025, and the ratio of the UAAL to covered payroll was 5.67%.

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, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% discount rate and 2.75% rate of inflation. The annual healthcare cost trend rate of 7.0% initially, decreasing 0.25% per year to an ultimate rate of 4.5% in 2023 and later. The unfunded actuarial accrued liability is being amortized at the end of the year based on level dollar and a 30-year open amortization period.

NOTE 16: SUBSEQUENT EVENTS

A. Primary government

The County has evaluated subsequent events through June 30, 2017. This date is the date that the financial statements were available to be issued. No material events subsequent to December 31, 2016 were noted as a result of this evaluation.

B. Component unit

- **Reading Area Community College**

Subsequent to the year ended June 30, 2016, the College Revenue Notes Series of 2016 was issued by a Pennsylvania Municipal Authority on behalf of the College in the proposed aggregate principal amount of \$4,090,000. The Notes consisted of the Series A of 2016 in the amount of \$3,350,000 and Series B in the amount of \$740,000. The Revenue Note Series A will mature on October 15, 2036 with interest at 2.30 percent through October 15, 2026 and interest at 65 percent of the sum of 30 day LIBOR plus 200 basis points through maturity. The Revenue Note Series B will mature October 15, 2021 with interest fixed at 2.05 percent. The notes were issued to finance the renovations to and equipping of the College's Science Laboratory facilities on the College's main campus.



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 Revenues, Expenditures and Changes in Fund Balances
 General Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Property taxes	\$ 136,178,473	\$ 136,178,473	\$ 136,924,879	\$ 746,406
Court costs, fines and forfeitures	3,610,547	3,610,547	3,021,575	(588,972)
Investment earnings	1,378,439	1,378,439	1,275,006	(103,433)
Intergovernmental revenue	13,986,171	14,394,070	13,273,887	(1,120,183)
Departmental charges and reimbursements	53,017,897	53,022,953	53,119,775	96,822
Payments in lieu of taxes	262,788	262,788	237,561	(25,227)
Rentals	452,862	452,862	400,736	(52,126)
Sale of property, supplies and equipment	18,000	18,000	86,776	68,776
Miscellaneous	<u>2,626,716</u>	<u>2,628,057</u>	<u>7,491,100</u>	<u>4,863,043</u>
Total revenues	<u>211,531,893</u>	<u>211,946,189</u>	<u>215,831,295</u>	<u>3,885,106</u>
Expenditures				
General government, administrative:				
Commissioners	1,830,945	1,860,409	1,516,094	344,315
Solicitors	1,308,716	1,671,608	1,714,658	(43,050)
Facilities	13,471,625	14,157,858	11,808,722	2,349,136
Courthouse Security	1,408,868	1,399,112	1,338,514	60,598
Election Services	1,839,648	1,859,462	1,868,396	(8,934)
Real Estate Assessment	3,718,268	3,742,693	2,520,339	1,222,354
Treasurer	816,384	835,028	827,728	7,300
Tax Collectors	450,985	452,330	459,765	(7,435)
Tax Claim Bureau	924,588	965,597	756,006	209,591
Controller	2,155,336	2,196,978	2,181,354	15,624
Recorder of Deeds	1,152,279	1,172,393	1,129,123	43,270
Mailroom/Printing	497,473	524,585	518,742	5,843
Information Systems	8,915,310	7,947,160	6,328,371	1,618,789
Purchasing	704,650	716,486	645,047	71,439
Archives	274,608	278,045	277,521	524
Budget	1,227,307	1,353,670	1,364,998	(11,328)
Human Resources	3,209,973	3,072,595	3,279,667	(207,072)
Insurance	2,292,571	2,292,571	1,500,320	792,251
Telecommunications	254,033	251,519	205,146	46,373
Veterans Affairs	<u>636,017</u>	<u>650,270</u>	<u>607,739</u>	<u>42,531</u>
Total general government, administrative	<u>47,089,584</u>	<u>47,400,369</u>	<u>40,848,250</u>	<u>6,552,119</u>
General government, judicial:				
Register of Wills	1,031,610	1,045,874	1,041,971	3,903
Sheriff	9,228,620	9,432,051	9,620,463	(188,412)
Coroner	1,451,605	1,454,780	1,466,606	(11,826)
Prothonotary	2,433,780	2,534,805	2,445,334	89,471
Clerk of Courts	2,459,776	2,496,745	2,443,947	52,798
Public Defender	3,389,082	3,413,124	3,270,059	143,065
District Attorney	10,714,034	10,966,728	10,711,380	255,348
Law Library	599,732	604,183	595,996	8,187
Court Administration	8,659,971	8,912,628	8,863,456	49,172
District Justices	9,629,673	9,561,192	8,971,904	589,288
Court Reporters	<u>2,340,010</u>	<u>2,354,032</u>	<u>2,444,818</u>	<u>(90,786)</u>
Total general government, judicial	<u>51,937,893</u>	<u>52,776,142</u>	<u>51,875,934</u>	<u>900,208</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 General Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Public Safety:				
Adult Probation	7,515,354	7,751,420	7,746,045	5,375
Juvenile Probation	14,739,556	14,802,933	14,462,742	340,191
Prison	33,219,617	33,756,120	34,182,476	(426,356)
Community Corrections	1,958,455	2,123,759	2,763,670	(639,911)
Department of Emergency Services	1,813,098	2,044,775	1,816,848	227,927
Total public safety	<u>59,246,080</u>	<u>60,479,007</u>	<u>60,971,781</u>	<u>(492,774)</u>
Culture and Recreation:				
Berks County Public Libraries	3,759,764	3,826,943	3,789,040	37,903
Parks	5,251,441	5,688,270	4,916,053	772,217
Total culture and recreation	<u>9,011,205</u>	<u>9,515,213</u>	<u>8,705,093</u>	<u>810,120</u>
Community and Economic Development:				
Planning	1,603,556	1,621,129	1,596,806	24,323
Agricultural Extension Service	541,924	541,944	542,485	(541)
Agland Preservation	1,365,023	1,481,399	1,462,817	18,582
Total community and economic development	<u>3,510,503</u>	<u>3,644,472</u>	<u>3,602,108</u>	<u>42,364</u>
Public Works:				
Recycling	197,079	197,543	197,609	(66)
Community Support:				
Contributions:				
Community Bail Program	631,539	639,357	639,056	301
Berks Economic Partnership	500,000	700,000	700,000	-
Libraries	900,000	900,000	900,000	-
Miscellaneous Contributions	239,500	269,500	254,746	14,754
Berks Heim	-	4,945,007	4,945,007	-
Reading Area Community College	3,100,000	3,100,000	3,100,000	-
Total community support	<u>5,371,039</u>	<u>10,553,864</u>	<u>10,538,809</u>	<u>15,055</u>
Contingency:				
Contingency general	1,458,119	-	-	-
Debt Service:				
Principal, interest and fiscal charges	38,810,892	23,836,594	24,002,864	(166,270)
Debt issuance costs	-	-	119,123	(119,123)
Administrative expenses	84,329	141,017	141,015	2
Total debt service	<u>38,895,221</u>	<u>23,977,611</u>	<u>24,263,002</u>	<u>(285,391)</u>
Intergovernmental:				
Solid Waste debt service	928,497	928,497	928,453	44
Total expenditures for general fund	<u>217,645,220</u>	<u>209,472,718</u>	<u>201,931,039</u>	<u>7,541,679</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(6,113,327)</u>	<u>2,473,471</u>	<u>13,900,256</u>	<u>11,426,785</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 General Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Other financing sources (uses):				
Issuance of refunding bonds	-	-	9,790,000	9,790,000
Premium on issuance of refunding bonds	-	-	209,950	209,950
Payment to refunded bonds escrow agent	-	(14,974,000)	(24,943,412)	(9,969,412)
Transfers in	3,405,293	3,752,816	3,715,526	(37,290)
Transfers out	<u>(13,567,759)</u>	<u>(20,501,022)</u>	<u>(19,115,035)</u>	<u>1,385,987</u>
Total other financing sources (uses)	<u>(10,162,466)</u>	<u>(31,722,206)</u>	<u>(30,342,971)</u>	<u>1,379,235</u>
Net change in fund balances	(16,275,793)	(29,248,735)	(16,442,715)	12,806,020
Fund balances, beginning, as restated	<u>151,283,869</u>	<u>151,283,869</u>	<u>151,283,869</u>	<u>-</u>
Fund balances, ending	<u>\$ 135,008,076</u>	<u>\$ 122,035,134</u>	<u>\$ 134,841,154</u>	<u>\$ 12,806,020</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Children and Youth Services Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 37,545,347	\$ 37,544,054	\$ 35,843,586	\$ (1,700,468)
Departmental charges and reimbursements	866,200	866,200	855,447	(10,753)
Investment earnings	-	-	8,668	8,668
Miscellaneous	<u>6,444</u>	<u>6,444</u>	<u>1,445</u>	<u>(4,999)</u>
Total revenues	<u>38,417,991</u>	<u>38,416,698</u>	<u>36,709,146</u>	<u>(1,707,552)</u>
Expenditures				
Current:				
Human services	<u>44,939,712</u>	<u>44,925,155</u>	<u>44,092,453</u>	<u>832,702</u>
Total expenditures	<u>44,939,712</u>	<u>44,925,155</u>	<u>44,092,453</u>	<u>832,702</u>
Deficiency of revenues under expenditures	<u>(6,521,721)</u>	<u>(6,508,457)</u>	<u>(7,383,307)</u>	<u>(874,850)</u>
Other financing sources (uses):				
Transfers in	6,891,217	6,889,510	7,746,118	856,608
Transfers out	<u>(369,496)</u>	<u>(381,053)</u>	<u>(353,287)</u>	<u>27,766</u>
Total other financing sources (uses)	<u>6,521,721</u>	<u>6,508,457</u>	<u>7,392,831</u>	<u>884,374</u>
Net change in fund balances	-	-	9,524	9,524
Fund balances, beginning, as restated	<u>26,227</u>	<u>26,227</u>	<u>26,227</u>	<u>-</u>
Fund balances, ending	<u>\$ 26,227</u>	<u>\$ 26,227</u>	<u>\$ 35,751</u>	<u>\$ 9,524</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Health Choices Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 91,600,000	\$ 104,832,236	\$ 102,809,008	\$ (2,023,228)
Investment earnings	15,000	57,236	64,096	6,860
Total revenues	<u>91,615,000</u>	<u>104,889,472</u>	<u>102,873,104</u>	<u>(2,016,368)</u>
Expenditures				
Current:				
Human services	<u>91,600,405</u>	<u>104,874,205</u>	<u>102,857,841</u>	<u>2,016,364</u>
Total expenditures	<u>91,600,405</u>	<u>104,874,205</u>	<u>102,857,841</u>	<u>2,016,364</u>
Excess (deficiency) of revenue over (under) expenditures	<u>14,595</u>	<u>15,267</u>	<u>15,263</u>	<u>(4)</u>
Other financing uses:				
Transfers out	<u>(14,595)</u>	<u>(15,267)</u>	<u>(15,263)</u>	<u>4</u>
Total other financing uses	<u>(14,595)</u>	<u>(15,267)</u>	<u>(15,263)</u>	<u>4</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 assigned fund balance, and do not constitute expenditures or liabilities, because the commitments will be re-appropriated and honored during the subsequent year.

Schedule of Changes in the County's Net Pension Asset (Liability) and Related Ratios
 Berks County Employees' Retirement Fund
 Last 10 Fiscal Years

County of Berks
 2016 Comprehensive Annual Financial Report

	<u>2016</u>	<u>2015 (Restated)</u>	<u>2014 (Restated)</u>
Total pension liability			
Service cost	\$ 10,623,914	\$ 10,332,061	\$ 10,035,976
Interest	29,071,529	27,673,435	25,973,019
Differences between expected and actual experience	(501,667)	3,789,345	(3,642,225)
Benefit payments, including refunds of employee contributions	<u>(19,382,776)</u>	<u>(18,690,853)</u>	<u>(16,016,484)</u>
Net change in total pension liability	19,811,000	23,103,988	16,350,286
Total pension liability, beginning	<u>390,323,162</u>	<u>367,219,174</u>	<u>350,868,888</u>
Total pension liability, ending	<u>\$ 410,134,162</u>	<u>\$ 390,323,162</u>	<u>\$ 367,219,174</u>
Plan fiduciary net position			
Contributions-employer	\$ 2,088,776	\$ 1,408,537	\$ 233,518
Contributions-member	6,500,174	6,256,829	6,074,679
Net investment income	29,291,596	(2,797,938)	23,044,386
Other additions	-	5,708	27,002
Benefit payments, including refunds of member contributions	(19,382,777)	(18,690,853)	(16,016,484)
Administrative expense	<u>(71,068)</u>	<u>(72,490)</u>	<u>(63,898)</u>
Net change in plan fiduciary net position	18,426,701	(13,890,207)	13,299,203
Plan fiduciary net position, beginning	<u>399,123,328</u>	<u>413,013,535</u>	<u>399,714,332</u>
Plan fiduciary net position, ending	<u>\$ 417,550,029</u>	<u>\$ 399,123,328</u>	<u>\$ 413,013,535</u>
County of Berks' net pension (liability) asset	<u>\$ 7,415,867</u>	<u>\$ 8,800,166</u>	<u>\$ 45,794,361</u>
Plan fiduciary net position as a percentage of total pension (liability) asset	101.81%	102.25%	112.47%
Covered-employee payroll	\$ 104,729,710	\$ 103,847,803	\$ 100,988,654
County of Berks' net pension (liability) asset as a percentage of covered-employee payroll	7.1%	8.5%	45.3%

Note to Schedule:

This schedule is to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Schedule of County Contributions
 Berks County Employees' Retirement Fund
 Last 10 Fiscal Years

County of Berks
 2016 Comprehensive Annual Financial Report

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contributions	\$ 2,088,776	\$ 1,408,537	\$ 233,518	\$ 2,665,246	\$ 9,796,229	\$ 8,002,599	\$ 11,599,747	\$ 11,064,607	\$ 5,039,939	\$ 6,902,040
Pension prefunding	-	-	-	-	63,144,061	-	-	-	-	-
Contributions in relation to the actuarially determined contribution	<u>2,088,776</u>	<u>1,408,537</u>	<u>233,518</u>	<u>2,665,246</u>	<u>9,796,229</u>	<u>8,002,599</u>	<u>11,599,747</u>	<u>11,064,607</u>	<u>5,039,939</u>	<u>6,902,040</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (63,144,061)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 104,729,710	\$ 103,847,803	\$ 100,988,654	\$ 98,776,314	\$ 99,233,198	\$ 98,644,764	\$ 96,728,405	\$ 93,697,475	\$ 91,594,431	\$ 90,809,719
Contributions as a percentage of covered-employee payroll	1.99%	1.36%	0.23%	2.70%	9.87%	8.11%	11.99%	11.81%	5.50%	7.60%
Annual money-weighted rate of return, net of investment expense	7.89%	-0.51%	5.75%							

Notes to Schedule:

Valuation date: January 1 of each year

Actuarially determined contributions rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Market value
Inflation	3.0%
Salary increase	3.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	1983 Group Annuity Mortality Tables for males and females with no projected improvement

Other information:

In 2012, the County prefunded the pension plan with cash and pension bonds.

Annual money-weighted rate of return, net of investment expense not computed before GASB 68 implementation in 2014.



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
Assets				
Cash and cash equivalents	\$ 2,810,842	\$ 550	\$ 100	\$ 225
Cash and cash equivalents, restricted	-	-	-	-
Investments	1,553,036	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	19,238	21,208	66,560	42,675
Accrued interest receivable	-	-	-	-
Due from other governments	3,852,928	1,562,193	524,151	123,828
Due from other funds	-	-	471,896	2,390,054
Prepaid expenses	-	-	20,315	-
Loans receivable	-	-	-	-
Investments, non-current	747,000	-	-	-
Total assets	<u>\$ 8,983,044</u>	<u>\$ 1,583,951</u>	<u>\$ 1,083,022</u>	<u>\$ 2,556,782</u>
Liabilities				
Accounts payable	\$ 794,681	\$ 5,801	\$ 261,785	\$ 640,157
Accrued liabilities	2,586	334,547	63,381	135,623
Unearned revenue	3,458,754	-	9,380	1,731,774
Due to other funds	936,642	1,240,889	-	-
Payable from restricted assets	-	-	-	-
Total liabilities	<u>5,192,663</u>	<u>1,581,237</u>	<u>334,546</u>	<u>2,507,554</u>
Deferred inflows of resources				
Other unavailable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	2,714	22,002	-
Restricted	3,790,381	-	726,474	49,228
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>3,790,381</u>	<u>2,714</u>	<u>748,476</u>	<u>49,228</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,983,044</u>	<u>\$ 1,583,951</u>	<u>\$ 1,083,022</u>	<u>\$ 2,556,782</u>

	Special Revenue			
	Special Legislation	Mental Health/ Developmental Disabilities	Human Services	Drug and Alcohol
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents, restricted	3,629,321	-	-	-
Investments	-	-	-	-
Taxes receivable	182,765	-	-	-
Accounts receivable	20,860	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	303,039	414,468	533,249	1
Due from other funds	-	1,461,843	676,196	-
Prepaid expenses	-	-	-	-
Loans receivable	-	-	-	-
Investments, non-current	-	-	-	-
Total assets	<u>\$ 4,135,985</u>	<u>\$ 1,876,311</u>	<u>\$ 1,209,445</u>	<u>\$ 1</u>
Liabilities				
Accounts payable	\$ 1,079,610	\$ 1,377,142	\$ 1,164,594	\$ -
Accrued liabilities	-	23,076	1,368	-
Unearned revenue	-	471,925	21,257	-
Due to other funds	3,882	-	-	1
Payable from restricted assets	-	-	4,451	-
Total liabilities	<u>1,083,492</u>	<u>1,872,143</u>	<u>1,191,670</u>	<u>1</u>
Deferred inflows of resources				
Other unavailable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	3,052,493	4,168	17,775	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>3,052,493</u>	<u>4,168</u>	<u>17,775</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,135,985</u>	<u>\$ 1,876,311</u>	<u>\$ 1,209,445</u>	<u>\$ 1</u>

	Special Revenue			
	Department of Emergency Services	Community Development	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 5,639,198	\$ -	\$ -	\$ 8,450,915
Cash and cash equivalents, restricted	1,930	-	7,365,944	10,997,195
Investments	-	-	-	1,553,036
Taxes receivable	-	-	-	182,765
Accounts receivable	1,976,536	115,707	-	2,262,784
Accrued interest receivable	-	1,043,861	-	1,043,861
Due from other governments	4,321	4,790	-	7,322,968
Due from other funds	-	-	-	4,999,989
Prepaid expenses	2,807,602	-	-	2,827,917
Loans receivable	-	4,440,349	-	4,440,349
Investments, non-current	-	-	-	747,000
Total assets	<u>\$ 10,429,587</u>	<u>\$ 5,604,707</u>	<u>\$ 7,365,944</u>	<u>\$ 44,828,779</u>
Liabilities				
Accounts payable	\$ 120,128	\$ 52,368	\$ 4,800,936	\$ 10,297,202
Accrued liabilities	361,947	-	-	922,528
Unearned revenue	-	-	-	5,693,090
Due to other funds	2,714,711	68,129	757,022	5,721,276
Payable from restricted assets	-	-	-	4,451
Total liabilities	<u>3,196,786</u>	<u>120,497</u>	<u>5,557,958</u>	<u>22,638,547</u>
Deferred inflows of resources				
Other unavailable	<u>688</u>	<u>5,484,210</u>	<u>-</u>	<u>5,484,898</u>
Total deferred inflows of resources	<u>688</u>	<u>5,484,210</u>	<u>-</u>	<u>5,484,898</u>
Fund balances				
Nonspendable	2,807,602	-	-	2,832,318
Restricted	4,424,511	-	1,807,986	13,873,016
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>7,232,113</u>	<u>-</u>	<u>1,807,986</u>	<u>16,705,334</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,429,587</u>	<u>\$ 5,604,707</u>	<u>\$ 7,365,944</u>	<u>\$ 44,828,779</u>

	Special Revenue			
	Liquid Fuels	Domestic Relations	Employment & Training	Office of Aging
Revenues				
Intergovernmental revenue	\$ 10,733,316	\$ 4,276,485	\$ 5,344,795	\$ 9,206,019
Hotel tax	-	-	-	-
Departmental charges and reimbursements	-	229,953	-	232,704
Investment earnings	36,867	-	3,171	12,208
Rental	11,100	-	-	-
Miscellaneous	1,178,078	-	182,019	2,417
Total revenues	<u>11,959,361</u>	<u>4,506,438</u>	<u>5,529,985</u>	<u>9,453,348</u>
Expenditures				
Current:				
General government, administrative	-	-	-	-
General government, judicial	-	-	-	-
Public safety	-	-	-	-
Human services	-	6,240,437	5,156,254	9,354,175
Capital outlay	-	-	-	-
Community and economic development	-	-	-	-
Public works	11,496,345	-	-	-
Total expenditures	<u>11,496,345</u>	<u>6,240,437</u>	<u>5,156,254</u>	<u>9,354,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>463,016</u>	<u>(1,733,999)</u>	<u>373,731</u>	<u>99,173</u>
Other financing sources (uses)				
Transfers in	18,000	1,875,532	-	403,158
Transfers out	(2,611)	(141,533)	(44,146)	(491,520)
Total other financing sources (uses)	<u>15,389</u>	<u>1,733,999</u>	<u>(44,146)</u>	<u>(88,362)</u>
Net changes in fund balances	478,405	-	329,585	10,811
Fund balances, beginning, as restated	3,311,976	2,714	418,891	38,417
Fund balances, ending	<u>\$ 3,790,381</u>	<u>\$ 2,714</u>	<u>\$ 748,476</u>	<u>\$ 49,228</u>

	Special Revenue			
	Special Legislation	Mental Health/ Development Disabilities	Human Services	Drug and Alcohol
Revenues				
Intergovernmental revenue	\$ 769,776	\$ 16,832,147	\$ 3,642,164	\$ 4,837,260
Hotel tax	2,434,126	-	-	-
Departmental charges and reimbursements	1,207,245	18,557	-	-
Investment earnings	7,376	15,370	2,271	-
Rental	-	-	-	-
Miscellaneous	-	8,293	472	-
Total revenues	<u>4,418,523</u>	<u>16,874,367</u>	<u>3,644,907</u>	<u>4,837,260</u>
Expenditures				
Current:				
General government, administrative	2,713,442	-	-	-
General government, judicial	21,748	-	-	-
Public safety	-	-	-	-
Human services	-	17,689,940	3,643,922	6,563,632
Capital outlay	-	-	-	-
Community and economic development	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>2,735,190</u>	<u>17,689,940</u>	<u>3,643,922</u>	<u>6,563,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,683,333</u>	<u>(815,573)</u>	<u>985</u>	<u>(1,726,372)</u>
Other financing sources (uses)				
Transfers in	-	832,495	-	1,726,372
Transfers out	<u>(1,624,302)</u>	<u>(16,916)</u>	<u>(985)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,624,302)</u>	<u>815,579</u>	<u>(985)</u>	<u>1,726,372</u>
Net changes in fund balances	59,031	6	-	-
Fund balances, beginning, as restated	<u>2,993,462</u>	<u>4,162</u>	<u>17,775</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,052,493</u>	<u>\$ 4,168</u>	<u>\$ 17,775</u>	<u>\$ -</u>

	Special Revenue			Total
	Department of Emergency Services	Community Development	Capital Projects	
Revenues				
Intergovernmental revenue	\$ 4,321	\$ 2,718,740	\$ -	\$ 58,365,023
Hotel tax	-	-	-	2,434,126
Departmental charges and reimbursements	10,899,622	570,959	-	13,159,040
Investment earnings	10,871	1	38,120	126,255
Rental	53,114	-	-	64,214
Miscellaneous	520,972	-	-	1,892,251
Total revenues	<u>11,488,900</u>	<u>3,289,700</u>	<u>38,120</u>	<u>76,040,909</u>
Expenditures				
Current:				
General government, administrative	-	-	-	2,713,442
General government, judicial	-	-	-	21,748
Public Safety	11,331,715	-	-	11,331,715
Human services	-	-	-	48,648,360
Capital outlay	-	-	2,143,152	2,143,152
Community and economic development	-	3,290,111	-	3,290,111
Public works	-	-	-	11,496,345
Total expenditures	<u>11,331,715</u>	<u>3,290,111</u>	<u>2,143,152</u>	<u>79,644,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>157,185</u>	<u>(411)</u>	<u>(2,105,032)</u>	<u>(3,603,964)</u>
Other financing sources (uses)				
Transfers in	6,759,580	-	41,936	11,657,073
Transfers out	(239,144)	-	-	(2,561,157)
Total other financing sources (uses)	<u>6,520,436</u>	<u>-</u>	<u>41,936</u>	<u>9,095,916</u>
Net changes in fund balances	6,677,621	(411)	(2,063,096)	5,491,952
Fund balances, beginning, as restated	554,492	411	3,871,082	11,213,382
Fund balances, ending	<u>\$ 7,232,113</u>	<u>\$ -</u>	<u>\$ 1,807,986</u>	<u>\$ 16,705,334</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Liquid Fuels Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 17,220,695	\$ 20,231,066	\$ 10,733,316	\$ (9,497,750)
Investment earnings	43,010	43,010	36,867	(6,143)
Rental	11,100	11,100	11,100	-
Miscellaneous	<u>1,002,688</u>	<u>1,019,821</u>	<u>1,178,078</u>	<u>158,257</u>
Total revenues	<u>18,277,493</u>	<u>21,304,997</u>	<u>11,959,361</u>	<u>(9,345,636)</u>
Expenditures				
Current:				
Public works	<u>19,207,866</u>	<u>23,436,967</u>	<u>11,496,345</u>	<u>11,940,622</u>
Total expenditures	<u>19,207,866</u>	<u>23,436,967</u>	<u>11,496,345</u>	<u>11,940,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(930,373)</u>	<u>(2,131,970)</u>	<u>463,016</u>	<u>2,594,986</u>
Other financing sources (uses):				
Transfers in	-	18,000	18,000	-
Transfers out	<u>(7,693)</u>	<u>(7,693)</u>	<u>(2,611)</u>	<u>5,082</u>
Total other financing sources (uses)	<u>(7,693)</u>	<u>10,307</u>	<u>15,389</u>	<u>5,082</u>
Net change in fund balances	<u>(938,066)</u>	<u>(2,121,663)</u>	<u>478,405</u>	<u>2,600,068</u>
Fund balances, beginning	<u>3,311,976</u>	<u>3,311,976</u>	<u>3,311,976</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 2,373,910</u></u>	<u><u>\$ 1,190,313</u></u>	<u><u>\$ 3,790,381</u></u>	<u><u>\$ 2,600,068</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Domestic Relations Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 4,414,300	\$ 4,459,800	\$ 4,276,485	\$ (183,315)
Departmental charges and reimbursements	<u>360,000</u>	<u>360,000</u>	<u>229,953</u>	<u>(130,047)</u>
Total revenues	<u>4,774,300</u>	<u>4,819,800</u>	<u>4,506,438</u>	<u>(313,362)</u>
Expenditures				
Current:				
Human services	<u>6,392,242</u>	<u>6,437,742</u>	<u>6,240,437</u>	<u>197,305</u>
Total expenditures	<u>6,392,242</u>	<u>6,437,742</u>	<u>6,240,437</u>	<u>197,305</u>
Deficiency of revenue under expenditures	<u>(1,617,942)</u>	<u>(1,617,942)</u>	<u>(1,733,999)</u>	<u>(116,057)</u>
Other financing sources (uses):				
Transfers in	1,763,150	1,763,150	1,875,532	112,382
Transfers out	<u>(145,208)</u>	<u>(145,208)</u>	<u>(141,533)</u>	<u>3,675</u>
Total other financing sources (uses)	<u>1,617,942</u>	<u>1,617,942</u>	<u>1,733,999</u>	<u>116,057</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	<u>2,714</u>	<u>2,714</u>	<u>2,714</u>	-
Fund balances, ending	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Employment and Training Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 4,738,017	\$ 5,764,785	\$ 5,344,795	\$ (419,990)
Departmental charges and reimbursements	-	-	-	-
Investment earnings	-	-	3,171	3,171
Miscellaneous	193,963	200,088	182,019	(18,069)
Total revenues	<u>4,931,980</u>	<u>5,964,873</u>	<u>5,529,985</u>	<u>(434,888)</u>
Expenditures				
Current:				
Human services	4,885,381	5,932,887	5,156,254	776,633
Total expenditures	<u>4,885,381</u>	<u>5,932,887</u>	<u>5,156,254</u>	<u>776,633</u>
Excess of revenue over expenditures	<u>46,599</u>	<u>31,986</u>	<u>373,731</u>	<u>341,745</u>
Other financing uses:				
Transfers out	(46,599)	(46,599)	(44,146)	2,453
Total other financing uses	<u>(46,599)</u>	<u>(46,599)</u>	<u>(44,146)</u>	<u>2,453</u>
Net change in fund balances	-	(14,613)	329,585	344,198
Fund balances, beginning, as restated	418,891	418,891	418,891	-
Fund balances, ending	<u>\$ 418,891</u>	<u>\$ 404,278</u>	<u>\$ 748,476</u>	<u>\$ 344,198</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Office of Aging Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 7,761,500	\$ 9,369,818	\$ 9,206,019	\$ (163,799)
Departmental charges and reimbursements	248,177	248,177	232,704	(15,473)
Investment earnings	5,038	5,038	12,208	7,170
Miscellaneous	<u>4,352</u>	<u>4,352</u>	<u>2,417</u>	<u>(1,935)</u>
Total revenues	<u>8,019,067</u>	<u>9,627,385</u>	<u>9,453,348</u>	<u>(174,037)</u>
Expenditures				
Current:				
Human services	<u>7,934,459</u>	<u>9,535,157</u>	<u>9,354,175</u>	<u>180,982</u>
Total expenditures	<u>7,934,459</u>	<u>9,535,157</u>	<u>9,354,175</u>	<u>180,982</u>
Excess of revenue over expenditures	<u>84,608</u>	<u>92,228</u>	<u>99,173</u>	<u>6,945</u>
Other financing sources (uses):				
Transfers in	507,805	403,159	403,158	(1)
Transfers out	<u>(592,413)</u>	<u>(495,387)</u>	<u>(491,520)</u>	<u>3,867</u>
Total other financing sources (uses)	<u>(84,608)</u>	<u>(92,228)</u>	<u>(88,362)</u>	<u>3,866</u>
Net change in fund balances	-	-	10,811	10,811
Fund balances, beginning	<u>38,417</u>	<u>38,417</u>	<u>38,417</u>	-
Fund balances, ending	<u>\$ 38,417</u>	<u>\$ 38,417</u>	<u>\$ 49,228</u>	<u>\$ 10,811</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Special Legislation Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 848,488	\$ 848,488	\$ 769,776	\$ (78,712)
Hotel tax	2,174,102	2,174,102	2,434,126	260,024
Departmental charges and reimbursements	1,090,903	1,090,903	1,207,245	116,342
Investment earnings	<u>2,983</u>	<u>2,983</u>	<u>7,376</u>	<u>4,393</u>
Total revenues	<u>4,116,476</u>	<u>4,116,476</u>	<u>4,418,523</u>	<u>302,047</u>
Expenditures				
Current:				
General government, administrative	2,356,318	2,357,237	2,713,442	(356,205)
General government, judicial	<u>30,000</u>	<u>30,000</u>	<u>21,748</u>	<u>8,252</u>
Total expenditures	<u>2,386,318</u>	<u>2,387,237</u>	<u>2,735,190</u>	<u>(347,953)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,730,158</u>	<u>1,729,239</u>	<u>1,683,333</u>	<u>(45,906)</u>
Other financing uses:				
Transfers out	<u>(1,529,392)</u>	<u>(1,634,835)</u>	<u>(1,624,302)</u>	<u>10,533</u>
Total other financing uses	<u>(1,529,392)</u>	<u>(1,634,835)</u>	<u>(1,624,302)</u>	<u>10,533</u>
Net change in fund balances (deficits)	200,766	94,404	59,031	(35,373)
Fund balances, beginning	<u>2,993,462</u>	<u>2,993,462</u>	<u>2,993,462</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 3,194,228</u></u>	<u><u>\$ 3,087,866</u></u>	<u><u>\$ 3,052,493</u></u>	<u><u>\$ (35,373)</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Mental Health/Developmental Disabilities Special Revenue Fund - Budget and Actual
Year ended December 31, 2016

County of Berks
2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 15,669,263	\$ 16,991,651	\$ 16,832,147	\$ (159,504)
Departmental charges and reimbursements	36,623	36,723	18,557	(18,166)
Investment earnings	5,000	15,370	15,370	-
Miscellaneous	<u>18,312</u>	<u>18,312</u>	<u>8,293</u>	<u>(10,019)</u>
Total revenues	<u>15,729,198</u>	<u>17,062,056</u>	<u>16,874,367</u>	<u>(187,689)</u>
Expenditures				
Current:				
Human services	<u>16,413,506</u>	<u>17,874,937</u>	<u>17,689,940</u>	<u>184,997</u>
Total expenditures	<u>16,413,506</u>	<u>17,874,937</u>	<u>17,689,940</u>	<u>184,997</u>
Deficiency of revenue under expenditures	<u>(684,308)</u>	<u>(812,881)</u>	<u>(815,573)</u>	<u>(2,692)</u>
Other financing sources (uses):				
Transfers in	702,467	832,638	832,495	(143)
Transfers out	<u>(18,159)</u>	<u>(19,757)</u>	<u>(16,916)</u>	<u>2,841</u>
Total other financing sources (uses)	<u>684,308</u>	<u>812,881</u>	<u>815,579</u>	<u>2,698</u>
Net change in fund balances	-	-	6	6
Fund balances, beginning	<u>4,162</u>	<u>4,162</u>	<u>4,162</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,162</u>	<u>\$ 4,162</u>	<u>\$ 4,168</u>	<u>\$ 6</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Human Services Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 2,766,272	\$ 3,645,251	\$ 3,642,164	\$ (3,087)
Investment earnings	500	2,272	2,271	(1)
Miscellaneous	-	472	472	-
Total revenues	<u>2,766,772</u>	<u>3,647,995</u>	<u>3,644,907</u>	<u>(3,088)</u>
Expenditures				
Current:				
Human services	<u>2,766,206</u>	<u>3,646,997</u>	<u>3,643,922</u>	<u>3,075</u>
Total expenditures	<u>2,766,206</u>	<u>3,646,997</u>	<u>3,643,922</u>	<u>3,075</u>
Excess (deficiency) of revenue over (under) expenditures	<u>566</u>	<u>998</u>	<u>985</u>	<u>(13)</u>
Other financing sources (uses):				
Transfers out	<u>(566)</u>	<u>(998)</u>	<u>(985)</u>	<u>13</u>
Total other financing sources (uses)	<u>(566)</u>	<u>(998)</u>	<u>(985)</u>	<u>13</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	<u>17,775</u>	<u>17,775</u>	<u>17,775</u>	<u>-</u>
Fund balances, ending	<u>\$ 17,775</u>	<u>\$ 17,775</u>	<u>\$ 17,775</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Drug and Alcohol Special Revenue Fund - Budget and Actual
Year ended December 31, 2016

County of Berks
2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenue				
Intergovernmental revenue	\$ 4,213,348	\$ 4,837,261	\$ 4,837,260	\$ (1)
Total revenue	<u>4,213,348</u>	<u>4,837,261</u>	<u>4,837,260</u>	<u>(1)</u>
Expenditures				
Current:				
Human services	<u>5,939,720</u>	<u>6,563,633</u>	<u>6,563,632</u>	<u>(1)</u>
Total expenditures	<u>5,939,720</u>	<u>6,563,633</u>	<u>6,563,632</u>	<u>(1)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,726,372)</u>	<u>(1,726,372)</u>	<u>(1,726,372)</u>	<u>-</u>
Other financing sources:				
Transfers in	<u>1,726,372</u>	<u>1,726,372</u>	<u>1,726,372</u>	<u>-</u>
Total other financing sources	<u>1,726,372</u>	<u>1,726,372</u>	<u>1,726,372</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
 Department of Emergency Services Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ -	\$ 4,322	\$ 4,321	\$ (1)
Departmental charges and reimbursements	9,872,182	10,900,142	10,899,622	(520)
Investment earnings	8,241	10,871	10,871	-
Rental	60,000	60,000	53,114	(6,886)
Miscellaneous	<u>521,252</u>	<u>521,252</u>	<u>520,972</u>	<u>(280)</u>
Total revenues	<u>10,461,675</u>	<u>11,496,587</u>	<u>11,488,900</u>	<u>(7,687)</u>
Expenditures				
Current:				
Public safety	<u>13,836,228</u>	<u>15,007,358</u>	<u>11,331,715</u>	<u>3,675,643</u>
Total expenditures	<u>13,836,228</u>	<u>15,007,358</u>	<u>11,331,715</u>	<u>3,675,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,374,553)</u>	<u>(3,510,771)</u>	<u>157,185</u>	<u>3,667,956</u>
Other financing sources (uses):				
Transfers in	2,384,553	9,167,033	6,759,580	(2,407,453)
Transfers out	<u>-</u>	<u>(242,156)</u>	<u>(239,144)</u>	<u>3,012</u>
Total other financing sources (uses)	<u>2,384,553</u>	<u>8,924,877</u>	<u>6,520,436</u>	<u>(2,404,441)</u>
Net change in fund balances	(990,000)	5,414,106	6,677,621	1,263,515
Fund balances, beginning	<u>554,492</u>	<u>554,492</u>	<u>554,492</u>	<u>-</u>
Fund balances, ending	<u>\$ (435,508)</u>	<u>\$ 5,968,598</u>	<u>\$ 7,232,113</u>	<u>\$ 1,263,515</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Community Development Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 3,587,051	\$ 3,587,051	\$ 2,718,740	\$ (868,311)
Departmental charges and reimbursements	513,685	570,959	570,959	-
Investment earnings	-	-	1	1
Miscellaneous	-	-	-	-
Total revenues	<u>4,100,736</u>	<u>4,158,010</u>	<u>3,289,700</u>	<u>(868,310)</u>
Expenditures				
Current:				
Community and economic development	<u>4,100,736</u>	<u>4,158,010</u>	<u>3,290,111</u>	<u>867,899</u>
Total expenditures	<u>4,100,736</u>	<u>4,158,010</u>	<u>3,290,111</u>	<u>867,899</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>(411)</u>	<u>(411)</u>
Fund balances, beginning	<u>411</u>	<u>411</u>	<u>411</u>	<u>-</u>
Fund balances, ending	<u>\$ 411</u>	<u>\$ 411</u>	<u>\$ -</u>	<u>\$ (411)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Capital Projects Special Revenue Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 38,120	\$ 38,120
Expenditures				
Current:				
Administrative expense	-	110	-	110
Capital outlay	<u>2,923,734</u>	<u>3,296,147</u>	<u>2,143,152</u>	<u>1,152,995</u>
Total expenditures	<u>2,923,734</u>	<u>3,296,257</u>	<u>2,143,152</u>	<u>1,153,105</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,923,734)</u>	<u>(3,296,257)</u>	<u>(2,105,032)</u>	<u>1,191,225</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>41,936</u>	<u>41,936</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>41,936</u>	<u>41,936</u>
Net change in fund balances	<u>(2,923,734)</u>	<u>(3,296,257)</u>	<u>(2,063,096)</u>	<u>1,233,161</u>
Fund balances, beginning	<u>3,871,082</u>	<u>3,871,082</u>	<u>3,871,082</u>	<u>-</u>
Fund balances, ending	<u>\$ 947,348</u>	<u>\$ 574,825</u>	<u>\$ 1,807,986</u>	<u>\$ 1,233,161</u>

Schedule of Revenues, Expenses and Changes in Net Position
 Berks County Residential Center Enterprise Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Operating revenues				
Charges for services	\$ 6,671,747	\$ 6,679,377	\$ 6,569,647	\$ (109,730)
Other operating revenues	<u>1,934,860</u>	<u>2,427,404</u>	<u>2,266,535</u>	<u>(160,869)</u>
Total operating revenues	<u>8,606,607</u>	<u>9,106,781</u>	<u>8,836,182</u>	<u>(270,599)</u>
Operating expenses				
Shelter care - Immigration and naturalizations	7,194,613	7,668,988	7,378,331	290,657
Depreciation	<u>275,361</u>	<u>275,361</u>	<u>360,298</u>	<u>(84,937)</u>
Total operating expenses	<u>7,469,974</u>	<u>7,944,349</u>	<u>7,738,629</u>	<u>205,720</u>
Operating income (loss)	<u>1,136,633</u>	<u>1,162,432</u>	<u>1,097,553</u>	<u>(64,879)</u>
Nonoperating revenues (expenses)				
Change in fair value of interest rate swaps	-	-	(11,701)	(11,701)
Interest expense	<u>(138,914)</u>	<u>(138,914)</u>	<u>(138,809)</u>	<u>105</u>
Total nonoperating revenues (expenses)	<u>(138,914)</u>	<u>(138,914)</u>	<u>(150,510)</u>	<u>(11,596)</u>
Income before transfers	997,719	1,023,518	947,043	(76,475)
Transfers in	-	-	1,220,957	1,220,957
Transfers out	<u>(1,088,977)</u>	<u>(1,088,977)</u>	<u>(1,088,977)</u>	<u>-</u>
Change in net position	(91,258)	(65,459)	1,079,023	1,144,482
Total net position, beginning, as restated	<u>5,740,270</u>	<u>5,740,270</u>	<u>5,740,270</u>	<u>-</u>
Total net position, ending	<u>\$ 5,649,012</u>	<u>\$ 5,674,811</u>	<u>\$ 6,819,293</u>	<u>\$ 1,144,482</u>

Note: Capital outlay Original and Final budget was \$0 and \$25,799, respectively.

Schedule of Revenues, Expenses and Changes in Net Position
 Berks Heim Enterprise Fund - Budget and Actual
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Operating revenues				
Charges for services	\$ 38,884,022	\$ 39,204,022	\$ 38,757,649	\$ (446,373)
Other operating revenues	<u>3,790,262</u>	<u>3,634,676</u>	<u>9,138,980</u>	<u>5,504,304</u>
Total operating revenues	<u>42,674,284</u>	<u>42,838,698</u>	<u>47,896,629</u>	<u>5,057,931</u>
Operating expenses				
Financial administration	3,084,736	3,082,961	2,974,441	108,520
Administrative expenses	1,946,480	1,955,394	3,235,239	(1,279,845)
Special services	176,459	176,429	160,370	16,059
Dietary	3,780,710	3,781,260	3,559,554	221,706
Laundry	701,742	710,274	680,902	29,372
Environmental services	2,002,274	2,010,788	1,923,284	87,504
Plant operations	1,390,010	1,402,461	1,419,855	(17,394)
Nursing	19,486,416	19,579,254	19,799,480	(220,226)
Physician services	77,509	78,134	75,714	2,420
Pharmacy services	765,000	765,000	678,849	86,151
Medical services	289,575	289,660	273,429	16,231
Therapeutic activity	524,442	524,442	468,052	56,390
Social service	286,708	286,843	267,747	19,096
Physical therapy service	1,882,478	1,877,478	1,659,385	218,093
Staff development	362,633	362,633	411,858	(49,225)
Materials management	231,171	245,558	254,075	(8,517)
Personnel	128,314	129,089	127,827	1,262
Security	253,233	253,658	241,104	12,554
Volunteers	72,942	73,192	72,318	874
Nursing administration	1,547,582	1,555,347	1,481,368	73,979
Admissions	214,882	214,882	196,699	18,183
Depreciation	<u>923,466</u>	<u>923,466</u>	<u>1,076,797</u>	<u>(153,331)</u>
Total operating expenses	<u>40,128,762</u>	<u>40,278,203</u>	<u>41,038,347</u>	<u>(760,144)</u>
Operating income	<u>2,545,522</u>	<u>2,560,495</u>	<u>6,858,282</u>	<u>4,297,787</u>
Nonoperating revenues (expenses)				
Grants	-	-	8,587	8,587
Investment earnings	1,160	1,160	1,986	826
Change in fair value of interest rate swaps	-	-	(67,028)	(67,028)
Interest expense	(878,158)	(878,158)	(877,859)	299
Contribution to General Fund	<u>-</u>	<u>(4,950,000)</u>	<u>(4,945,007)</u>	<u>4,993</u>
Total nonoperating revenues (expenses)	<u>(876,998)</u>	<u>(5,826,998)</u>	<u>(5,879,321)</u>	<u>(52,323)</u>
Income before transfers	1,668,524	(3,266,503)	978,961	4,245,464
Transfers in	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Change in net position	1,668,524	(3,251,503)	993,961	4,245,464
Total net position, beginning, as restated	<u>6,351,788</u>	<u>6,351,788</u>	<u>6,351,788</u>	<u>-</u>
Total net position, ending	<u>\$ 8,020,312</u>	<u>\$ 3,100,285</u>	<u>\$ 7,345,749</u>	<u>\$ 4,245,464</u>

Note: Capital outlay Original and Final budget was \$180,300 and \$210,965, respectively.

Statement of Changes in Net Position
 Agency Fund
 Year ended December 31, 2016

County of Berks
 2016 Comprehensive Annual Financial Report

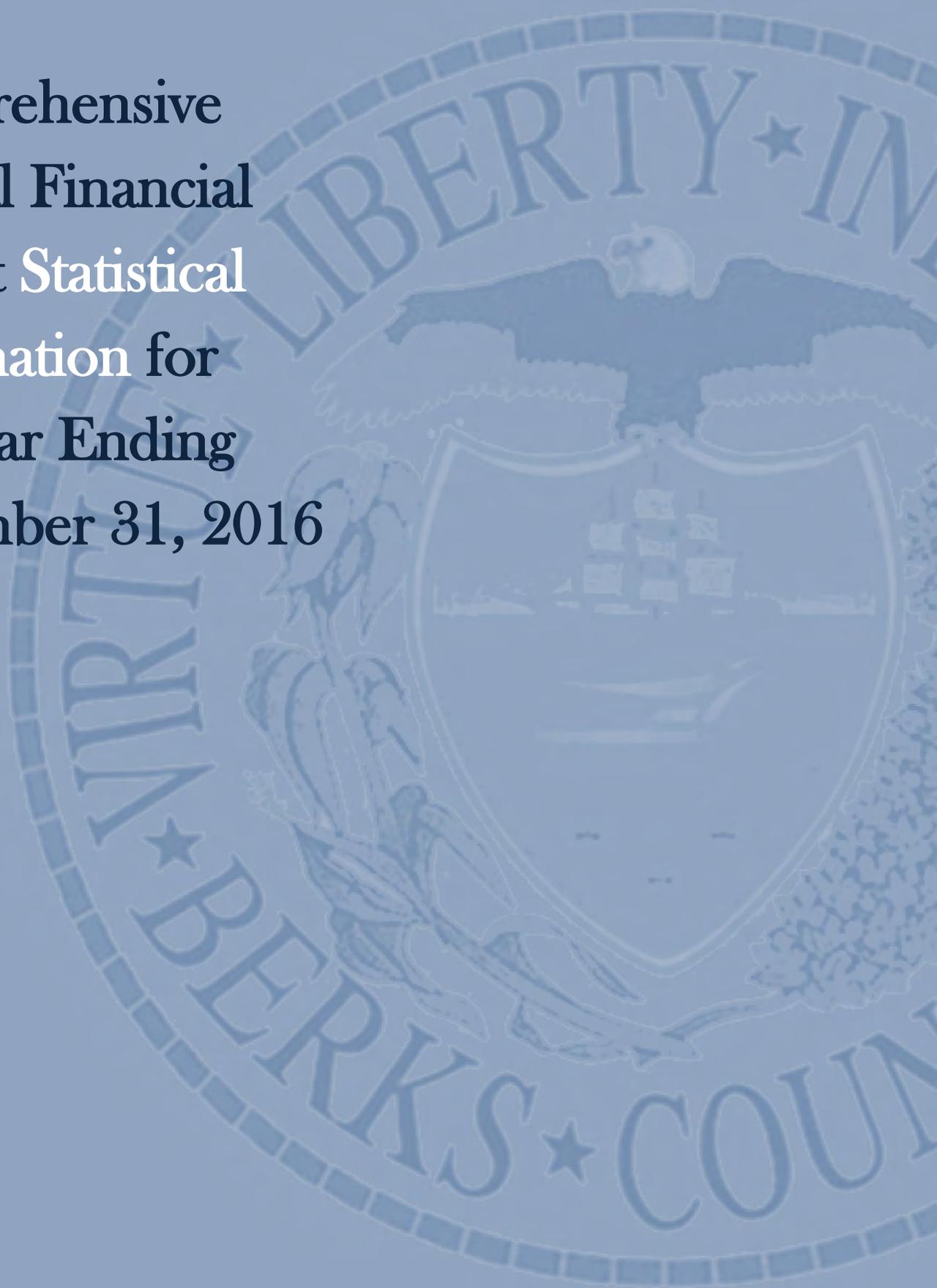
	Balance January 1, 2016	Additions Increase (Decrease)	Reductions (Decrease) Increase	Balance December 31, 2016
Assets				
Cash, cash equivalents, and investments	\$ 12,557,651 (1)	\$ 123,545,057	\$ (123,811,540)	\$ 12,291,168
Total assets	<u>\$ 12,557,651</u>	<u>\$ 123,545,057</u>	<u>\$ (123,811,540)</u>	<u>\$ 12,291,168</u>
Liabilities				
Due to third parties by department:				
Prothonotary	\$ 1,707,973	\$ (4,270,504)	\$ 4,139,402	\$ 1,576,871
Register of Wills	143,438	(1,630,464)	1,651,143	164,117
Berks Heim	227,315	(199,742)	228,589	256,162
District Attorney	4,089,800 (1)	(1,734,192)	1,561,532	3,917,140
Sheriff	2,139,147	(31,437,844)	31,377,320	2,078,623
Clerk of Courts	1,837,163	(7,391,542)	7,627,673	2,073,294
Juvenile Probation	2,821	(50,430)	50,140	2,531
Recorder of Deeds	1,728,165	(40,416,823)	40,386,328	1,697,670
Berks County Residential Center	6,859	(52,055)	55,238	10,042
Domestic Relations	92,512	(1,974,593)	1,915,879	33,798
Prison	77,264	(2,043,809)	2,046,850	80,305
Controller	69,417	(483,779)	502,076	87,714
Treasurer	435,777	(32,125,766)	32,002,890	312,901
Total liabilities	<u>\$ 12,557,651</u>	<u>\$ (123,811,543)</u>	<u>\$ 123,545,060</u>	<u>\$ 12,291,168</u>

(1) Amount changed to properly recognize 2 certificates of deposit not discovered during prior years.



County of Berks, Pennsylvania

Comprehensive Annual Financial Report Statistical Information for the Year Ending December 31, 2016



County of Berks
Statistical Section - Categories
Year Ended December 31, 2016

This section presents trend, contextual and detail information to help readers evaluate the financial information presented in the proceeding sections. This information is presented in the following six categories:

Financial Trends

Financial trends information is intended to help readers understand and assess how the County of Berks' financial position has changed over time.

Revenue Capacity

Revenue capacity information is intended to assist readers better understand and assess the factors affecting the County of Berks' ability to generate its own revenue, most notably the real estate property tax.

Debt Capacity

Debt capacity information is intended to assist readers better understand and assess the County of Berks' debt burden and its ability to issue additional debt.

Demographic and Economic Information

Demographic and economic information is intended to help readers better understand the socioeconomic environment in which the County of Berks' operates.

Operating Information

Operating information is intended to provide readers with information for evaluating the County of Berks' financial statement information as it relates to the services the County of Berks provides and activities it performs.

Miscellaneous Statistics

Miscellaneous statistics is intended to help readers better understand the demographics in which the County of Berks' operates and exists.

County of Berks
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2016	2015 (Restated)	2014 (Restated)	2013 (Restated)	2012	2011	2010	2009	2008	2007
Governmental activities										
Net Investment in Capital Assets	\$ 81,931,824	\$ 43,806,168	\$ 23,918,071	\$ 9,829,007	\$ 17,083,783	\$ 9,109,197	\$ 1,934,910	\$ (3,074,102)	\$ (806,368)	\$ (6,609,944)
Restricted	40,408,168	39,884,858	24,326,098	11,685,944	12,257,593	16,010,546	24,338,877	15,006,073	15,532,395	22,090,866
Unrestricted	<u>138,914,234</u>	<u>156,023,750</u>	<u>159,475,948</u>	(1) <u>160,689,349</u>	(1) <u>165,487,146</u>	<u>163,473,570</u>	<u>171,236,880</u>	<u>158,519,256</u>	<u>178,601,460</u>	<u>141,295,519</u>
Total governmental activities net position	<u>\$ 261,254,226</u>	<u>\$ 239,714,776</u>	<u>\$ 207,720,117</u>	<u>\$ 182,204,300</u>	<u>\$ 194,828,522</u>	<u>\$ 188,593,313</u>	<u>\$ 197,510,667</u>	<u>\$ 170,451,227</u>	<u>\$ 193,327,487</u>	<u>\$ 156,776,441</u>
Business-type activities										
Net Investment in Capital Assets	\$ 13,723,645	\$ 13,187,836	\$ 25,658,496	\$ 25,034,275	\$ 13,829,836	\$ 9,406,663	\$ 8,680,936	\$ 7,679,473	\$ 6,993,441	\$ 6,232,707
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted deficit	<u>441,397</u>	<u>(1,095,778)</u>	<u>(10,451,880)</u>	(2) <u>(12,457,169)</u>	(2) <u>(9,366,816)</u>	<u>(8,319,120)</u>	<u>(23,180,373)</u>	<u>(22,007,130)</u>	<u>(21,971,731)</u>	<u>(17,113,402)</u>
Total business-type activities net position	<u>\$ 14,165,042</u>	<u>\$ 12,092,058</u>	<u>\$ 15,206,616</u>	<u>\$ 12,577,106</u>	<u>\$ 4,463,020</u>	<u>\$ 1,087,543</u>	<u>\$ (14,499,437)</u>	<u>\$ (14,327,657)</u>	<u>\$ (14,978,290)</u>	<u>\$ (10,880,695)</u>
Primary government										
Net Investment in Capital Assets	\$ 95,655,469	\$ 56,994,004	\$ 49,576,567	\$ 34,863,282	\$ 30,913,619	\$ 18,515,860	\$ 10,615,846	\$ 4,605,371	\$ 6,187,073	\$ (377,237)
Restricted	40,408,168	39,884,858	24,326,098	11,685,944	12,257,593	16,010,546	24,338,877	15,006,073	15,532,395	22,090,866
Unrestricted	<u>139,355,631</u>	<u>154,927,972</u>	<u>149,024,068</u>	<u>148,232,180</u>	<u>156,120,330</u>	<u>155,154,450</u>	<u>148,056,507</u>	<u>136,512,126</u>	<u>156,629,729</u>	<u>124,182,117</u>
Total primary government net position	<u>\$ 275,419,268</u>	<u>\$ 251,806,834</u>	<u>\$ 222,926,733</u>	<u>\$ 194,781,406</u>	<u>\$ 199,291,542</u>	<u>\$ 189,680,856</u>	<u>\$ 183,011,230</u>	<u>\$ 156,123,570</u>	<u>\$ 178,349,197</u>	<u>\$ 145,895,746</u>

(1) Decrease is the result of implementing GASB 68 and other prior period adjustments described in Note 1.
(2) Increase is the result of implementing GASB 68 and other prior period adjustments described in Note 1.

**County of Berks
Changes in Net Position
Last Ten Years
(accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 36,082,577	\$ 24,518,197	\$ 15,721,339	\$ 18,758,919	\$ 17,615,938	\$ 19,358,233	\$ 20,021,126	\$ 19,027,105	\$ 16,967,271	\$ 17,137,883
Judicial	50,162,752	49,573,970	48,391,839	47,033,776	48,313,567	46,672,086	45,019,035	43,649,614	39,902,544	38,851,150
Public safety	73,693,374	60,793,123	58,902,986	58,557,094	57,900,874	53,971,066	53,449,933	51,736,377	51,349,756	50,612,056
Human services	195,370,229	173,389,044	167,089,187	169,216,796	181,005,416	187,841,278	171,929,312	197,140,748	215,746,590	198,740,276
Culture and recreation	8,047,701	7,756,963	7,392,985	7,541,491	7,961,633	7,127,616	7,653,072	8,365,231	3,637,542	7,217,689
Community and economic development	5,736,313	6,466,588	5,790,903	4,674,567	5,447,335	7,164,309	8,114,649	9,127,377	11,503,120	9,070,704
Public works	1,108,162	2,212,561	1,518,619	1,143,574	997,263	948,645	523,018	500,943	1,754,015	1,460,151
Community support	601,605	564,489	1,825,423	5,706,515	5,308,083	6,858,598	6,659,295	4,349,754	4,413,443	4,481,716
Debt service administrative expenses	9,146,762	10,642,781	11,239,235	16,320,620	12,442,872	16,918,941	11,508,880	8,832,087	25,017,761	11,800,763
Capital Projects	-	-	-	-	-	-	-	647,030	570,118	-
Solid waste	1,176,581	1,241,206	1,247,078	1,245,347	1,280,046	1,275,635	1,141,743	1,184,106	948,403	1,051,489
Total governmental activities expenses	<u>\$ 381,126,056</u>	<u>\$ 337,158,922</u>	<u>\$ 319,119,594</u>	<u>\$ 330,198,699</u>	<u>\$ 338,273,027</u>	<u>\$ 348,136,407</u>	<u>\$ 326,020,063</u>	<u>\$ 344,560,372</u>	<u>\$ 371,810,563</u>	<u>\$ 340,423,877</u>
Business-type activities										
Department of Emergency Services	-	12,445,334	12,793,480	8,652,660	8,614,042	7,967,837	7,454,948	6,599,262	5,759,836	5,280,858
Berks County Residential Center	7,877,438	6,999,440	5,667,274	6,088,570	6,047,116	5,464,568	-	-	-	-
Berks Heim	46,861,213	39,332,775	37,753,556	38,407,433	38,763,708	37,757,747	36,383,076	35,501,563	37,089,818	32,818,771
Youth Center	-	-	-	-	4,416,787	5,885,897	12,778,024	12,804,773	14,033,304	12,783,713
Total business-type activities expenses	<u>54,738,651</u>	<u>58,777,549</u>	<u>56,214,310</u>	<u>53,148,663</u>	<u>57,841,653</u>	<u>57,076,049</u>	<u>56,616,048</u>	<u>54,905,598</u>	<u>56,882,958</u>	<u>50,883,342</u>
Total primary government expenses	<u>\$ 435,864,707</u>	<u>\$ 395,936,471</u>	<u>\$ 375,333,904</u>	<u>\$ 383,347,362</u>	<u>\$ 396,114,680</u>	<u>\$ 405,212,456</u>	<u>\$ 382,636,111</u>	<u>\$ 399,465,970</u>	<u>\$ 428,693,521</u>	<u>\$ 391,307,219</u>
Program Revenues										
Governmental activities:										
Charges for services :										
General government	8,170,571	7,974,794	7,892,340	8,370,615	7,700,054	7,449,565	7,002,381	6,253,914	5,595,438	7,831,963
Judicial	12,480,779	11,114,805	12,229,763	11,650,097	10,056,699	10,256,054	11,472,650	10,403,760	32,281,495	11,416,614
Public safety	16,595,735	6,135,812	7,219,251	7,081,372	5,619,927	5,148,579	5,594,622	5,392,272	5,337,705	4,663,580
Human services	1,529,874	1,720,468	1,842,966	1,561,502	2,016,753	2,071,743	2,114,879	2,983,530	2,358,395	2,455,765
Culture and recreation	575,744	135,187	112,481	75,756	124,492	116,685	133,154	92,750	128,830	103,783
Community and economic development	2,035,597	940,375	672,165	749,067	1,053,516	573,080	1,417,454	1,108,273	3,096,504	1,109,761
Public works	1,178,078	2,021,583	22,902	-	-	346	3,225	11,995	98,605	131,732
Solid waste	3,647,496	3,422,991	3,574,193	2,820,596	2,775,018	2,911,968	2,738,410	4,142,028	3,886,825	4,588,050
Other activities	1,543,670	1,514,558	1,503,982	2,405,976	1,934,098	1,941,296	1,180,059	271,123	-	-
Operating grants and contributions	197,988,775	178,140,256	177,271,350	174,282,405	189,380,439	194,760,629	191,577,202	203,067,031	224,184,850	209,042,189
Capital grants and contributions	11,664,124	7,127,307	42,348	3,038,095	675,629	2,820,932	1,921,128	2,382,912	1,935,758	2,045,758
Total governmental activities program revenues	<u>\$ 257,410,443</u>	<u>\$ 220,248,136</u>	<u>\$ 212,383,741</u>	<u>\$ 212,035,481</u>	<u>\$ 221,336,625</u>	<u>\$ 228,050,877</u>	<u>\$ 225,155,164</u>	<u>\$ 236,109,588</u>	<u>\$ 278,904,405</u>	<u>\$ 243,389,195</u>
Business-type activities										
Charges for services :										
Department of Emergency Services	-	10,787,498	8,753,289	8,059,740	7,687,064	7,867,909	8,349,161	7,582,026	6,998,921	5,184,269
Berks County Residential Center	8,836,182	8,861,784	7,664,164	6,985,278	6,523,375	6,018,136	-	-	-	-
Berks Heim	47,896,629	41,886,562	41,017,725	40,974,069	40,567,133	40,201,168	37,117,616	36,386,199	34,821,807	33,224,695
Youth Center	-	-	-	-	567,352	2,091,611	8,432,646	8,465,715	8,299,295	8,816,470
Operating grants and contributions	-	21,236	93,120	51,522	1,252,856	2,296,085	2,117,133	2,659,792	2,146,724	2,447,643
Capital grants and contributions	8,587	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>56,741,398</u>	<u>61,557,080</u>	<u>57,528,298</u>	<u>56,070,609</u>	<u>56,597,780</u>	<u>58,474,909</u>	<u>56,016,556</u>	<u>55,093,732</u>	<u>52,266,747</u>	<u>49,673,077</u>
Total primary government program revenues	<u>\$ 314,151,841</u>	<u>\$ 281,805,216</u>	<u>\$ 269,912,039</u>	<u>\$ 268,106,090</u>	<u>\$ 277,934,405</u>	<u>\$ 286,525,786</u>	<u>\$ 281,171,720</u>	<u>\$ 291,203,320</u>	<u>\$ 331,171,152</u>	<u>\$ 293,062,272</u>
Net (expense)/revenue										
Governmental activities	(123,715,613)	(116,910,786)	(106,735,853)	(118,163,218)	(116,936,402)	(120,085,530)	(100,864,899)	(108,450,784)	(92,906,158)	(97,034,682)
Business-type activities	2,002,747	2,779,531	1,313,988	2,921,946	(1,243,873)	1,398,860	(599,492)	188,134	(4,616,211)	(1,210,265)
Total primary government net expense	<u>\$ (121,712,866)</u>	<u>\$ (114,131,255)</u>	<u>\$ (105,421,865)</u>	<u>\$ (115,241,272)</u>	<u>\$ (118,180,275)</u>	<u>\$ (118,686,670)</u>	<u>\$ (101,464,391)</u>	<u>\$ (108,262,650)</u>	<u>\$ (97,522,369)</u>	<u>\$ (98,244,947)</u>

County of Berks
Changes in Net Position (continued)
Last Ten Years
(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 136,869,417	\$ 136,151,892	\$ 136,033,476	\$ 134,808,089	\$ 127,067,035	\$ 127,133,403	\$ 127,849,461	\$ 126,343,025	\$ 125,151,669	\$ 123,269,687
Hotel room	2,434,126	2,225,844	2,055,944	1,844,957	1,647,698	1,590,516	1,471,283	1,335,233	1,632,693	1,677,537
Payments in lieu of taxes	237,561	242,774	266,532	220,931	316,221	249,053	324,063	170,159	274,085	223,628
Investment earnings	1,474,025	1,134,503	639,352	550,091	833,259	1,049,014	850,893	3,438,690	6,108,261	9,632,013
Changes in fair value of investment rate swaps	(1,109,819)	490,084	601,668	-	-	-	-	-	-	-
Rentals	464,950	389,756	328,094	356,407	202,812	-	-	-	-	-
Miscellaneous	4,945,007	-	-	-	-	-	-	-	8,615,137	-
Gain (loss) on sale of capital assets	86,776	20,720	(245,199)	68,874	46,931	18,100	27,008	26,006	18,777	26,558
Conversion to special revenue fund	-	6,089,996	-	-	-	-	-	-	-	-
Transfer of assets to related entity	-	-	(5,746,011)	-	-	-	-	-	-	-
Swap termination fee	-	-	-	-	-	-	-	(13,766,920)	(5,663,249)	-
Transfers	(146,980)	1,088,977	(436,774)	(10,196,998)	(4,816,823)	(14,158,452)	(401,900)	(396,908)	(412,300)	(437,520)
Total governmental activities	\$ 145,255,063	\$ 147,834,546	\$ 133,497,082	\$ 127,652,351	\$ 125,297,133	\$ 115,881,634	\$ 130,120,808	\$ 117,149,285	\$ 135,725,073	\$ 134,391,903
Business-type activities										
Investment earnings	1,986	8,088	7,349	5,962	5,248	8,658	25,828	66,604	48,924	172,062
Changes in fair value of investment rate swaps	(78,729)	626,541	830,097	-	-	-	-	-	-	-
Rental of space	-	48,230	43,998	27,643	22,464	21,010	-	-	-	-
Gain (loss) on sale of capital assets	-	-	(2,696)	818	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	(16)	(1,013)	-	-
Conversion to special revenue fund	-	(6,089,996)	-	-	-	-	-	-	-	-
Transfers	146,980	(1,088,977)	436,774	10,196,997	4,816,823	14,158,452	401,900	396,908	412,300	437,520
Total business-type activities	70,237	(6,496,114)	1,315,522	10,231,420	4,844,535	14,188,120	427,712	462,499	461,224	609,582
Total primary government general revenue	\$ 145,325,300	\$ 141,338,432	\$ 134,812,604	\$ 137,883,771	\$ 130,141,668	\$ 130,069,754	\$ 130,548,520	\$ 117,611,784	\$ 136,186,297	\$ 135,001,485
Changes in Net Position										
Governmental activities	21,539,450	30,923,760	26,761,229	9,489,133	8,360,731	(4,203,896)	29,255,909	8,698,501	42,818,915	37,357,221
Business-type activities	2,072,984	(3,716,583)	2,629,510	13,153,366	3,600,662	15,586,980	(171,780)	650,633	(4,154,987)	(600,683)
Total primary government net revenue	\$ 23,612,434	\$ 27,207,177	\$ 29,390,739	\$ 22,642,499	\$ 11,961,393	\$ 11,383,084	\$ 29,084,129	\$ 9,349,134	\$ 38,663,928	\$ 36,756,538

**County of Berks
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)**

	<u>2016</u>	<u>2015</u> <u>(Restated)</u>	<u>2014</u> <u>(Restated)</u>	<u>2013</u> <u>(Restated)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund										
Nonspendable	\$ 1,641,843	\$ 1,584,554	\$ 1,364,327	\$ 398,435	\$ 592,927	\$ 878,350	\$ -	\$ -	\$ -	\$ -
Restricted	2,859,389	4,125,006	4,201,282	4,869,238	2,299,603	1,865,358	-	-	-	-
Committed	7,327,174	-	-	-	-	-	-	-	-	-
Assigned	4,082,537	10,551,289	11,323,251	16,953,963	19,545,324	35,008,622	-	-	-	-
Unassigned	118,930,211	135,023,020	134,990,876	110,406,873	102,045,175	115,808,679	-	-	-	-
Reserved	-	-	-	-	-	-	22,143,083	22,126,655	22,282,025	17,214,184
Unreserved	-	-	-	-	-	-	135,857,859	123,004,381	111,756,048	100,028,177
Total General Fund	<u>\$ 134,841,154</u>	<u>\$ 151,283,869</u>	<u>\$ 151,879,736</u>	<u>\$ 132,628,509</u>	<u>\$ 124,483,029</u>	<u>\$ 153,561,009</u>	<u>\$ 158,000,942</u>	<u>\$ 145,131,036</u>	<u>\$ 134,038,073</u>	<u>\$ 117,242,361</u>
All other governmental funds										
Nonspendable	2,836,878	3,116,156	32,408	12,455	15,128	15,891	-	-	-	-
Restricted	13,904,207	10,523,506	15,054,053	49,188,337	55,487,813	65,973,877	-	-	-	-
Assigned	-	66,759	-	-	-	-	-	-	-	-
Unassigned	-	(2,466,812)	-	-	(45,567)	(270,263)	-	-	-	-
Reserved	-	-	-	-	-	-	20,302	13,029,506	22,149	2,323,617
Unreserved	-	-	-	-	-	-	89,703,186	13,709,145	14,171,821	58,851,871
Total all other governmental funds	<u>\$ 16,741,085</u>	<u>\$ 11,239,609</u>	<u>\$ 15,086,461</u>	<u>\$ 49,200,792</u>	<u>\$ 55,457,374</u>	<u>\$ 65,719,505</u>	<u>\$ 89,723,488</u>	<u>\$ 26,738,651</u>	<u>\$ 14,193,970</u>	<u>\$ 61,175,488</u>
Total governmental funds	<u>\$ 151,582,239</u>	<u>\$ 162,523,478</u>	<u>\$ 166,966,197</u>	<u>\$ 181,829,301</u>	<u>\$ 179,940,403</u>	<u>\$ 219,280,514</u>	<u>\$ 247,724,430</u>	<u>\$ 171,869,687</u>	<u>\$ 148,232,043</u>	<u>\$ 178,417,849</u>

Note:

The County implemented GASB Statement No. 54 in 2011 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

County of Berks
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes:										
Property	\$ 136,924,879	\$ 136,536,071	\$ 136,328,388	\$ 135,388,540	\$ 127,003,623	\$ 127,740,394	\$ 125,922,864	\$ 126,396,815	\$ 125,151,669	\$ 123,621,270
Hotel	2,434,126	2,225,844	2,055,944	1,844,957	1,647,698	1,590,516	1,471,283	1,335,233	1,632,693	1,677,537
Court costs, fines and forfeitures	3,021,575	3,350,999	3,524,023	3,724,858	3,533,648	3,600,846	4,556,223	3,698,738	322,746	448,271
Intergovernmental revenue	210,291,504	185,900,383	178,186,729	177,199,936	191,267,090	198,655,502	193,442,460	206,041,376	225,381,986	210,396,462
Department charges and reimbursements	67,134,262	55,614,535	58,480,623	56,555,546	54,394,935	51,789,888	24,701,700	25,136,056	29,965,275	29,520,039
Payments in lieu of taxes	237,561	89,730	102,196	51,827	135,367	61,979	131,780	58,551	274,085	223,628
Rentals	464,950	389,756	328,094	356,407	202,812	224,206	216,663	223,811	237,981	237,344
Sales of property, supplies and equipment	86,776	20,720	18,250	68,874	46,931	18,100	27,008	26,006	18,777	26,556
Investment earnings	1,474,025	1,134,503	639,352	550,092	833,261	1,049,014	1,695,035	3,438,710	5,968,895	9,530,791
Other revenue	9,384,796	5,088,961	2,572,505	4,014,222	1,444,130	1,754,018	7,045,682	6,625,792	5,660,307	6,578,373
Total revenues	\$ 431,454,454	\$ 390,351,502	\$ 382,236,104	\$ 379,755,259	\$ 380,509,495	\$ 386,484,463	\$ 359,210,698	\$ 372,981,088	\$ 394,614,414	\$ 382,260,271
Expenditures										
Current:										
General government, administrative	\$ 43,561,692	\$ 42,140,641	\$ 41,134,083	\$ 39,852,191	\$ 47,959,429	\$ 38,636,615	\$ 18,830,640	\$ 19,573,975	\$ 15,639,565	\$ 15,187,582
General government, judicial	51,897,682	51,638,171	50,335,681	49,460,353	65,573,490	48,819,429	46,906,599	44,664,478	42,020,768	40,376,874
Public safety	72,303,496	61,057,768	61,456,822	58,692,210	72,374,351	53,443,564	53,128,773	52,369,464	52,120,453	50,209,220
Human services	195,598,654	173,905,554	167,515,886	169,602,996	191,747,864	190,338,788	172,719,027	197,741,401	216,731,445	199,443,663
Culture and recreation	8,705,093	6,801,869	6,435,971	7,885,299	9,268,854	11,176,693	8,004,068	8,421,498	8,139,205	7,532,798
Community and economic development	6,892,219	7,976,468	6,820,729	6,526,379	7,180,694	7,578,062	10,839,751	15,402,477	22,159,195	15,382,486
Public works	11,693,954	8,681,128	5,699,803	2,721,058	1,868,944	1,210,529	979,830	823,743	1,672,100	1,240,471
Community support	10,538,809	5,537,268	5,980,470	5,061,857	5,307,490	5,133,316	6,692,107	4,376,935	4,410,317	4,485,602
Intergovernmental expenditures- Solid waste	928,453	993,342	998,452	997,007	1,000,219	997,450	844,401	893,571	948,403	1,051,489
Debt service:										
Principal	18,896,062	18,758,298	19,026,576	19,429,357	19,481,932	14,127,753	29,068,574	8,292,218	45,445,174	11,652,987
Interest	5,106,802	5,773,802	6,274,112	8,043,447	9,346,689	9,934,093	5,976,629	4,488,528	7,105,831	8,008,564
Debt issuance costs	119,123	178,668	118,742	141,629	430,673	-	691,302	407,689	8,744	-
Administrative expenditures	141,015	80,461	109,147	12,302	15,518	38,902	-	37,239	136,994	158,583
Capital outlay	2,143,152	4,671,727	26,310,999	24,595,446	20,906,488	8,702,465	15,017,354	1,216,625	5,197,641	3,395,612
Total expenditures	\$ 428,526,206	\$ 388,195,165	\$ 398,217,473	\$ 393,021,531	\$ 452,462,635	\$ 390,137,659	\$ 369,699,055	\$ 358,709,841	\$ 421,735,835	\$ 358,125,931
Excess (deficiency) of revenues over (under) expenditures	\$ 2,928,248	\$ 2,156,337	\$ (15,981,369)	\$ (13,266,272)	\$ (71,953,140)	\$ (3,653,196)	\$ (10,488,357)	\$ 14,271,247	\$ (27,121,421)	\$ 24,134,340
Other financing sources (uses)										
Transfers in	\$ 23,118,717	\$ 13,749,987	\$ 12,607,913	\$ 14,488,107	\$ 21,491,843	\$ 18,964,872	\$ 8,468,764	\$ 10,138,474	\$ 13,288,542	\$ 10,270,640
Transfers out	(22,044,742)	(19,631,432)	(11,870,836)	(15,816,894)	(27,676,447)	(33,123,324)	(8,870,664)	(10,535,383)	(13,700,842)	(10,708,160)
Bond premium	209,950	3,613,694	82,210	2,860,762	-	-	-	114,396	-	-
Issuance of long term debt	-	-	-	17,785,000	29,940,941	-	72,077,540	19,874,004	16,151,487	2,243,417
Payments to refunded bond escrow agent	(24,943,412)	(27,211,227)	(9,963,468)	-	-	-	-	(26,258,174)	(1,042,021)	-
Issuance of refunding bonds	9,790,000	23,776,200	10,000,000	-	9,870,000	-	14,667,460	29,800,000	-	-
Conversion to special revenue fund	-	554,492	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	(5,073,078)	-
Total other financing sources (uses)	\$ (13,869,487)	\$ (5,148,286)	\$ 855,819	\$ 19,316,975	\$ 33,626,337	\$ (14,158,452)	\$ 86,343,100	\$ 23,133,317	\$ 9,624,088	\$ 1,805,897
Special Item										
Swap termination fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,876,000)	\$ -	\$ (13,766,920)	\$ (5,663,249)	\$ -
Net change in fund balances	\$ (10,941,239)	\$ (2,991,949)	\$ (15,125,550)	\$ 6,050,703	\$ (38,326,803)	\$ (20,687,648)	\$ 75,854,743	\$ 23,637,644	\$ (23,160,582)	\$ 25,940,237
Debt Service										
Percentage of noncapital expenditures	5.7%	6.5%	6.9%	7.5%	6.8%	6.3%	10.1%	3.7%	12.3%	5.6%

Note:
This schedule has been included to provide prior years' information as it was presented in the prior years' reports, not restated for prior year adjustments.

County of Berks
Total Revenue by Source, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

Fiscal Year	Taxes	Court Costs, Fines & Forfeitures	Inter - Governmental Revenues	Department Charges & Reimbursements	Payments in Lieu of Taxes	Rentals	Sale of property, supplies, and equipment	Investment Earnings	Other Revenues	Totals
2016	\$ 139,359,005	\$ 3,021,575	\$ 210,291,504	\$ 67,134,262	\$ 237,561	\$ 464,950	\$ 86,776	\$ 1,474,025	\$ 9,384,796	\$ 431,454,454
2015	138,761,915	3,350,999	185,900,383	55,614,535	89,730	389,756	20,720	1,134,503	5,088,961	390,351,502
2014	138,384,332	3,524,023	178,186,729	58,480,623	102,196	328,094	18,250	639,352	2,572,505	382,236,104
2013	137,233,497	3,724,858	177,199,936	56,555,546	51,827	356,407	68,874	550,092	4,014,222	379,755,259
2012	128,651,321	3,533,648	191,267,090	54,394,935	135,364	202,812	46,931	833,261	1,444,130	380,509,492
2011	129,330,910	3,600,846	198,655,502	51,789,888	61,979	224,206	18,100	1,049,014	1,754,018	386,484,463
2010	127,394,147	4,556,223	193,442,460	24,701,700	131,780	216,663	27,008	1,695,035	7,045,682	359,210,698
2009	127,732,048	3,698,738	206,041,376	25,136,056	58,551	223,811	26,006	3,438,710	6,625,792	372,981,088
2008	126,784,362	322,746	225,381,986	29,965,275	274,085	237,981	18,777	5,968,895	5,660,307	394,614,414
2007	125,298,807	448,271	210,396,462	29,520,039	223,628	237,344	26,556	9,530,791	6,578,373	382,260,271

Source:

County of Berks, Financial Statements, as restated in individual CAFR's

County of Berks
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

<u>Fiscal Year</u>	<u>Tax-Exempt Property</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Total Taxable Assessed Value</u>	<u>Market Value</u>	<u>Assessed Value as a Percentage of Market Value</u>	<u>Common Level Ratio</u>	<u>Total Direct Tax Rate</u>
2016	\$ 2,813,697,200	\$ 14,452,726,600	\$ 3,390,894,000	\$ 815,271,200	\$ 18,658,891,800	\$ 19,378,229,700	96.3%	75.60%	7.372%
2015	2,792,647,500	14,426,375,000	3,388,924,200	806,010,200	18,621,309,400	19,335,256,500	96.3%	76.30%	7.372%
2014	2,773,724,300	14,383,351,500	3,381,283,700	792,507,900	18,557,143,100	19,265,737,800	96.3%	78.10%	7.372%
2013	2,756,192,800	14,339,515,800	3,363,960,000	787,046,700	18,490,522,500	19,194,308,100	96.3%	77.90%	7.372%
2012	2,744,225,900	14,333,218,900	3,364,298,400	775,615,500	18,473,132,800	19,170,097,000	96.4%	73.20%	6.935%
2011	2,722,905,100	14,312,618,000	3,355,340,500	789,901,800	18,457,860,300	19,151,011,000	96.4%	70.70%	6.935%
2010	2,690,011,100	14,250,643,200	3,369,197,100	807,453,600	18,427,293,900	19,120,898,600	96.4%	67.70%	6.935%
2009	2,626,786,500	14,198,056,200	3,328,190,800	806,966,600	18,333,213,600	19,021,124,000	96.4%	65.70%	6.935%
2008	2,598,730,300	14,104,166,100	3,255,012,600	806,598,200	18,165,776,900	18,824,246,500	96.5%	68.10%	6.935%
2007	2,483,014,000	13,848,061,200	3,179,432,600	825,152,900	17,852,646,700	18,517,754,300	96.4%	75.00%	6.935%

Notes:

For Population Figures, Refer to Demographic and Economic Statistics Page of Comprehensive Annual Financial Report

Source:

County of Berks Assessment Office

**County of Berks
Property Tax Rates Per \$1,000 of Assessed Value
Direct and Overlapping Governments
Last Ten Years**

<u>Tax Year</u>	<u>County of Berks</u>	<u>City, Borough, or Township</u>	<u>School District (1)</u>	<u>Total</u>
2016	7.372	3.63	28.07	39.07
2015	7.372	3.35	27.57	38.29
2014	7.372	3.32	27.22	37.91
2013	7.372	3.22	26.77	37.36
2012	6.935	3.08	26.24	36.26
2011	6.935	2.92	25.42	35.28
2010	6.935	2.77	24.80	34.51
2009	6.935	2.70	24.66	34.30
2008	6.935	2.78	22.32	32.05
2007	6.935	2.77	23.58	33.30

Notes:

- (1) Each unit within these classes levies its own millage rate. The rates shown are averages. The CAFR's statistical section contains a current year breakdown of overlapping taxes by municipality, and their related school districts.

Source:
County of Berks Assessment Office

**County of Berks
Principal Taxpayers
Current and Nine Years Ago**

Taxpayer	Business/ Product	2016			2007		
		Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Berkshire Mall LLC	Shopping Mall	\$ 63,049,400	1	0.34%	\$ 75,500,000	1	0.42%
BRE RC Exeter PA LP	Shopping Mall	56,207,100	2	0.30%			
Green Hills Realty Association, LP	Leasing	42,348,100	3	0.23%	29,148,100	3	0.16%
East Penn Manufacturing Co.	Battery Manufacturing	41,736,400	4	0.22%	28,477,400	4	0.16%
Spring Ridge Associates, Inc.	Shopping Mall	41,491,000	5	0.22%	40,131,600	2	0.22%
Highlands at Wyomissing	Intermediate Care	37,449,800	6	0.20%	28,055,000	5	0.16%
Reading Hospitality LLC	Lodging	32,087,900	7	0.17%			
Phoebe Berks Village Inc.	Intermediate Care	28,976,400	8	0.16%	22,000,000	10	0.12%
Morgantown Crossings LP	Furniture Manufacturing	24,560,300	9	0.13%	25,923,500	6	0.15%
Carpenter Technology Corp.	Specialty Steel Manufacturing	22,513,900	10	0.12%	23,305,900	8	0.13%
Ashley Furniture Industries		-		-	24,554,500	7	0.14%
Sithe Pennsylvania Holdings		-		-	22,511,900	9	0.13%
Total		\$ 390,420,300		2.09%	\$ 319,607,900		1.79%

Note

Total County of Berks assessed valuation for 2016: 18,658,891,800

Source

County of Berks Assessment Office

**County of Berks
Property Tax Levies and Collections
Last Ten Years**

Calendar Year ended December 31	Total Tax Levy (1)	Current Tax Collections (2)	Percentage of Levy Collected	Delinquent Tax Collections (3)	Total Tax Collections	Total Tax Collections To Tax Levy
2016	\$137,553,350	\$132,573,006	96.38%	\$4,351,873	\$136,924,879	99.54%
2015	137,276,293	132,039,450	96.19%	4,496,621	136,536,071	99.46%
2014	136,803,259	131,640,203	96.23%	4,688,185	136,328,388	99.65%
2013	136,318,729	130,260,182	95.56%	5,128,358	135,388,540	99.09%
2012	128,117,506	122,243,142	95.41%	4,760,481	127,003,623	99.06%
2011	128,011,510	122,252,616	95.50%	5,487,778	127,740,394	99.79%
2010	127,825,213	121,799,628	95.29%	4,123,236	125,922,864	98.51%
2009	127,793,283	121,851,760	95.35%	4,635,366	126,396,815	98.98%
2008	126,776,530	120,903,442	95.37%	4,156,787	125,151,669	98.65%
2007	125,166,266	119,508,722	95.48%	3,785,225	123,621,270	98.50%

Notes:

- (1) Does not include interims and additions to duplicate
- (2) Includes discounts, penalties, interims, additions, rebates and error adjustments
- (3) Includes penalties and adjustments

Source:

County of Berks Assessment Office
County of Berks Treasurer's Office
County of Berks Tax Claim Bureau

County of Berks
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of assessed value)

Function/Program	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
County Direct Rates										
Total direct rate	7.37	7.37	7.37	7.37	6.94	6.94	6.94	6.94	6.94	6.94
Municipalities										
City:										
City of Reading	17.69	15.69	15.69	15.69	14.33	14.33	11.95	10.90	11.45	10.90
Boroughs:										
Bally	5.00	5.00	4.70	4.50	4.50	4.30	4.10	4.10	3.30	3.30
Bechtelsville	4.50	4.50	4.50	4.50	4.00	3.60	3.60	3.60	3.60	3.60
Bernville	4.44	4.44	4.44	4.44	3.94	3.94	3.94	2.94	2.94	2.94
Birdsboro	6.86	6.66	6.66	6.16	6.16	6.16	6.16	4.36	3.33	3.33
Boyetown	5.64	5.14	5.14	5.14	5.14	5.14	4.99	4.84	3.85	3.85
Centerport	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Fleetwood	6.00	6.00	5.50	5.50	5.50	3.00	2.75	2.70	2.70	2.70
Hamburg	8.00	8.00	7.50	6.50	5.50	5.50	5.50	5.50	5.25	5.25
Kenhorst	5.60	5.60	5.60	4.60	3.60	3.60	3.60	3.10	3.10	3.10
Kutztown	4.10	4.10	3.35	3.10	3.10	2.85	2.85	2.85	2.40	2.40
Laureldale	5.90	5.90	5.90	4.90	4.90	4.90	4.90	4.90	3.60	3.60
Leesport	5.72	5.72	5.72	5.72	5.72	5.72	5.72	5.72	5.72	5.72
Lenhartsville	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Lyons	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85
Mohnton	4.55	4.30	4.30	3.80	3.80	3.80	3.60	3.60	2.27	2.27
Mt. Penn	8.50	7.40	7.40	7.40	7.40	7.40	7.40	7.40	6.40	6.40
New Morgan	1.56	1.56	4.50	4.50	2.99	2.99	1.83	1.83	25.52	25.52
Robesonia	4.65	4.65	4.40	4.40	4.40	4.15	4.15	4.15	3.15	3.15
St. Lawrence	6.64	6.00	5.70	5.70	5.30	5.30	5.30	3.84	3.84	3.84
Shillington	7.14	5.89	5.89	4.89	4.89	4.89	4.39	4.39	3.89	3.89
Shoemakersville	6.50	5.50	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00
Sinking Spring	7.32	7.32	7.32	6.32	6.32	5.04	5.04	3.84	3.84	3.84
Strausstown	3.00	3.00	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00
Topton	5.85	5.85	5.85	5.85	6.35	5.60	5.60	5.40	5.00	5.00
Wernersville	6.10	6.10	6.10	5.60	5.60	5.60	5.60	5.60	4.20	4.20
West Reading	7.60	7.10	7.10	7.10	7.10	7.10	7.10	6.85	5.60	5.60
Womelsdorf	4.50	3.50	3.50	3.00	3.00	3.00	3.00	3.06	2.50	2.50
Wyomissing	3.90	3.90	3.90	3.63	3.63	3.43	3.13	2.63	2.63	2.63
Townships:										
Albany	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Alsace	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amity	1.95	1.95	1.95	1.80	1.80	1.80	1.80	1.80	1.03	1.03
Bern	3.44	3.44	3.19	3.12	3.12	3.12	3.12	2.60	2.60	2.60
Bethel	2.00	2.00	2.00	2.00	2.00	2.00	1.50	2.12	1.50	1.50
Brecknock	2.33	1.95	1.95	1.95	1.95	1.75	1.75	1.75	1.00	1.00
Caernarvon	2.48	2.48	2.48	2.48	2.38	2.38	2.38	2.13	1.88	1.88
Centre	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Colebrookdale	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00
Cumru	6.18	6.18	5.68	5.28	5.28	4.78	4.78	3.78	3.60	3.60
District	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Douglass	3.30	2.30	2.30	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Exeter	3.25	2.87	2.87	2.87	2.69	2.69	2.43	2.33	1.30	1.30
Greenwich	1.00	1.00	1.00	1.00	1.00	0.60	0.80	0.60	0.60	0.60
Heidelberg	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.20	1.20
Hereford	1.20	0.96	0.96	0.96	0.96	0.96	0.80	0.80	0.80	0.80
Jefferson	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Longswamp	2.80	2.80	2.80	2.80	2.85	2.32	2.32	2.32	2.18	2.18

County of Berks
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of assessed value)

Function/Program	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Townships (continued)										
Lower Alsace	7.95	7.18	7.18	6.68	6.68	6.68	6.68	6.68	4.07	4.07
Lower Heidelberg	4.79	4.79	4.79	4.80	4.85	4.85	2.55	0.68	0.68	0.68
Maidencreek	1.75	1.75	1.50	1.50	1.13	1.13	1.13	1.13	1.25	1.25
Marion	1.30	1.30	1.30	1.30	1.30	1.20	1.00	1.00	1.00	1.00
Maxatawny	2.36	2.36	2.36	3.36	3.36	3.36	3.36	2.68	2.68	2.68
Muhlenberg	5.00	5.00	4.80	4.80	4.50	4.25	4.25	4.25	4.05	4.05
North Heidelberg	1.00	1.00	0.40	0.40	0.40	0.40	0.20	0.20	0.20	0.20
Oley	2.80	2.80	2.80	2.80	2.59	2.50	2.50	3.10	3.00	3.00
Ontelaunee	4.05	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Penn	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Perry	0.80	0.80	0.80	0.80	0.80	0.80	0.25	0.25	0.25	0.25
Pike	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
Richmond	3.50	2.50	2.25	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Robeson	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00
Rockland	1.00	1.00	1.00	1.00	0.60	0.60	0.30	0.30	0.30	0.30
Ruscombmanor	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
South Heidelberg	3.35	3.35	3.05	2.55	2.55	2.25	2.25	1.75	1.25	1.25
Spring	3.25	3.25	3.25	3.25	3.25	3.00	2.65	2.75	2.35	2.35
Tilden	1.45	1.45	1.45	1.45	0.95	0.92	0.92	0.42	0.42	0.42
Tulpehocken	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Union	3.65	3.65	3.65	3.65	2.15	2.15	2.15	1.90	1.90	1.90
Upper Bern	1.95	1.95	1.95	1.95	1.95	1.95	1.20	1.20	1.20	1.20
Upper Tulpehocken	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.60	0.60
Washington	2.70	2.70	2.70	4.32	4.32	2.32	2.32	1.70	1.70	1.70
Windsor	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
School Districts:										
Antietam	37.79	36.79	35.86	34.56	33.75	32.35	31.60	31.60	30.80	30.80
Boyerstown	24.27	23.96	23.39	22.52	21.88	20.77	20.02	19.64	19.24	19.24
Brandywine Heights	32.30	32.30	32.30	32.30	31.25	30.00	29.70	29.00	28.10	28.10
Conrad Weiser	27.14	26.32	25.71	25.71	25.27	24.32	24.32	24.32	24.20	23.40
Daniel Boone	29.70	28.96	28.96	28.96	28.96	28.42	27.65	27.65	26.25	26.25
Exeter	32.22	31.25	31.25	30.80	30.10	29.62	28.62	27.78	25.83	25.83
Fleetwood	31.81	30.96	30.21	29.21	28.22	27.28	26.61	26.35	25.56	25.56
Governor Mifflin	27.10	26.60	26.00	25.30	24.50	23.20	22.60	22.50	21.60	21.60
Hamburg	26.71	26.46	26.21	25.96	25.71	25.21	24.96	24.71	23.73	23.27
Kutztown	29.95	29.95	29.95	29.25	28.76	28.28	28.28	27.17	25.53	25.53
Muhlenberg	28.56	27.81	27.56	26.81	26.31	25.56	25.06	24.31	23.81	23.81
Oley Valley	26.33	25.84	25.39	24.93	24.56	23.82	23.82	23.82	23.42	23.42
Reading	17.93	17.41	17.41	16.92	16.92	16.46	16.46	19.75	19.75	19.75
Schuylkill Valley	27.07	26.79	26.79	26.79	26.27	25.13	24.43	23.68	22.88	22.88
Tulpehocken	27.70	27.70	27.70	27.70	27.70	27.45	27.08	27.08	25.83	25.83
Twin Valley	26.77	25.74	24.54	23.88	22.60	21.70	21.40	20.30	19.30	19.30
Upper Perkiomen	24.95	24.60	24.25	24.00	23.66	23.66	20.75	22.76	19.69	19.69
Wilson	24.95	24.60	24.25	24.00	23.66	21.95	20.75	19.55	18.55	18.55
Wyomissing	30.07	29.78	29.49	29.05	28.57	27.89	27.11	26.41	25.17	25.17

Note:

Total annual real estate taxes (county, municipal, school) per \$1,000 of assessed value.

Source:

County of Berks Assessment Office

**County of Berks
Ratio of Outstanding Debt by Type
Last Ten Years**

Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bond Long Term	Capital Leases	General Obligation Bond Current	General Obligation Bond Long Term	Capital Leases	General Obligation Bond Current			
2016	\$ 206,960,390	\$ -	\$ 19,676,075	\$ 26,289,210	\$ -	\$ 418,780	\$ 253,344,455	1.30%	\$ 610.75
2015	235,441,478	-	20,516,681	26,919,161	-	748,319	283,625,639	1.47%	685.14
2014	203,053,850	-	19,417,949	71,001,906	-	1,692,051	295,165,756	1.53%	713.49
2013	262,360,301	-	20,007,023	27,108,396	-	922,977	310,398,697	1.62%	750.62
2012	254,178,922	-	18,724,352	30,903,986	-	1,480,648	305,287,908	1.59%	739.29
2011	228,146,210	-	16,847,720	32,766,807	-	1,401,466	279,162,203	1.46%	677.12
2010	239,365,833	-	16,147,017	34,565,315	-	1,377,919	291,456,084	1.52%	708.38
2009	163,896,982	-	29,562,972	36,349,947	-	1,348,848	231,158,749	1.22%	568.68
2008	154,732,469	96,058	18,830,213	38,109,124	1,491,840	417,771	213,677,475	1.14%	522.47
2007	186,653,453	236,177	13,046,596	37,587,254	-	1,213,668	238,737,148	1.29%	589.31

Note:

Amounts netted for discounts, premiums and deferred refundings losses.

Source:

County of Berks Financial Statements, as restated in Prior Years adjustments

**County of Berks
Ratios of General Bonded Debt Outstanding
Last Ten Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Estimated Actual Taxable Value</u>	<u>General Obligation Debt</u>	<u>Ratio of General Obligation Debt to Assessed Value</u>	<u>General Obligation Debt Per Capita</u>
2016	414,812 *	\$ 19,454,270,800	\$ 253,344,455	1.30%	610.75
2015	413,965	19,335,256,500	283,625,639	1.47%	685.14
2014	413,691	19,265,737,800	295,165,756	1.53%	713.49
2013	413,521	19,194,308,100	321,748,697	1.68%	778.07
2012	412,948	19,170,097,000	305,287,908	1.59%	739.29
2011	412,279	19,151,011,000	278,905,880	1.46%	676.50
2010	411,442	19,120,898,600	291,456,084	1.52%	708.38
2009	406,481	19,021,124,000	215,831,423	1.02%	476.15
2008	408,979	18,824,246,500	201,390,664	0.87%	398.90
2007	405,113	18,517,754,300	234,906,800	1.06%	484.24

Notes:

* Estimate used for 2016 population

Source:

Pennsylvania State Data Center or Census Bureau (Census Report or Most Recent Yearly Estimates)
County of Berks Assessment Office
County of Berks Financial Statements, as restated in Prior Year adjustments

County of Berks
Direct and Overlapping Governmental Activities Debt
December 31, 2016

<u>Direct Debt of County and Related Entities</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
County of Berks	\$ 226,636,465	100%	\$ 226,636,465
Overlapping Debt			
School Districts:			
Antietam	\$ 17,255,000	100%	\$ 17,255,000
Boyertown Area	96,290,000	100%	96,290,000
Brandywine Heights	18,950,000	100%	18,950,000
Conrad Weiser	36,282,000	100%	36,282,000
Daniel Boone Area	85,561,038	100%	85,561,038
Exeter Township	76,243,326	100%	76,243,326
Fleetwood Area	31,057,733	100%	31,057,733
Governor Mifflin Area	63,750,000	100%	63,750,000
Hamburg Area	45,325,000	100%	45,325,000
Kutztown Area	23,595,000	100%	23,595,000
Muhlenberg Area	38,575,000	100%	38,575,000
Oley Valley	27,567,813	100%	27,567,813
Reading School District	375,560,000	100%	375,560,000
Schuylkill Valley	19,690,000	100%	19,690,000
Tulpehocken Area	24,760,000	100%	24,760,000
Twin Valley	36,041,221	100%	36,041,221
Wilson Area	85,455,000	100%	85,455,000
Wyomissing Area	31,040,000	100%	31,040,000
Total School Districts	<u>\$ 1,132,998,131</u>		<u>\$ 1,132,998,131</u>
Municipalities			
City of Reading	\$ 281,943,920 (1)	100%	\$ 281,943,920
Albany Township	249,511 (1)	100%	249,511
Alsace Township	2,276,835	100%	2,276,835
Amity Township	3,027,240	100%	3,027,240
Bally Borough	1,370,174	100%	1,370,174
Bern Township	137,633	100%	137,633
Bernville Borough	1,106,012	100%	1,106,012
Bethel Township	571,288	100%	571,288
Birdsboro Borough	1,634,488	100%	1,634,488
Boyertown Borough	1,326,313	100%	1,326,313
Brecknock Township	51,553	100%	51,553
Caernarvon Township	1,643,536	100%	1,643,536
Colebrookdale Township	1,014,622	100%	1,014,622
Cumru Township	2,667,000	100%	2,667,000
Exeter Township	48,931,705	100%	48,931,705
Fleetwood Borough	1,771,319	100%	1,771,319
Greenwich Township	76,000	100%	76,000
Hamburg Borough	9,999,023	100%	9,999,023
Heidelberg Township	13,578	100%	13,578
Hereford Township	19,745	100%	19,745
Kutztown Borough	19,460,000	100%	19,460,000
Leesport Borough	35,808	100%	35,808
Lenhartsville Borough	415,812 (1)	100%	415,812
Longswamp Township	805,079	100%	805,079
Lower Alsace Township	2,742,342	100%	2,742,342
Lower Heidelberg Township	6,950,000	100%	6,950,000

Note

(1) Unavailable - used latest data available

County of Berks
Direct and Overlapping Governmental Activities Debt
December 31, 2016

<u>Direct Debt of County and Related Entities (continued)</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Lyons Borough	1,881	100%	1,881
Maidencreek Township	197,210	100%	197,210
Maxatawny Township	637,306	100%	637,306
Mt. Penn Borough	365,866	100%	365,866
Mohnton Borough	334,322	100%	334,322
Muhlenberg Township	17,005,753	100%	17,005,753
New Morgan Borough	13,539,953 (1)	100%	13,539,953
Oley Township	66,763	100%	66,763
Ontelaunee Township	2,637,810	100%	2,637,810
Penn Township	63,251 (1)	100%	63,251
Richmond Township	2,699,714	100%	2,699,714
Robeson Township	1,269,074	100%	1,269,074
Robesonia Borough	64,539	100%	64,539
St. Lawrence Borough	735,375	100%	735,375
Shillington Borough	2,051,975	100%	2,051,975
Shoemakersville Borough	487,235	100%	487,235
Sinking Spring Borough	4,774,196	100%	4,774,196
Spring Township	20,645,022	100%	20,645,022
South Heidelberg Township	1,469,000	100%	1,469,000
Tilden Township	6,377,046	100%	6,377,046
Topton Borough	1,295,085	100%	1,295,085
Tulpehocken Township	2,446,287	100%	2,446,287
Union Township	991,857	100%	991,857
Washington Township	10,550,000	100%	10,550,000
Wernersville Borough	1,307,000	100%	1,307,000
West Reading Borough	10,233,665	100%	10,233,665
Womelsdorf Borough	227,269	100%	227,269
Total Municipalities	<u>\$ 492,714,990</u>		<u>\$ 492,714,990</u>
Total overlapping debt			<u>\$ 1,625,713,121</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 1,852,349,586</u>

Note

(1) Unavailable - used latest data available

Source

Annual Reports from individual School Districts and Municipalities

**County of Berks
Legal Debt Margin Information
Last Ten Years**

	Calendar Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit at 300%	\$ 1,378,800,855	\$ 1,324,954,399	\$ 1,307,926,447	\$ 1,309,909,635	# \$ 1,288,660,406	\$ 1,266,195,075	\$ 1,257,080,566	\$ 1,263,049,573	\$ 1,249,850,277	\$ 1,198,877,349
Total amount of debt applicable to debt limit net of discount on zero coupon bonds	<u>226,636,465</u>	<u>255,958,159</u>	<u>222,677,099</u>	<u>246,929,029</u>	<u>240,494,029</u>	<u>237,407,346</u>	<u>242,343,081</u>	<u>279,590,000</u>	<u>238,784,576</u>	<u>261,601,800</u>
Legal Debt Margin	<u>\$ 1,152,164,390</u>	<u>\$ 1,068,996,240</u>	<u>\$ 1,085,249,348</u>	<u>\$ 1,062,980,606</u>	<u>\$ 1,048,166,377</u>	<u>\$ 1,028,787,729</u>	<u>\$ 1,014,737,485</u>	<u>\$ 983,459,573</u>	<u>\$ 1,011,065,701</u>	<u>\$ 937,275,549</u>
Total net debt applicable to the limit as a percentage of debt limit	16.44%	19.32%	17.03%	18.85%	18.66%	18.75%	19.28%	22.14%	19.11%	21.82%
Total Revenues Received	\$ 488,187,265	\$ 451,204,255	\$ 439,409,335	\$ 434,340,809	\$ 434,176,303	\$ 441,392,523	\$ 413,091,580	\$ 411,710,972	\$ 433,221,494	\$ 418,117,107
Total net revenue	\$ 1,378,800,855	\$ 1,324,954,399	\$ 1,307,926,447							
Borrowing base = Total net revenues, divided by three	\$ 459,600,285	\$ 441,651,466	\$ 435,975,482							

Note:
2008 total revenues received restated

Source:
County of Berks, Financial Statements

**Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt
To Total General Governmental Expenditures
Last Ten Years**

Fiscal Year	Principal	Interest	Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total Governmental Expenditures
2016	\$ 18,896,062	\$ 5,106,802	\$ 24,002,864	\$ 428,526,206	5.60%
2015	18,758,298	5,773,802	24,532,100	388,195,165	6.32%
2014	19,026,576	6,274,112	25,300,688	398,217,473	6.35%
2013	19,429,357	8,043,447	27,472,804	393,021,531	6.99%
2012	19,481,932	9,346,689	28,828,621	452,462,635 *	6.37%
2011	14,127,753	9,934,093	24,061,846	390,137,659	6.17%
2010	29,068,574	5,976,629	35,045,203	369,699,055	9.48%
2009	8,292,218	4,488,528	12,780,746	358,709,841	3.56%
2008	45,445,174	7,105,831	52,551,005	338,327,940	15.53%
2007	11,652,987	8,008,564	19,661,551	310,232,438	6.34%

Notes:

* Includes prefunding of pension plan

Source:

County of Berks, Financial Statements

**County of Berks
Demographic and Economics Statistics
Last Ten Years**

Calendar Year	Population	Per Capita Personal Income	Median Household Income	Median Age	Higher Education Enrollment	Public School Enrollment	Unemployment Rate	Average Sales Price of Residential Property
2016	414,812	*	*	*	*	*	4.4%	*
2015	413,965	27,146	55,936	39.7	27,985	71,160	4.8%	168,200
2014	413,691	26,998	55,798	39.7	28,503	71,358	4.8%	169,200
2013	412,078	26,723	55,170	39.5	28,648	71,866	7.2%	170,600
2012	411,094	26,478	55,021	39.4	28,341	72,288	7.7%	173,400
2011	409,624	26,332	54,823	39.1	27,919	72,356	7.9%	174,000
2010	407,310	25,518	53,470	38.9	27,660	72,063	8.7%	170,400
2009	406,481	26,505	56,983	36.7	27,568	73,138	5.5%	192,400
2008	408,979	24,488	55,103	38.5	25,360	75,447	5.5%	153,100
2007	405,113	25,030	54,402	38.4	22,273	70,415	4.5%	149,700

* 2016 data not available. Population estimated

Source:

Individual Institutions
County of Berks Assessment Office
Pennsylvania Department of Labor & Industry, Bureau of Research and Statistics

**County of Berks
Principal Employers
Current Year and Nine Years Ago**

Employer	<u>2016</u>			<u>2007</u>		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
East Penn Manufacturing Co. Inc.	*	1	*	4,000	3	1.98%
Reading Health System	*	2	*	5,618	1	2.78%
County of Berks	2,342	3	*	2,582	4	1.28%
Carpenter Technology Corp.	*	4	*	4,015	2	1.99%
Wal-Mart Stores	*	5	*	1,974	7	0.98%
Pennsylvania Government	*	6	*		(1)	
Reading School District	*	7	*	2,500	5	1.24%
Boscov's Inc.	*	8	*	2,000	6	0.99%
Penske Truck Leasing	*	9	*		(1)	
Reading Health Physician Network	*	10	*		(1)	
St. Joseph Medical Center	-	(1)	*	1,585	8	0.78%
Redner's Warehouse Markets	-	(1)	*	1,294	10	0.64%
Sovereign Bank	-	(1)	*	1,555	9	0.77%
Total	<u>2,342</u>		<u>*</u>	<u>27,123</u>		<u>13.41%</u>
 Total County Labor Force	 212,900			 202,260		

Note:

*- 2016 employee data available

(1) - Employer not on both lists

Source:

Pennsylvania Department of Labor & Industry, Bureau of Research and Statistics

County of Berks
Full-Time Equivalent Employees by Function/Program
Last Ten Years

Function/Program	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities:										
General government	197	196	193	205	203	209	200	181	186	200
Judicial	458	462	465	457	463	468	471	451	454	454
Public safety	487	412	398	397	390	391	404	380	389	508
Public works	-	-	-	-	-	-	-	2	2	1
Human services	294	293	297	302	307	315	313	298	312	252
Culture and recreation	34	35	35	35	35	30	31	36	36	42
Community and economic development	19	19	17	21	22	9	9	23	41	17
Total governmental activities	<u>1,489</u>	<u>1,417</u>	<u>1,405</u>	<u>1,417</u>	<u>1,420</u>	<u>1,422</u>	<u>1,428</u>	<u>1,371</u>	<u>1,420</u>	<u>1,474</u>
Business-type activities										
Berks Heim	399	402	398	399	398	403	415	384	430	433
Emergency Services	-	(3) 79	78	79	81	77	77	56	54	62
Berks County Residential Center	64	68	57	55	55	54	51	(2) -	-	-
Youth Center	-	-	-	-	(1) 1	58	71	134	142	164
Total business-type activities expenses	<u>463</u>	<u>549</u>	<u>533</u>	<u>533</u>	<u>535</u>	<u>592</u>	<u>614</u>	<u>574</u>	<u>626</u>	<u>659</u>
Total primary government expenses	<u><u>1,952</u></u>	<u><u>1,966</u></u>	<u><u>1,938</u></u>	<u><u>1,950</u></u>	<u><u>1,955</u></u>	<u><u>2,014</u></u>	<u><u>2,042</u></u>	<u><u>1,945</u></u>	<u><u>2,046</u></u>	<u><u>2,133</u></u>

Note:

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

(1) Youth Center closed in 2012

(2) Berks County Residential Center opened in 2010

(3) Emergency Services merged with Public Safety in 2016

Source:

County of Berks, Personnel Statements

**County of Berks
Operating Indicators by Function/Program
Last Ten Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Function/Program										
Governmental activities:										
General government										
Elections										
New Registrations	20,387 **	4,859	4,896	4,360	11,283 **	4,494	5,782	3,795	27,128 **	6,269
Absentee Ballots Processed	9,358	2,177	2,830	1,962	7,396	2,814	5,282	3,034	12,501	2,246
Change of Address/Party	62,101	25,057	20,178	18,954	22,397	22,405	21,063	21,679	36,117	19,971
Cancellations	43,348	7,092	8,641	3,023	6,262	2,615	19,110	4,496	8,447	25,206
**2008, 2012 and 2016 were presidential election years, which accounts for higher voter turnout										
Real Estate	(2)									(1)
Appeal summaries	-	1,485	1,657	1,075	1,517	1,720	2,070	2,421	1,713	1,010
Change Notices	-	2,964	4,299	3,205	3,840	2,002	3,907	7,517	12,509	8,291
Parcels Created	-	388	328	384	288	373	451	568	670	1,549
Acreage Changed	-	587	470	524	600	664	735	785	1,205	1,150
Judicial										
Coroner										
Total Cases	3,386	3,230	3,057	3,172	2,966	3,044	2,863	2,792	2,757	2,732
Cremations	2,004	1,865	1,699	1,695	1,518	1,367	1,291	1,294	1,158	1,050
District Attorney										
Criminal Case Prosecution										(1)
Adult Cases	6,560	6,533	6,865	6,500	6,135	5,258	5,965	6,516	6,436	5,585
Juvenile Cases	804	890	2,074	2,371	2,454	1,967	1,958	2,247	2,365	2,278
Narcotics Enforcement Team	780	602	187	251	236	295	257	308	625	550
DUI Central Booking	658	602	665	620	587	522	492	567	670	639
Major Crimes	2,484	2,215	1,592	2,481	1,382	1,322	1,250	1,098	930	838
Fugitive/Warrants Unit	-	226	-	-	-	-	-	-	1,960	1,900
Register of Wills										(1)
Estates Opened	1,886	1,865	1,670	1,764	1,778	1,870	1,780	1,646	1,661	1,695
Marriage Licenses Issued	2,396	2,403	2,349	2,268	2,410	2,253	2,268	2,286	2,406	2,400
Adoptions	227	190	214	207	215	235	215	238	220	185
Public Safety										
County Prison										
Inmates Committed	6,328	6,701	6,840	7,050	6,774	6,557	6,816	7,105	7,875	7,783
Average Daily Population	1,024	1,171	1,187	1,199	1,115	1,045	1,046	1,083	1,161	1,198
Inmate Counseling Sessions	1,690	1,568	1,547	2,582	1,630	1,687	1,579	1,900	1,948	1,344
Inmate Work Release Participants	92	83	110	114	108	114	116	113	177	178
Inmates Enrolled in Education	422	498	395	362	502	378	412	584	471	563
Public Works										
Recycling Center										(1)
Tons Recycled Curbside	51,597	55,291	51,757	52,250	51,708	44,069	40,650	56,220	47,027	35,000
Tons Recycled Drop-off	1,625	1,585	1,660	1,662	1,547	1,450	1,804	1,290	1,479	15,000
Tons Recycled Commercial	161,972	158,866	142,918	124,200	120,669	113,237	157,390	165,823	56,361	38,000
Tons Recycled by County	1,472	1,510	1,659	1,600	1,881	1,413	2,009	1,856	352	15,000

Note

- (1) Data unavailable - estimated used for reporting purposes
(2) Data unavailable
** Presidential election year, so more registrations processed.

**County of Berks
Operating Indicators by Function/Program
Last Ten Years**

Function/Program	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Human services										
CareerLink										(1)
Companies Served	465	417	375	310	725	720	700	750	975	805
Adults Served	58	126	149	152	110	137	84	61	58	110
Youth Served	545	571	539	593	734	837	604	457	353	400
Dislocated Workers Served	265	304	434	451	472	605	553	386	279	350
JOBS Program (EARN)	340	442	342	356	609	1,848	1,426	1,910	1,966	1,500
Culture and recreation										
Ag Land Preservation										
Number of Farm Applicants	127	123	139	139	131	125	115	115	131	164
Number of Farms Selected	24	21	23	21	43	30	19	19	72	54
Funds Raised	100	-	147	-	2,349	145	40,000	149	-	2,000
Community and economic development										
Planning										
Act 247 Subdivision Reviews	151	134	152	142	143	143	180	159	246	292
Act 247 Ordinance Reviews	42	44	31	45	74	69	57	92	76	87
Act 537 Sewage Reviews	10	-	3	3	1	8	4	2	5	6
Act 97 Solid Waste Reviews	5	1	2	3	3	1	2	-	3	3
911										
Total 911 Calls	194,460	211,700	210,461	204,083	218,832	219,556	195,568	182,918	189,082	189,063
Average Daily Call Volume	533	580	577	560	600	602	536	501	518	517
Average Answer in < 10 seconds	99%	99%	99%	99%	99%	99%	99%	90%	98%	97%
Surcharge Funds Received	(3)	\$ 1,297,310	\$ 2,194,832	\$ 2,286,686	\$ 2,346,944	\$ 2,456,854	\$ 2,596,960	\$ 2,805,471	\$ 2,743,870	\$ 3,008,941
Surcharge Funds Disbursed	(3)	\$ 1,054,321	\$ 1,628,053	\$ 1,776,841	\$ 1,923,136	\$ 2,094,802	\$ 2,429,253	\$ 2,646,909	\$ 2,743,870	\$ 3,535,439
Business-type activities										
Berks Heim										
In-house Days										
Private Pay	22,090	20,866	19,983	21,790	21,535	21,681	21,766	21,780	25,330	20,931
Medical Assistance/Medicare A	127,110	127,593	129,382	127,730	130,110	129,520	127,634	127,403	119,235	126,161
Bedhold Days	556	554	500	742	574	725	705	693	608	620
Berks County Residential Center/Youth Center										
Average Daily Population										
Berks County Residential Center	80	80	67	74	80	56	64	69	78	78
Youth Center (2)	-	-	-	-	-	23	30	31	53	65

Note

(1) Data unavailable - estimated used for reporting purposes

(2) Youth Center closed in 2011

(3) As of August 2015, no longer tracking because of change in funding regulations.

Source:

Individual County Departments

**County of Berks
Capital Asset Statistic by Function/Program
Last Ten Years**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General government										
Land and land improvements	\$ 2,221,983	\$ 2,221,983	\$ 2,221,983	\$ 3,499,090	\$ 1,664,570	\$ 149,143	\$ 149,143	\$ 149,143	\$ 149,143	\$ 149,143
Buildings and building improvements	137,923,541	138,719,289	112,252,678	111,790,776	126,923,789	120,179,203	113,359,988	109,873,007	108,974,664	107,843,698
Furniture, fixtures, and equipment	13,428,370	81,095,364	9,878,697	9,444,535	12,334,176	14,743,969	16,863,345	15,089,538	11,664,913	10,612,067
Construction in progress	6,970,633	3,285,230	26,820,832	46,783,680	23,243,334	9,352,390	8,166,676	467,408	1,843,385	5,804,530
Infrastructure	85,760	-	-	-	-	-	-	-	-	-
Agricultural easements	79,371,116	78,161,441	76,669,703	75,085,203	73,173,727	71,453,155	70,520,705	65,523,487	60,241,043	50,202,075
	<u>240,001,403</u>	<u>303,483,307</u>	<u>227,843,893</u>	<u>246,603,284</u>	<u>237,339,596</u>	<u>215,877,860</u>	<u>208,859,857</u>	<u>191,102,583</u>	<u>182,873,148</u>	<u>174,611,513</u>
Judicial										
Buildings and building improvements	1,005,804	907,096	757,634	1,128,901	1,128,901	1,036,828	1,029,921	808,116	808,116	798,116
Furniture, fixtures, and equipment	2,552,861	2,262,887	2,625,854	2,577,830	2,537,914	2,570,410	2,810,086	2,572,079	2,367,352	2,605,100
Construction in progress	-	-	-	-	87,621	-	-	17,201	-	-
	<u>3,558,665</u>	<u>3,169,983</u>	<u>3,383,488</u>	<u>3,706,731</u>	<u>3,754,436</u>	<u>3,607,238</u>	<u>3,840,007</u>	<u>3,397,396</u>	<u>3,175,468</u>	<u>3,403,216</u>
Public Safety										
Buildings and building improvements	49,830,760	48,959,401	46,797,847	46,872,609	53,039,836	43,681,188	43,681,189	40,648,038	34,312,739	33,591,909
Furniture, fixtures, and equipment	67,310,794	2,168,160	2,356,084	2,104,994	2,469,719	2,567,719	2,885,226	2,845,873	2,703,657	2,620,782
Construction in progress	102,128	-	-	-	-	-	-	1,857,450	7,882,680	-
	<u>117,243,682</u>	<u>51,127,561</u>	<u>49,153,931</u>	<u>48,977,603</u>	<u>55,509,555</u>	<u>46,248,907</u>	<u>46,566,415</u>	<u>45,351,361</u>	<u>44,899,076</u>	<u>36,212,692</u>
Public Works										
Land and land improvements	41,516	41,516	41,516	41,516	41,516	5,816	-	-	-	-
Buildings and building improvements	8,051,863	8,051,863	8,051,863	8,051,863	8,051,863	8,051,863	8,051,863	8,051,863	8,051,863	7,931,533
Furniture, fixtures, and equipment	225,836	225,836	176,726	176,726	192,317	179,409	179,409	179,409	179,409	179,409
Construction in progress	15,158,118	6,599,210	4,619,721	2,000,718	1,160,164	555,538	446,340	183,685	-	-
Infrastructure	12,757,777	10,587,072	6,051,426	4,799,840	4,132,152	4,116,857	4,003,494	3,836,116	3,836,116	2,481,469
	<u>36,235,110</u>	<u>25,505,497</u>	<u>18,941,252</u>	<u>15,070,663</u>	<u>13,578,012</u>	<u>12,909,483</u>	<u>12,681,106</u>	<u>12,251,073</u>	<u>12,067,388</u>	<u>10,592,411</u>
Human services										
Buildings and building improvements	137,750	113,931	-	110,700	110,700	110,700	110,700	110,700	-	-
Furniture, fixtures, and equipment	482,406	500,446	500,493	569,902	550,415	672,658	693,168	636,117	620,454	567,660
	<u>620,156</u>	<u>614,377</u>	<u>500,493</u>	<u>680,602</u>	<u>661,115</u>	<u>783,358</u>	<u>803,868</u>	<u>746,817</u>	<u>620,454</u>	<u>567,660</u>
Culture and recreation										
Land and land improvements	14,967,868	13,633,400	13,550,628	13,491,264	13,081,317	11,064,480	11,041,962	11,041,962	9,691,962	4,993,128
Buildings and building improvements	7,821,125	7,321,287	7,150,341	7,087,808	6,904,979	7,514,007	6,856,080	6,506,061	6,426,624	6,376,113
Furniture, fixtures, and equipment	1,097,063	1,058,175	1,043,562	972,820	1,061,688	934,890	1,180,422	1,136,603	963,677	889,462
Construction in progress	39,143	-	-	-	-	2,456,287	566,848	124,215	-	-
Historical treasures	2,279,644	2,279,644	2,279,644	2,279,644	2,166,153	1,915,631	873,000	873,000	873,000	873,000
	<u>26,204,843</u>	<u>24,292,506</u>	<u>24,024,175</u>	<u>23,831,536</u>	<u>23,214,137</u>	<u>23,885,295</u>	<u>20,518,312</u>	<u>19,681,841</u>	<u>17,955,263</u>	<u>13,131,703</u>
Community and economic development										
Buildings and building improvements	1,843,700	1,843,700	1,843,700	1,843,700	1,843,700	1,843,700	1,843,700	1,843,700	1,843,700	1,843,700
Furniture, fixtures, and equipment	23,359	23,359	23,359	23,359	48,648	144,457	144,457	144,457	135,803	135,803
	<u>1,867,059</u>	<u>1,867,059</u>	<u>1,867,059</u>	<u>1,867,059</u>	<u>1,892,348</u>	<u>1,988,157</u>	<u>1,988,157</u>	<u>1,988,157</u>	<u>1,979,503</u>	<u>1,979,503</u>
Total governmental - cost	<u>425,730,918</u>	<u>410,060,290</u>	<u>325,714,291</u>	<u>340,737,478</u>	<u>335,949,199</u>	<u>305,300,298</u>	<u>295,257,722</u>	<u>274,519,228</u>	<u>263,570,300</u>	<u>240,498,699</u>
Business-type activities										
Department of Emergency Services (1)										
Buildings and building improvements	-	-	486,846	486,845	486,846	486,846	486,846	486,846	486,846	-
Furniture, fixtures, and equipment	-	-	67,581,031	11,301,560	9,954,737	10,192,384	10,191,882	10,191,152	9,855,214	5,641,157
Construction in progress	-	-	668,570	8,103,310	6,885,539	2,119,052	1,374,341	30,915	-	-
	<u>-</u>	<u>-</u>	<u>68,324,447</u>	<u>19,891,715</u>	<u>17,327,122</u>	<u>12,798,282</u>	<u>12,053,069</u>	<u>10,708,913</u>	<u>10,342,060</u>	<u>5,641,157</u>
Berks County Residential Center (2)										
Buildings and building improvements	10,187,060	8,909,018	7,912,681	7,902,464	505,847	9,718,080	9,718,080	9,718,080	9,607,709	9,456,623
Furniture, fixtures, and equipment	368,724	346,699	285,023	239,133	239,133	731,975	731,975	731,975	656,862	634,455
Construction in progress	-	-	126,822	-	412,450	-	-	-	7,348	-
	<u>10,555,784</u>	<u>9,255,717</u>	<u>8,324,526</u>	<u>8,141,597</u>	<u>1,157,430</u>	<u>10,450,055</u>	<u>10,450,055</u>	<u>10,450,055</u>	<u>10,271,919</u>	<u>10,091,078</u>
Berks Heim										
Buildings and building improvements	38,046,576	38,032,210	38,013,639	37,749,851	37,731,995	37,601,419	37,601,419	37,601,420	37,601,420	37,544,028
Furniture, fixtures, and equipment	4,586,482	4,549,490	3,962,829	3,887,423	3,808,013	3,727,912	3,438,957	3,429,756	3,417,718	3,370,361
Construction in progress	17,642	14,367	278,646	-	-	12,620	-	-	-	-
	<u>42,650,700</u>	<u>42,596,067</u>	<u>42,255,114</u>	<u>41,637,274</u>	<u>41,540,008</u>	<u>41,341,951</u>	<u>41,040,376</u>	<u>41,031,176</u>	<u>41,019,138</u>	<u>40,914,389</u>
Total business-type activities	<u>53,206,484</u>	<u>51,851,784</u>	<u>119,316,087</u>	<u>69,670,586</u>	<u>60,024,560</u>	<u>64,590,288</u>	<u>63,543,500</u>	<u>62,190,142</u>	<u>61,633,117</u>	<u>56,646,625</u>
Total primary government	<u>478,937,402</u>	<u>461,912,074</u>	<u>445,030,378</u>	<u>410,408,064</u>	<u>395,973,759</u>	<u>369,890,586</u>	<u>358,801,222</u>	<u>336,709,370</u>	<u>325,203,417</u>	<u>297,145,324</u>

Note:

(1) Converted to special revenue fund in 2015

(2) Youth Center closed in 2012
Berks County Residential Center opened in 2010

Source:

Comprehensive Annual Financial Reports



