

Comprehensive  
Annual Financial  
Report for the  
Year Ending  
December 31, 2017



County of Berks,  
Pennsylvania

County of Berks,  
Pennsylvania  
**Comprehensive  
Annual Financial  
Report** for the  
Year Ending  
December 31, 2017

**Commissioners:**

**Christian Y. Leinbach, Chair**

**Kevin S. Barnhardt, Vice Chair**

**Mark C. Scott, Esq.**

**Prepared by the**

**Office of the Controller**

**Table of Contents:**

**Page(s)**

**Introductory Information:**

Letter of Transmittal	1 – 5
Certificate of Achievement for Excellence in Financial Reporting	6
County of Berks - List of Elected Officials	7
County of Berks Organizational Chart	8
County of Berks Map	9

**Financial Information:**

Independent Auditor's Report	10 – 12
Management's Discussion and Analysis	13 – 25

**Financial Statements:**

Statement of Net Position	FS 2 – 3
Statement of Activities	FS 4 – 5
Balance Sheet – Governmental Funds	FS 6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	FS 7
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	FS 8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	FS 9
Statement of Net Position – Proprietary Funds – Enterprise Funds	FS 10
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds – Enterprise Funds	FS 11
Statement of Cash Flows – Proprietary Funds – Enterprise Funds	FS 12
Statement of Fiduciary Net Position – Fiduciary Funds	FS 13
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	FS 14
Statement of Net Position (Deficit) – Component Units	FS 15

**Table of Contents (continued):**

**Page(s)**

Statement of Activities/Revenues, Expenses and Changes in Net Position (Deficits) – Component Units	FS 16
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**Notes to Financial Statements:**

Note 1 – Summary of Significant Accounting Policies	N 1
Note 2 – Cash and Investments	N 11
Note 3 – Restricted Assets	N 24
Note 4 – Real Estate Taxes and Tax Abatements	N 26
Note 5 – Interfund Balances and Activity	N 27
Note 6 – Capital Assets	N 29
Note 7 – Retirement Plans	N 34
Note 8 – Future Lease Rentals Receivable and Related Debt	N 47
Note 9 – Risk Management	N 47
Note 10 – Long-Term Debt	N 51
Note 11 – Fund Balance Policy	N 62
Note 12 – Obligations under Capital Leases	N 64
Note 13 – Commitments and Contingencies	N 65
Note 14 – Contractual Agreement Revenue	N 67
Note 15 – Post Employment Benefit Plans other than Pensions	N 67
Note 16 – Subsequent Events	N 69

**Table of Contents (continued):**

**Page(s)**

**Required Supplemental Information:**

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
General Fund – Budget and Actual

RSI 1 – 3

Children and Youth Services

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Children and Youth Services Special Revenue Fund – Budget and Actual

RSI 4

Health Choices

Schedule of Revenues, Expenditures and Changes in Fund Balances –  
Health Choices Special Revenue Fund – Budget and Actual

RSI 5

Note to Required Supplemental Information

RSI 6

Schedule of Changes in the County’s Net Pension Asset (Liability) and  
Related Ratios – Berks County Employees’ Retirement Fund

RSI 7

Schedule of County Contributions  
Berks County Employees’ Retirement Fund

RSI 8

**Other Supplemental Information:**

**Nonmajor Governmental Funds:**

Combining Balance Sheet – Nonmajor Governmental Funds

OSI 2 – 4

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Governmental Funds

OSI 5 – 7

Liquid Fuels

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

OSI 8

Domestic Relations

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

OSI 9

Employment and Training

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

OSI 10

**Table of Contents (continued):** **Page(s)**

**Other Supplemental Information (continued):**

Office of Aging

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Office of Aging Special Revenue Fund – Budget and Actual OSI 11

Special Legislation

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Special Legislation Special Revenue Fund – Budget and Actual OSI 12

Mental Health/ Developmental Disabilities

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Mental Health/ Developmental Disabilities Special Revenue Fund – Budget and  
Actual OSI 13

Human Services

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

Drug and Alcohol

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Drug and Alcohol Special Revenue Fund – Budget and Actual OSI 15

Department of Emergency Services Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Department of Emergency Services Special Revenue Fund – Budget and Actual OSI 16

Community Development Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Community Development Special Revenue Fund – Budget and Actual OSI 17

Capital Projects Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Capital Projects Special Revenue Fund – Budget and Actual OSI 18

Berks County Residential Center Enterprise Fund

Schedule of Revenues, Expenses and Changes in Fund Net Position  
Berks County Residential Center Enterprise Fund – Budget and Actual OSI 19

Berks Heim Enterprise Fund

Schedule of Revenues, Expenses and Changes in Fund Net Position -  
Berks Heim Enterprise Fund – Budget and Actual OSI 20

Agency Fund

Statement of Changes in Net Position OSI 21

**Table of Contents (continued):**

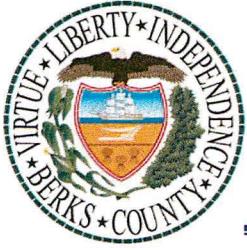
**Page(s)**

**Statistical Information:**

Statistical Section – Categories	SI 1
Net Position by Component – Last Ten Years	SI 2
Changes in Net Position – Last Ten Years	SI 3
Changes in Net Position – Last Ten Years	SI 4
Fund Balances of Governmental Funds – Last Ten Years	SI 5
Changes in Fund Balances of Governmental Funds – Last Ten Years	SI 6
Total Revenue by Source, Governmental Funds – Last Ten Years	SI 7
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years	SI 8
Property Tax Rates per \$1,000 of Assessed Value – Direct and Overlapping Governments – Last Ten Years	SI 9
Principal Taxpayers – Current and Nine Years Ago	SI 10
Property Tax Levies and Collections – Last Ten Years	SI 11
Direct and Overlapping Property Tax Rates – Last Ten Years	SI 12 – 13
Ratio of Outstanding Debt by Type – Last Ten Years	SI 14
Ratios of General Bonded Debt Outstanding – Last Ten Years	SI 15
Direct and Overlapping Governmental Activities Debt – December 31, 2016	SI 16 – 17
Legal Debt Margin Information – Last Ten Years	SI 18
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures – Last Ten Years	SI 19
Demographic and Economic Statistics – Last Ten Years	SI 20
Principal Employers – Current Year and Nine Years Ago	SI 21
Full-Time Equivalent Employees by Function/Program – Last Ten Years	SI 22
Operating Indicators by Function/Program – Last Ten Years	SI 23 - 24
Capital Assets Statistics by Function/Program – Last Ten Years	SI 25

County of Berks,  
Pennsylvania  
Comprehensive  
Annual Financial  
Report **Introductory**  
**Information** for  
the Year Ending  
December 31, 2017





# COUNTY OF BERKS, PENNSYLVANIA

## Office of the Commissioners

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Reading, PA 19601

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

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

June 28, 2018

### 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, 2017 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, 2017 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, 2017. 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**

### **2017 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 northwest 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 417,854 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, 13 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 2017, 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**  
**2017 Comprehensive Annual Financial Report**

**Economic Condition & Outlook**

Overall, the County economy is generally solid and healthy, and continues to show slow and steady growth. The labor market remains strong and the economy has been growing at an average rate of almost 1.5% in the last fifteen years. The unemployment rate remained nearly steady and continues to be below the national level. The County has seen an increase in new home construction and a diverse economy which has six sectors each accounting for nearly 10 percent of the economy or more. Manufacturing remains the largest employment sector of Berks County's economy and contributes the most to Berks County's GDP. In fact, the county GDP's growth rate was 3.8%, the highest rate of any metropolitan area in Pennsylvania.

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 \$464,928,377, an increase of 11.3% 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, Berks Heim, and the Criminal Justice System, notably the Jail. 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.

Several major capital projects were completed during the year, the most notable was the Buttonwood Street Bridge Project. Closed since 2015, the 85 year-old bridge was among the worst-rated in Pennsylvania. The bridge carries upwards of 17,000 vehicles daily. The cost of construction was approximately \$15 million to rehabilitate the structure, add new lighting, and become more pedestrian-friendly. In April a ribbon-cutting ceremony was held to commemorate the bridge's construction and subsequent rebirth. Another noteworthy project that was completed during the year was the remaining portion of the multi-million dollar 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  
2017 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, 2016. The County has received this prestigious award for two consecutive years. 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,



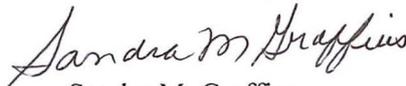
Christian Y. Leinbach  
Commissioner Chair



Kevin S. Barnhardt  
Commissioner



Mark C. Scott, Esq.  
Commissioner



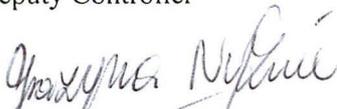
Sandra M. Graffius  
Controller



Ronald M. Rutkowski, APM  
Deputy Controller



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

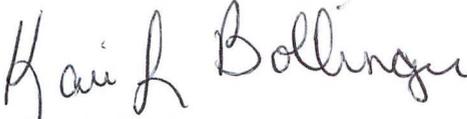


Grazyna Nykiel, CICA, CGFM  
Senior Governmental Accountant—Team Lead



Judith R. Lumis, CGFM, CCS  
Senior Governmental Accountant

**Letter of Transmittal  
2017 Comprehensive Annual Financial Report**



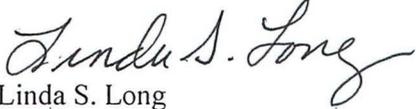
Kari L. Bollinger, CPA, CGMA  
Senior Governmental Accountant



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, 2016**

*Christopher P. Morrill*

Executive Director/CEO

**County of Berks**  
**List of Elected Officials**  
June 2018

**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

**Prothonotary**

Jonathan DelCollo

**Sheriff**

Eric J. Weaknecht

**Recorder of Deeds**

Frederick C. Sheeler

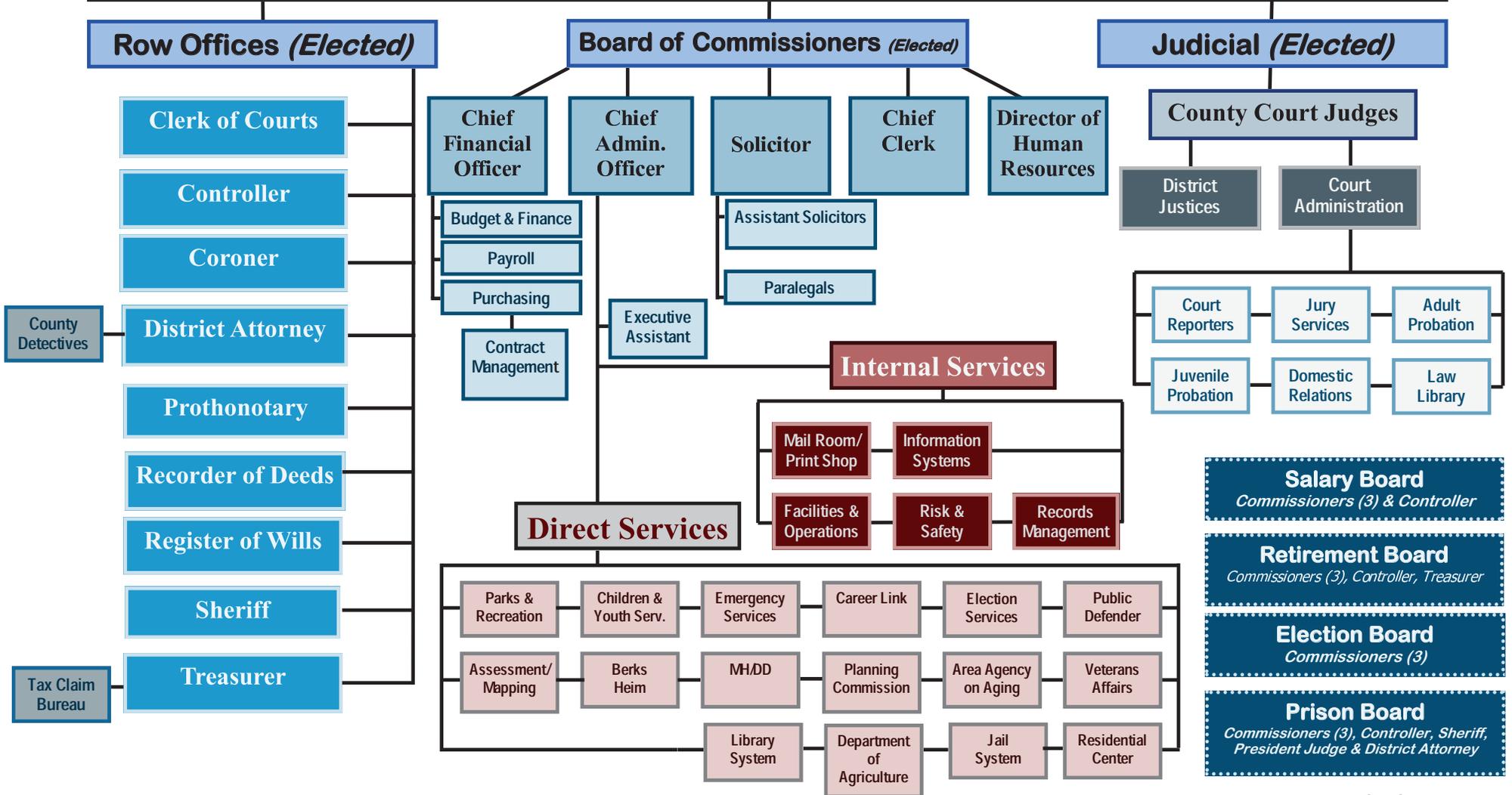
**Judges of Court**

Honorable Thomas G. Parisi, 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 J. Benjamin Nevius, Judge  
Honorable Scott D. Keller, Senior Judge  
Honorable Stephen B. Lieberman, Senior Judge  
Honorable John A. Boccabella, Senior Judge

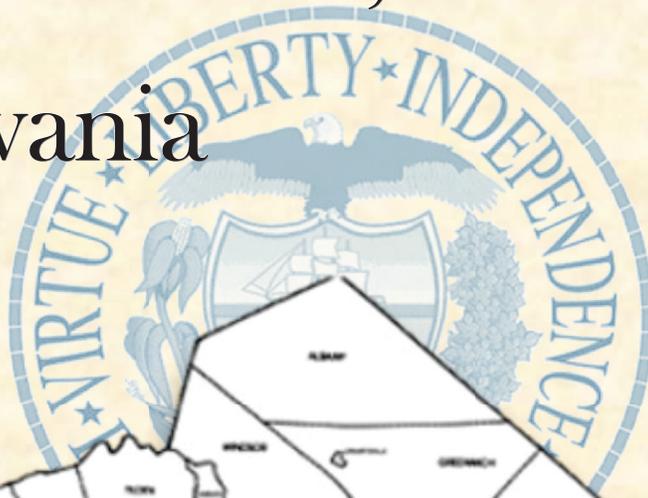


# County of Berks Organizational Chart

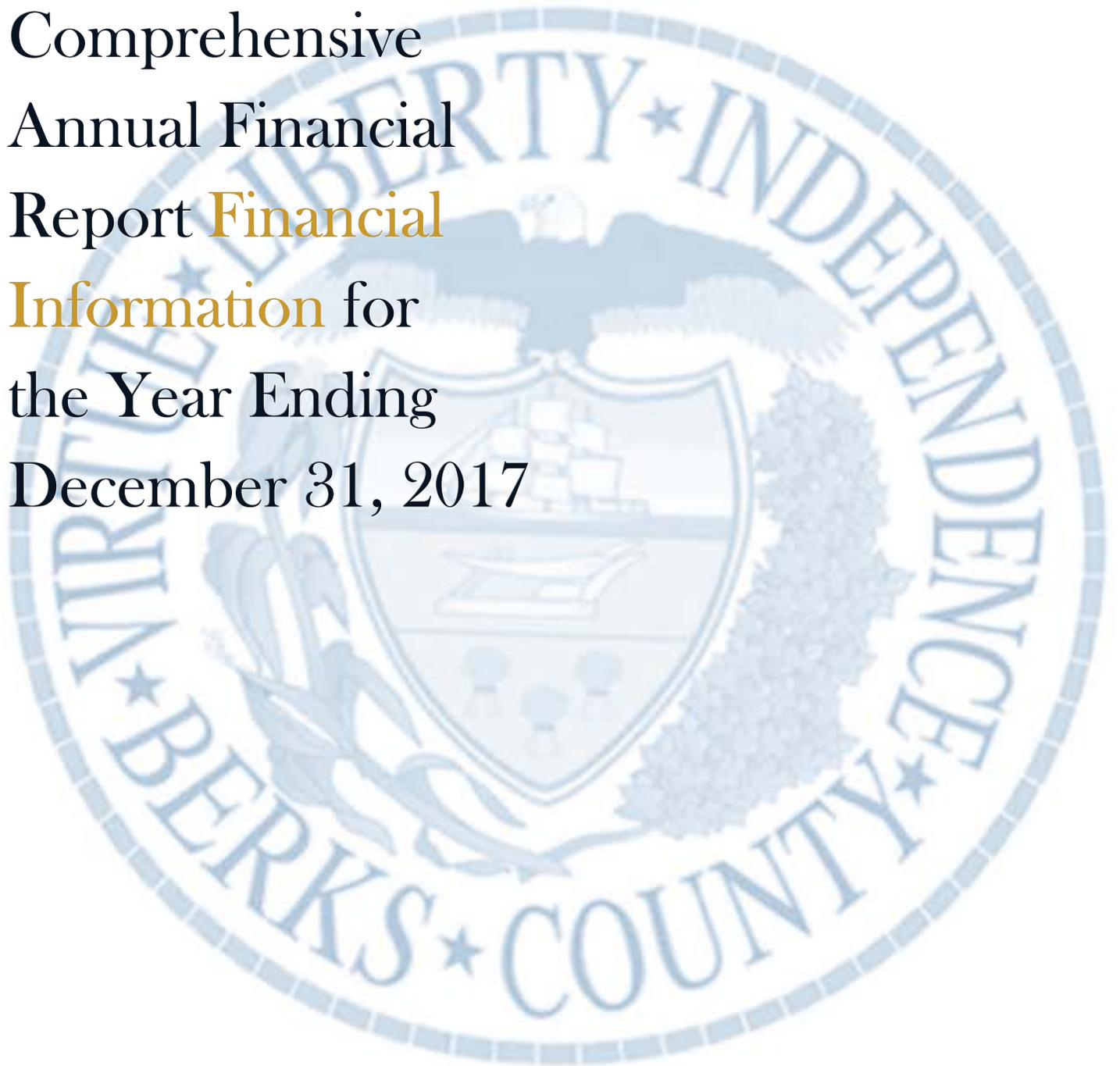
## Citizens of Berks County



# County of Berks, Pennsylvania



County of Berks,  
Pennsylvania  
Comprehensive  
Annual Financial  
Report **Financial  
Information** for  
the Year Ending  
December 31, 2017





## 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, 2017.



## 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, 2017, 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, 2017 and June 30, 2017, respectively, which represent 100% of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of other auditors.

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, 2017, 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 - 25, 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 - 21 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 - 21 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 - 21 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, 2018 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". The letters are cursive and somewhat stylized.

June 28, 2018  
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, 2017**  
**(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, 2017. 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, 2017. Dollar amounts throughout the MD&A are rounded to the nearest thousands of dollars unless otherwise indicated.

**FINANCIAL HIGHLIGHTS**

- The County's net position, restated for 2016, increased in 2017 by \$18,580 to \$284,939. Unrestricted net position at year-end decreased by \$12,717 to \$117,578.
- Total outstanding bonds and other debt at December 31, 2017 was \$235,095, a decrease of \$18,440 from the prior year, resulting from principal payments made during 2017. The County's bond rating from Moody's is **Aa1**, stable outlook.
- Property tax rates remained unchanged at 7.372 mills for the fifth straight year in 2017.
- During 2017, the County's General Fund balance increased by \$6,305 to \$141,146. The unassigned portion of that fund balance was \$112,322, a decrease of \$6,608 from the unassigned fund balance at the end of 2016.

**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, 2017**  
**(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 two discretely presented component units including 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.

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

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 8-18.

*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 69 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 \$284,939 at December 31, 2017. 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	
	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)
Noncapital assets	\$ 269,886	\$ 246,399	\$ 16,330	\$ 7,213	\$ 286,216	\$ 253,612
Capital assets	<u>282,668</u>	<u>285,221</u>	<u>34,317</u>	<u>35,531</u>	<u>316,985</u>	<u>320,752</u>
Total assets	552,554	531,620	50,647	42,744	603,201	574,364
Deferred outflows	<u>20,864</u>	<u>27,732</u>	<u>3,554</u>	<u>5,249</u>	<u>24,418</u>	<u>32,981</u>
Total assets and deferred outflows	<u>573,418</u>	<u>559,352</u>	<u>54,201</u>	<u>47,993</u>	<u>627,619</u>	<u>607,345</u>
Current liabilities	73,379	81,490	4,151	4,574	77,530	86,064
Noncurrent liabilities	<u>207,965</u>	<u>222,432</u>	<u>27,596</u>	<u>28,130</u>	<u>235,561</u>	<u>250,562</u>
Total liabilities	281,344	303,922	31,747	32,704	313,091	336,626
Deferred inflows	<u>23,350</u>	<u>3,236</u>	<u>6,238</u>	<u>1,124</u>	<u>29,588</u>	<u>4,360</u>
Total liabilities and deferred inflows	<u>304,694</u>	<u>307,158</u>	<u>37,985</u>	<u>33,828</u>	<u>342,679</u>	<u>340,986</u>
Net position:						
Net investment in capital assets	95,148	81,932	12,978	13,724	108,126	95,656
Restricted	59,235	40,408	-	-	59,235	40,408
Unrestricted	<u>114,341</u>	<u>129,854</u>	<u>3,237</u>	<u>441</u>	<u>117,578</u>	<u>130,295</u>
Total net position	<u>\$ 268,724</u>	<u>\$ 252,194</u>	<u>\$ 16,215</u>	<u>\$ 14,165</u>	<u>\$ 284,939</u>	<u>\$ 266,359</u>

During 2017, net position increased \$18,580, or 7.0% to \$284,939. Of this total, \$108,126 represents the net investment in capital assets (the net balance of long-term assets in excess of long-term debt), while \$59,235 is restricted for various purposes by external entities. The unrestricted net position of \$117,578 represents funds available to support operations or provide for the repayment of long-term debt. Reasons for this change include:

Current and other assets increased by \$32,604, or 12.9%, to \$286,216. Reasons for this increase include:

- Increase in amounts due from other governments of \$10,091 because of a delay in receiving revenue in certain grant funds, while cash and investments decreased by \$9,736 because of this delay.
- Increase in the net pension asset of \$31,633 resulting from an overall net increase of \$47,378 in pension assets because of investment earnings during 2017.

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

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

Current liabilities decreased by \$8,533, or 9.9%, to \$77,531. This decrease is primarily because of a decrease in accounts payable of \$11,377 because of capital projects funds winding down during 2017, resulting in less payables compared to 2016, and because of improved payment timing in certain grant funds, and an increase of unearned revenue of \$2,075, or 20.2%, to \$12,336 because of 2017 grant revenue not received until 2018.

Noncurrent liabilities decreased by \$15,001, or 6.0%, to \$235,561. 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, 2017. It shows revenues by source and expenses by function.

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
		(Restated)				(Restated)
<b>Program revenues:</b>						
Charges for services	\$ 44,607	\$ 47,758	\$ 59,297	\$ 56,732	\$ 103,904	\$ 104,490
Operating grants/contrib.	205,662	197,989	-	-	205,662	197,989
Capital grants/contrib.	4,058	11,664	8	9	4,066	11,673
<b>General revenues:</b>						
Property taxes	136,828	136,869	-	-	136,828	136,869
Hotel room tax	2,636	2,434	-	-	2,636	2,434
Payment in lieu of taxes	220	238	-	-	220	238
Investment earnings	1,616	1,474	15	2	1,631	1,476
Change - rate swaps	582	(1,110)	52	(79)	634	(1,189)
Miscellaneous - other	6,069	4,945	-	-	6,069	4,945
(Loss) Gain on disposal of capital assets	(690)	87	-	-	(690)	87
Rental of space	490	465	-	-	490	465
<b>Total revenues</b>	<u>402,078</u>	<u>402,813</u>	<u>59,372</u>	<u>56,664</u>	<u>461,450</u>	<u>459,477</u>
<b>Expenses:</b>						
General government	30,620	36,083	-	-	30,620	36,083
Judicial	50,672	50,163	-	-	50,672	50,163
Public safety	76,757	73,693	-	-	76,757	73,693
Human services	204,645	195,370	-	-	204,645	195,370
Culture and recreation	8,046	8,048	-	-	8,046	8,048
Comm & econ development	5,219	5,736	-	-	5,219	5,736
Public works	1,242	1,108	-	-	1,242	1,108
Community support	627	602	-	-	627	602
Debt service	8,444	9,147	-	-	8,444	9,147
Solid waste	359	1,177	-	-	359	1,177
Dept of Emer. Serv.	-	-	-	-	-	-
Residential Center	-	-	7,701	7,877	7,701	7,877
Berks Heim	-	-	48,538	46,861	48,538	46,861
<b>Total expenses</b>	<u>386,631</u>	<u>381,127</u>	<u>56,239</u>	<u>54,738</u>	<u>442,870</u>	<u>435,865</u>
Change before other items	15,447	21,686	3,133	1,926	18,580	23,612
<b>Other items:</b>						
Transfers/cap contrib	1,083	(147)	(1,083)	147	-	-
Conversion to spec. rev.	-	-	-	-	-	-
<b>Total other items</b>	<u>1,083</u>	<u>(147)</u>	<u>(1,083)</u>	<u>147</u>	<u>-</u>	<u>-</u>
Change in net position	16,530	21,539	2,050	2,073	18,580	23,612
Net position - beginning	252,194	239,715	14,165	12,092	266,359	251,807
Prior Period Adjustments	-	(9,060)	-	-	-	(9,060)
<b>Net position - ending</b>	<u>\$ 268,724</u>	<u>\$ 252,194</u>	<u>\$ 16,215</u>	<u>\$ 14,165</u>	<u>\$ 284,939</u>	<u>\$ 266,359</u>

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

The County's overall net position increased by \$18,580, which includes an increase due to governmental activities of \$16,530 and an increase in business-type activities of \$2,050.

**Governmental activities:**

Revenues decreased by \$735. Charges for services decreased by \$3,151 primarily because of fees no longer being collected on a note receivable by the Clerk of Courts office of \$1,547, a reduction of orphan's court fees of \$494 due to retirement of a trustee and reexamination of the trust, and the loss of \$1,000 of agricultural land revenue from the government due to a change in funding. Operating grants and contributions increased by \$7,673 primarily because of \$8,625 increase of the Health Choices' revenue because of an increase in number of members since the Medicaid expansion. Capital grants and contributions decreased by \$7,606, primarily because completion of the Buttonwood Street Bridge in 2017, resulting in \$7,990 less revenue in Liquid Fuels. Interest rate swap revenue increased by \$1,692 due to rising interest rates. Miscellaneous other increased \$1,124 because of increased support from Berks Heim related to intergovernmental revenue. Loss on disposal of assets increased by \$777 because of disposal of assets no longer being used by Department of Emergency Services.

Expenses increased by \$5,504. Expenses for Public Safety increased by \$3,064, primarily because of increased staffing at the Jail, adding 15 positions during 2017, as well as paying 2016 and 2017 wage increases after union contract negotiations were completed. Expenses for Human Services increase by \$9,275, 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. A decrease in pension expense and the related valuation elements of \$5,808 was the contributing factor to a decrease of \$5,463 in General Government expenses. The decrease in these items was due to the \$47,378 net income of the Pension Plan in 2017.

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 increased by \$2,565 because of an increase to Berks Heim revenue of \$2,696, primarily because of an increase in state funding to offset costs of operations of \$1,685 in 2017 that wasn't available in 2016. An increase in Medicare revenue of \$912 during 2017 also contributes to the overall increase in revenue at Berks Heim.

Expenses increased by \$1,501 primarily because of increased expense of Berks Heim of \$1,420 related to increased funding and usage compared to 2016.

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

**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, 2017, the County's governmental funds reported total fund balances of \$158,119, an increase of \$6,536 in comparison with December 31, 2016. Unassigned fund balance of \$112,322, or 71.0%, is fund balance available for future appropriation. Committed fund balance of \$19,323, or 12.2%, is amounts committed by the Board of Commissioners for specific purposes. The remaining fund balance of \$26,474, or 16.7%, represents nonspendable items such as inventory and prepaid expenses, and amounts restricted or 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, 2017, total fund balance of the General Fund was \$141,146, while unrestricted fund balance was \$112,322. 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 55.3% of total fund expenditures excluding other financing uses, while total fund balance represents 69.5% of the same amount.

The General Fund's fund balance increased by \$6,305 during the 2017 year primarily because of a 2016 operating transfer to the Department of Emergency Services that did not occur in 2017 of \$6,520.

General Fund revenues without other financing sources totaled \$217,297, which represents a .7% increase, or \$1,466, from the 2016 year. This is primarily due to a decrease in aid from other governmental agencies of \$1,247, an increase of departmental charges and reimbursements of \$1,763, and an increase in real estate tax revenue of \$766.

Expenditures without other financing uses totaled \$203,171, which represents a .6% increase, or \$1,240, from the 2016 year. This is primarily due to the increase of community support related to Berks Heim of \$1,519, and a decrease in Recycling of \$183.

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

**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 \$40,179 of grant revenue, and incurred \$46,956 of expenses. The General Fund contributed \$6,780 during 2017 as part of the required County contribution. Expenses increased by \$2,863 compared to 2016 because of increased regulatory requirements and increased need for services. Overall revenue increased a similar amount during 2017.

**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 2017 were \$111,519, which represents an \$8,646 increase, or 8.4% increase, from 2016. This increase was primarily due to an \$8,625 increase in the Health Choices' revenue because of an increase in number of members since the Medicaid expansion.

**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 revenues in a timely manner 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 2017, the General Fund revenue budget, excluding transfers and bond proceeds, increased \$127 during the year from the original approved budget of \$216,010 to the final budget of \$216,137. Actual revenues received of \$217,297 were \$1,160 more than the final budget. The overall excess of final revenue to final budget can be traced to increased departmental charges and reimbursements and to real estate taxes.

During 2017, the General Fund expenditure budget, excluding transfers, increased \$2,666 during the year from the original budget of \$213,137 to the final budget of \$215,803. Actual expenditures of \$203,171 were \$12,632 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 and insurance 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.

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

**Capital Assets**

The County's investment in capital assets at December 31, 2017, net of accumulated depreciation, was \$316,985. Capital assets consist primarily of the categories shown in the table below. During 2017, construction in progress was reduced significantly due to the completion of work on the County owned Buttonwood Street Bridge. The completion of work resulted in the significant increase in infrastructure costs related to the bridge. 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	
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 15,613	\$ 15,788	\$ -	\$ -	\$ 15,613	\$ 15,788
Agricultural easements	80,229	79,371	-	-	80,229	79,371
Infrastructure	24,792	10,281	-	-	24,792	10,281
Buildings and improvements	95,732	95,920	33,633	34,814	129,365	130,734
Furniture, fixtures, equipment and vehicles	55,196	59,311	654	699	55,850	60,010
Historical treasures	2,280	2,280	-	-	2,280	2,280
Software in progress	4,427	3,088	-	-	4,427	3,088
Construction in progress	4,399	19,182	30	18	4,429	19,200
<b>Total</b>	<b>\$ 282,668</b>	<b>\$ 285,221</b>	<b>\$ 34,317</b>	<b>\$ 35,531</b>	<b>\$ 316,985</b>	<b>\$ 320,752</b>

**Long-term debt:**

The Commonwealth of Pennsylvania Local Government Unit Debt Act governs the amount of general obligation bonded indebtedness the County can incur. Under this Act, the County can legally incur nonelectoral debt equal to three hundred percent of its borrowing base. The borrowing base is calculated as one third of total revenues for the past three years minus certain statutory deductions.

As of December 31, 2017, the County had outstanding debt of \$235,095, or 16.4 percent, of the maximum \$1,433,540 as permitted by law. The outstanding debt represents 1.3 percent of the total assessed taxable property value as of the end of the year. Total debt decreased \$18,440, or 7.3 percent, from the prior year due to continued principal payments.

Please refer to Note 10 of the financial statements for more information on the County's long-term debt.

**County of Berks  
Management's Discussion and Analysis  
December 31, 2017  
(amounts rounded to nearest thousand)**

**Summary of outstanding debt**

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Bonds and notes:						
Current portion	\$ 20,568	\$ 19,773	\$ 426	\$ 419	\$ 20,994	\$ 20,192
Noncurrent portion	<u>188,448</u>	<u>207,054</u>	<u>25,653</u>	<u>26,289</u>	<u>214,101</u>	<u>233,343</u>
Total	<u>\$ 209,016</u>	<u>\$ 226,827</u>	<u>\$ 26,079</u>	<u>\$ 26,708</u>	<u>\$ 235,095</u>	<u>\$ 253,535</u>

**Bond rating**

As of December 31, 2017, Moody's Investors Services continued to rate the County's general obligation bonds at **Aa1** (Stable Outlook).

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**Economic conditions**

The U.S. economy gained momentum in 2017, growing 2.3% for the year which was well ahead of 2016. The economy is healthy as consumer confidence is at its highest level since 2000. The stock market is booming, businesses are investing and Americans are shopping. Unemployment is at its lowest level in 17 years and the country continues to add jobs every month. The President has promised to get economic growth to levels from the late 1990's. The President's promise to cut corporate and individual taxes has created jobs and boosted growth, but many economists are predicting that growth will gradually slide back to 2%, where it has hovered since the Great Recession. The presidential administration's trade policy will challenge the U.S. economic growth further as tariffs are being considered on imported goods. The President is expected to renegotiate NAFTA. Any drastic measures on trade could raise consumer prices and decrease consumer spending, thereby cooling the economy.

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 Greater Reading 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 of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

County purchased agricultural preservation easements for over 1,067 additional acres during 2017, bringing total acreage under preservation to 71,536 acres on 724 farms.

**Market impact on investment income**

The County did experience, however, an increase in its investment earnings during the year (\$1,631 in 2017 versus \$1,476 in 2016). 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. Prior to May 2016, the Commonwealth of Pennsylvania restricted county investments to government secured funds and certificates of deposit. Pennsylvania Act 10 of 2016 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 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, 2017 net position valued at \$464,928, experienced investment income, net of investment expense, of \$58,362 during 2017. 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 2017 were \$2,601, which is an increase from \$2,089 in 2016, and \$1,409 in 2015. 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 2017. The County has received the latest report from this actuary indicating that its annual certified actuarially determined contribution for the 2017 will be \$3,648. The 2018 contribution is 3.35 percent of estimated 2018 compensation of \$108,799.

**Government funding**

The County relies heavily on federal and state operating grants and contributions for many of its programs. In 2017, 45.3 percent of total government-wide revenues came from these sources. By comparison, property taxes provide only 30.2 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 2018, the County adopted a balanced budget at \$519,450 in revenues, through the use of \$13,400 of fund balance reserves to fund the needed capital expenditures and a real estate tax increase. For the first time in five years, revenues do not equal operating expenses, so the remainder is funded by a 3.87 percent tax increase. The budget assumes federal and state funding will satisfy the demand for our core human services levels throughout 2018. The 2018 budget continues to focus on several fiscal initiatives including, but not limited to:

- support our anticipated core service levels
- balanced operating budget that funds one-time capital expenditures with reserves
- limited headcount growth
- does not add new debt

**County of Berks**  
**Management's Discussion and Analysis**  
**December 31, 2017**  
**(amounts rounded to nearest thousand)**

- continued commitment to farmland preservation, facilities and parks, and funding our pension and debt service obligations.

As in the current year, the greatest challenge to the upcoming 2018 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 2018 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. Increases in property assessed values that provide real estate tax revenue are not keeping up with inflation 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.

**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, 12<sup>th</sup> floor  
Reading PA 19601-4311  
Phone: 610-478-6150  
Fax: 610-478-6890  
Email: [controller@countyofberks.com](mailto: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	
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 42,755,389	\$ 1,831,972	\$ 44,587,361	\$ 15,044,236
Cash and cash equivalents, restricted	13,748,329	2,426	13,750,755	511,588
Investments	53,297,116	-	53,297,116	6,430,054
Investments, restricted	3,193,857	191,453	3,385,310	-
Taxes receivable, net	7,386,553	-	7,386,553	-
Accounts receivable, net	9,370,623	5,616,292	14,986,915	7,201,561
Notes receivable	641,941	-	641,941	-
Due from other governments	26,632,152	595,024	27,227,176	128,858
Inventories	200,815	190,571	391,386	21,450
Prepaid expenses	3,858,863	26,973	3,885,836	723,555
Restricted deposits	-	-	-	7,364
Total current assets	<u>161,085,638</u>	<u>8,454,711</u>	<u>169,540,349</u>	<u>30,068,666</u>
<b>Noncurrent assets:</b>				
Investments	63,572,265	-	63,572,265	11,354,282
Loans receivable	7,051,175	-	7,051,175	-
Beneficial interests in perpetual trusts held by others	-	-	-	6,876,176
Other receivables	-	-	-	695,605
<b>Restricted assets:</b>				
Employee pay advance	58,087	47,439	105,526	-
Interest receivable	1,494,862	-	1,494,862	-
Liens receivable	4,406,837	-	4,406,837	-
Investments	996,000	-	996,000	-
Net pension asset	31,220,766	7,827,999	39,048,765	-
Collections - works of art	-	-	-	909,433
Capital assets not being depreciated	104,817,384	29,945	104,847,329	11,176,534
Capital assets, net of accumulated depreciation	<u>177,850,916</u>	<u>34,286,628</u>	<u>212,137,544</u>	<u>66,153,764</u>
Total noncurrent assets	<u>391,468,292</u>	<u>42,192,011</u>	<u>433,660,303</u>	<u>97,165,794</u>
<b>Deferred outflows of resources:</b>				
Unamortized bond refunding loss	4,685,341	232,768	4,918,109	-
Derivatives	2,273,517	132,828	2,406,345	-
Pension	13,905,454	3,188,256	17,093,710	559,758
Deferred charge on bond refunding	-	-	-	112,605
Pension contributions made subsequent to the measurement date	-	-	-	347,998
Total deferred outflows of resources	<u>20,864,312</u>	<u>3,553,852</u>	<u>24,418,164</u>	<u>1,020,361</u>
Total assets and deferred outflows of resources	<u>573,418,242</u>	<u>54,200,574</u>	<u>627,618,816</u>	<u>128,254,821</u>

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 18,690,774	\$ 1,275,830	\$ 19,966,604	\$ 2,139,099
Accrued liabilities	5,377,742	1,475,925	6,853,667	1,056,024
Due to other governments	983,452	-	983,452	-
Unearned revenue	12,318,568	17,118	12,335,686	4,365,732
Advance revenue	1,526,079	-	1,526,079	-
Due to third parties	1,430,278	-	1,430,278	-
Accrued interest payable	1,190,452	129,014	1,319,466	-
Compensated absences	1,336,298	312,371	1,648,669	392,010
Deposits	-	-	-	38,713
Accrued claims health insurance	9,749,331	364,241	10,113,572	-
Accrued claims liability	207,839	151,300	359,139	-
Notes payable, agricultural easement	63,625	-	63,625	-
Lease obligation	-	-	-	12,310
Bonds, loans and notes payable	20,504,206	425,795	20,930,001	1,454,724
Total current liabilities	<u>73,378,644</u>	<u>4,151,594</u>	<u>77,530,238</u>	<u>9,458,612</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	4,814,814	871,410	5,686,224	404,650
Accrued claims liability	1,472,345	1,071,818	2,544,163	400,000
Other postemployment benefit liability	-	-	-	293,040
Lease obligation	-	-	-	16,938
Net pension liability	-	-	-	4,817,064
Bonds, loans and notes payable	188,447,906	25,653,096	214,101,002	16,085,925
Payable from restricted assets	13,230,094	-	13,230,094	-
Total noncurrent liabilities	<u>207,965,159</u>	<u>27,596,324</u>	<u>235,561,483</u>	<u>22,017,617</u>
Total liabilities	<u>281,343,803</u>	<u>31,747,918</u>	<u>313,091,721</u>	<u>31,476,229</u>
<b>Deferred inflows of resources:</b>				
Hedging derivative	845,878	-	845,878	-
Deferred rent revenue	-	-	-	2,521,609
Pension	22,504,327	5,679,113	28,183,440	403,027
Unamortized bond refunding gain	-	558,789	558,789	-
Total deferred inflows of resources	<u>23,350,205</u>	<u>6,237,902</u>	<u>29,588,107</u>	<u>2,924,636</u>
<b>Net position:</b>				
Net investment in capital assets	95,148,395	12,977,783	108,126,178	59,873,006
Restricted for:				
Gift fund	17,661	-	17,661	-
Farmland preservation	474,490	-	474,490	-
Hazmat response	1,796,645	-	1,796,645	-
Act 198 - Courts	309,084	-	309,084	-
Workers' compensation	235,492	-	235,492	-
Special revenue funds	36,766,512	-	36,766,512	-
2018 Capital Projects	13,510,418	-	13,510,418	-
222 Corridor	5,000,000	-	5,000,000	-
Services Center Parking Garage	337,702	-	337,702	-
Act 13 Marcellus Shale	787,014	-	787,014	-
Debt service	-	-	-	511,588
Foundation for Reading Area Community College	-	-	-	17,954,958
Unrestricted net position	114,340,821	3,236,971	117,577,792	15,514,404
Total net position	<u>\$ 268,724,234</u>	<u>\$ 16,214,754</u>	<u>\$ 284,938,988</u>	<u>\$ 93,853,956</u>

See accompanying notes to the financial statements.

	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>					
Primary government:					
Governmental activities:					
General government	\$ 47,208,506	\$ (16,588,218)	\$ 9,090,716	\$ 16,305	\$ -
Judicial	43,501,541	7,170,936	10,246,205	1,598,979	6,260
Public safety	73,305,935	3,450,714	15,988,449	8,292,990	137,906
Human services	201,680,612	2,964,784	1,505,680	191,643,236	932,365
Culture and recreation	7,692,380	353,760	201,503	1,746,503	-
Community and economic development	4,878,525	340,141	861,287	2,320,736	239,179
Public works	1,148,899	92,834	1,043,790	-	2,742,623
Community support	563,947	62,732	36,435	-	-
Debt service administrative expenses	8,436,755	6,982	1,485,551	-	-
Solid waste	351,222	8,197	4,147,808	42,997	-
Total governmental activities	<u>388,768,322</u>	<u>(2,137,138)</u>	<u>44,607,424</u>	<u>205,661,746</u>	<u>4,058,333</u>
Business-type activities					
Berks County Residential Center	7,325,372	376,077	8,703,124	-	-
Berks Heim	46,776,610	1,761,061	50,593,420	-	8,384
Total business-type activities	<u>54,101,982</u>	<u>2,137,138</u>	<u>59,296,544</u>	<u>-</u>	<u>8,384</u>
Total primary government	<u>\$ 442,870,304</u>	<u>\$ -</u>	<u>\$ 103,903,968</u>	<u>\$ 205,661,746</u>	<u>\$ 4,066,717</u>
<b>Component units:</b>					
Total component units	<u>\$ 38,852,616</u>	<u>\$ -</u>	<u>\$ 6,822,368</u>	<u>\$ 15,509,188</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>
<b>Functions/Programs:</b>				
Primary government:				
Governmental activities:				
General government	\$ (21,513,267)	\$ -	\$ (21,513,267)	
Judicial	(38,821,033)	-	(38,821,033)	
Public safety	(52,337,304)	-	(52,337,304)	
Human services	(10,564,115)	-	(10,564,115)	
Culture and recreation	(6,098,134)	-	(6,098,134)	
Community and economic development	(1,797,464)	-	(1,797,464)	
Public works	2,544,680	-	2,544,680	
Community support	(590,244)	-	(590,244)	
Debt service administrative expenses	(6,958,186)	-	(6,958,186)	
Solid waste	<u>3,831,386</u>	-	<u>3,831,386</u>	
Total governmental activities	<u>(132,303,681)</u>	<u>-</u>	<u>(132,303,681)</u>	
Business-type activities				
Berks County Residential Center	-	1,001,675	1,001,675	
Berks Heim	<u>-</u>	<u>2,064,133</u>	<u>2,064,133</u>	
Total business-type activities	<u>-</u>	<u>3,065,808</u>	<u>3,065,808</u>	
Total primary government	<u>(132,303,681)</u>	<u>3,065,808</u>	<u>(129,237,873)</u>	
<b>Component units:</b>				<u>\$ (16,521,060)</u>
Total component units				
General Revenues				
Taxes:				
Property taxes, levied for general purposes	136,828,317	-	136,828,317	-
Hotel tax	2,636,191	-	2,636,191	-
Payments in lieu of taxes	219,602	-	219,602	-
Payments from County of Berks	-	-	-	3,418,986
Payments from other governments	-	-	-	10,224,389
Investment earnings	1,616,192	14,667	1,630,859	968,499
Change in fair value of interest rate swaps	581,988	52,475	634,463	-
Miscellaneous/other	6,068,787	-	6,068,787	6,503,334
Loss on disposal of capital assets	(690,319)	-	(690,319)	1,429
Rental of space	489,566	-	489,566	-
Transfers	<u>1,083,238</u>	<u>(1,083,238)</u>	<u>-</u>	<u>-</u>
Total general revenue and transfers	<u>148,833,562</u>	<u>(1,016,096)</u>	<u>147,817,466</u>	<u>21,116,637</u>
Change in net position	16,529,881	2,049,712	18,579,593	4,595,577
Net position - beginning, as restated	<u>252,194,353</u>	<u>14,165,042</u>	<u>266,359,395</u>	<u>89,258,379</u>
Net position, ending	<u>\$ 268,724,234</u>	<u>\$ 16,214,754</u>	<u>\$ 284,938,988</u>	<u>\$ 93,853,956</u>

See accompanying notes to the financial statements.

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
<b>Assets</b>					
Cash and cash equivalents	\$ 12,107,328	\$ 1,300	\$ 18,244,315	\$ 12,402,446	\$ 42,755,389
Cash and cash equivalents, restricted	3,192,381	17,661	5,489,788	5,048,499	13,748,329
Investments	52,550,116	-	-	747,000	53,297,116
Investments, restricted	1,228,547	-	1,965,310	-	3,193,857
Taxes receivable	7,191,231	-	-	195,322	7,386,553
Accounts receivable	7,187,336	-	-	2,241,386	9,428,722
Accrued interest receivable	337,319	-	3,092	1,116,985	1,457,396
Due from other governments	4,363,449	17,266,511	-	5,002,179	26,632,139
Due from other funds	8,308,504	-	109,982	4,529,167	12,947,653
Inventories	200,815	-	-	-	200,815
Prepaid expenses	1,154,129	-	-	2,704,734	3,858,863
Loans receivable	2,603,116	-	-	4,406,837	7,009,953
Investments, non-current	62,825,265	-	-	747,000	63,572,265
Investments, non-current, restricted	-	-	996,000	-	996,000
<b>Total assets</b>	<b>\$ 163,249,536</b>	<b>\$ 17,285,472</b>	<b>\$ 26,808,487</b>	<b>\$ 39,141,555</b>	<b>\$ 246,485,050</b>
<b>Liabilities</b>					
Accounts payable	\$ 4,991,922	\$ 3,819,798	\$ 5,245,564	\$ 4,633,175	18,690,459
Accrued liabilities	3,808,497	439,981	15,629	836,187	5,100,294
Due to other funds	-	9,280,333	-	3,667,320	12,947,653
Due to other governments	983,452	-	-	-	983,452
Unearned revenue	1,207,012	3,567,317	-	7,544,239	12,318,568
Due to third parties	1,496,916	-	-	-	1,496,916
Accrued claims health insurance	1,111,273	137,443	8,319,520	-	9,568,236
Payable from restricted assets	149,497	-	13,227,774	2,476	13,379,747
<b>Total liabilities</b>	<b>13,748,569</b>	<b>17,244,872</b>	<b>26,808,487</b>	<b>16,683,397</b>	<b>74,485,325</b>
<b>Deferred inflows of resources</b>					
Unavailable property taxes	5,170,888	-	-	-	5,170,888
Other unavailable	3,183,655	2,054	-	5,524,461	8,710,170
<b>Total deferred inflows of resources</b>	<b>8,354,543</b>	<b>2,054</b>	<b>-</b>	<b>5,524,461</b>	<b>13,881,058</b>
<b>Fund balances:</b>					
Nonspendable	1,405,524	3,724	-	2,708,517	4,117,765
Restricted	4,012,464	34,822	-	14,225,180	18,272,466
Committed	19,322,610	-	-	-	19,322,610
Assigned	4,083,786	-	-	-	4,083,786
Unassigned	112,322,040	-	-	-	112,322,040
<b>Total fund balances</b>	<b>141,146,424</b>	<b>38,546</b>	<b>-</b>	<b>16,933,697</b>	<b>158,118,667</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 163,249,536</b>	<b>\$ 17,285,472</b>	<b>\$ 26,808,487</b>	<b>\$ 39,141,555</b>	<b>\$ 246,485,050</b>

See accompanying notes to the financial statements.

Total fund balances for governmental funds \$ 158,118,667

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	\$	15,613,338	
Agland easements		80,229,316	
Infrastructure, net		24,791,863	
Building and improvements, net		95,731,838	
Furniture, fixtures, equipment and vehicles, net		55,195,735	
Historical treasures		2,279,644	
Software in Progress		4,427,469	
Construction in progress		<u>4,399,097</u>	
			282,668,300

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

Net pension asset		31,220,766	
Deferred outflow of resources		13,905,454	
Deferred inflow of resources		<u>(22,504,327)</u>	

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		2,030,331	
Delinquent property taxes		3,140,557	
Community Development liens receivable		5,523,822	
District Justices departmental charges and reimbursements		<u>1,660,269</u>	
			12,354,979

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		5,090,000	
Accrued interest receivable from Greater Berks Development Fund		<u>37,466</u>	
			5,127,466

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

Payroll and payroll taxes			(242,565)
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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, 2017 are:

Swap agreements/deferred inflow for hedging swap agreements		1,427,639	
Accrued interest on bonds and notes		(1,190,453)	
Compensated absences		(6,151,112)	
Accrued claims liabilities		(1,680,184)	
Bonds and notes payable		<u>(204,330,396)</u>	
			<u>(211,924,506)</u>

Total net position of governmental activities \$ 268,724,234

**See accompanying notes to the financial statements.**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
<b>Revenues</b>					
Taxes:					
Property	\$ 137,690,930	\$ -	\$ -	\$ -	\$ 137,690,930
Hotel	-	-	-	2,636,191	2,636,191
Court costs, fines and forfeitures	2,825,583	-	-	-	2,825,583
Intergovernmental revenue	12,026,283	39,365,621	111,433,941	47,441,767	210,267,612
Departmental charges and reimbursements	54,883,000	807,229	-	14,787,860	70,478,089
Payments in lieu of taxes	219,602	-	-	-	219,602
Rentals	419,727	-	-	69,839	489,566
Sales of property, supplies and equipment	(770)	-	-	-	(770)
Investment earnings	1,372,822	86	85,044	158,240	1,616,192
Miscellaneous	7,860,314	5,982	-	763,027	8,629,323
Total revenues	<u>217,297,491</u>	<u>40,178,918</u>	<u>111,518,985</u>	<u>65,856,924</u>	<u>434,852,318</u>
<b>Expenditures</b>					
Current:					
General government, administrative	41,095,565	-	-	2,980,513	44,076,078
General government, judicial	52,564,011	-	-	38,688	52,602,699
Public safety	62,266,913	-	-	12,230,772	74,497,685
Human services	-	46,955,822	111,503,870	46,177,297	204,636,989
Capital outlay	-	-	-	936,616	936,616
Culture and recreation	6,998,988	-	-	-	6,998,988
Community and economic development	3,522,201	-	-	2,638,361	6,160,562
Public works	14,528	-	-	2,714,971	2,729,499
Community support	12,035,621	-	-	-	12,035,621
Intergovernmental expenditures - Solid waste	295,029	-	-	-	295,029
Debt service:					
Principal	20,356,220	-	-	-	20,356,220
Interest and fiscal charges	3,999,167	-	-	-	3,999,167
Debt issuance costs	-	-	-	-	-
Administrative expenditures	22,528	-	-	-	22,528
Total expenditures	<u>203,170,771</u>	<u>46,955,822</u>	<u>111,503,870</u>	<u>67,717,218</u>	<u>429,347,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,126,720</u>	<u>(6,776,904)</u>	<u>15,115</u>	<u>(1,860,294)</u>	<u>5,504,637</u>
<b>Other financing sources (uses)</b>					
Transfers in	3,703,794	7,143,319	-	5,735,665	16,582,778
Transfers out	(11,525,244)	(363,620)	(15,115)	(3,595,561)	(15,499,540)
Total other financing sources (uses)	<u>(7,821,450)</u>	<u>6,779,699</u>	<u>(15,115)</u>	<u>2,140,104</u>	<u>1,083,238</u>
Net changes in fund balances	<u>6,305,270</u>	<u>2,795</u>	<u>-</u>	<u>279,810</u>	<u>6,587,875</u>
Fund balances, beginning, as restated	134,841,154	35,751	-	16,653,887	151,530,792
Fund balances, ending	<u>\$ 141,146,424</u>	<u>\$ 38,546</u>	<u>\$ -</u>	<u>\$ 16,933,697</u>	<u>\$ 158,118,667</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, 2017

County of Berks  
2017 Comprehensive Annual Financial Report

Net change in fund balances - total governmental funds \$ 6,587,875

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. The amount by which depreciation expense exceeded capital outlays in the current period are as follows:

Expenditures for capital assets / agricultural easements	\$ 8,934,847	
Depreciation expense	<u>(11,488,020)</u>	(2,553,173)

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	581,988	
Debt principal repayments	20,420,938	
Issuance of notes payable	(49,380)	
Bond premium/discounts/refunding losses	(10,329)	
Accreted interest	<u>(3,010,071)</u>	17,933,146

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: 113,785

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	(862,612)	
Services	39,612	
Notes receivable	<u>(1,113,080)</u>	(1,936,080)

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	(1,690,392)	
Net pension obligation	<u>(1,925,280)</u>	<u>(3,615,672)</u>

Change in net position of governmental activities \$ 16,529,881

**See accompanying notes to the financial statements.**

	<b>Berks County Residential Center</b>	<b>Berks Heim</b>	<b>Totals</b>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,487,380	\$ 344,592	\$ 1,831,972
Cash and cash equivalents, restricted	-	2,426	2,426
Investments, restricted	-	191,453	191,453
Accounts receivable, net	-	5,616,292	5,616,292
Due from other governments	595,024	-	595,024
Inventories	87,333	103,238	190,571
Prepaid expenses	-	26,973	26,973
Total current assets	<u>2,169,737</u>	<u>6,284,974</u>	<u>8,454,711</u>
<b>Noncurrent assets:</b>			
Employee pay advance	-	47,439	47,439
Pension asset	1,265,586	6,562,413	7,827,999
Capital assets	7,920,514	26,396,059	34,316,573
Total noncurrent assets	<u>9,186,100</u>	<u>33,005,911</u>	<u>42,192,011</u>
<b>Deferred outflows of resources:</b>			
Pension	450,489	2,737,767	3,188,256
Unamortized bond refunding loss	232,768	-	232,768
Derivatives	19,714	113,114	132,828
Total deferred outflows of resources	<u>702,971</u>	<u>2,850,881</u>	<u>3,553,852</u>
Total assets and deferred outflows of resources	<u>12,058,808</u>	<u>42,141,766</u>	<u>54,200,574</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	157,091	1,118,739	1,275,830
Accrued liabilities	218,313	1,257,612	1,475,925
Unearned grant revenue	-	17,118	17,118
Accrued interest payable	17,578	111,436	129,014
Compensated absences	26,633	285,738	312,371
Accrued claims health insurance	59,703	304,538	364,241
Accrued claims liability	8,686	142,614	151,300
Bonds payable, net	59,801	365,994	425,795
Total current liabilities	<u>547,805</u>	<u>3,603,789</u>	<u>4,151,594</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	235,996	635,414	871,410
Accrued claims liability	61,532	1,010,286	1,071,818
Bonds payable, net	3,529,676	22,123,420	25,653,096
Total noncurrent liabilities	<u>3,827,204</u>	<u>23,769,120</u>	<u>27,596,324</u>
Total liabilities	<u>4,375,009</u>	<u>27,372,909</u>	<u>31,747,918</u>
<b>Deferred inflows of resources:</b>			
Unamortized bond refunding gain	-	558,789	558,789
Pension	926,220	4,752,893	5,679,113
Total deferred inflows of resources	<u>926,220</u>	<u>5,311,682</u>	<u>6,237,902</u>
<b>Net position:</b>			
Net investment in capital assets	5,316,600	7,661,183	12,977,783
Unrestricted net position	1,440,979	1,795,992	3,236,971
Total net position	<u>\$ 6,757,579</u>	<u>\$ 9,457,175</u>	<u>\$ 16,214,754</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, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	<b>Berks County Residential Center</b>	<b>Berks Heim</b>	<b>Totals</b>
<b>Operating revenues</b>			
Charges for services	\$ 6,501,608	\$ 39,670,094	\$ 46,171,702
Other operating revenues	<u>2,201,516</u>	<u>10,923,326</u>	<u>13,124,842</u>
Total operating revenues	<u>8,703,124</u>	<u>50,593,420</u>	<u>59,296,544</u>
<b>Operating expenses</b>			
Program services	7,255,033	34,703,110	41,958,143
Administrative expenses	-	5,426,586	5,426,586
Depreciation	<u>308,939</u>	<u>1,074,169</u>	<u>1,383,108</u>
Total operating expenses	<u>7,563,972</u>	<u>41,203,865</u>	<u>48,767,837</u>
Operating income	<u>1,139,152</u>	<u>9,389,555</u>	<u>10,528,707</u>
<b>Nonoperating revenues (expenses)</b>			
Grants	-	8,384	8,384
Investment earnings	12,052	2,615	14,667
Change in fair value of interest rate swaps	7,797	44,678	52,475
Interest expense	(137,477)	(868,806)	(1,006,283)
Contribution to General Fund	<u>-</u>	<u>(6,465,000)</u>	<u>(6,465,000)</u>
Total nonoperating revenues (expenses)	<u>(117,628)</u>	<u>(7,278,129)</u>	<u>(7,395,757)</u>
Income before transfers	1,021,524	2,111,426	3,132,950
Transfers in	5,739	-	5,739
Transfers out	<u>(1,088,977)</u>	<u>-</u>	<u>(1,088,977)</u>
Change in net position	(61,714)	2,111,426	2,049,712
Total net position, beginning, as restated	<u>6,819,293</u>	<u>7,345,749</u>	<u>14,165,042</u>
Total net position, ending	<u>\$ 6,757,579</u>	<u>\$ 9,457,175</u>	<u>\$ 16,214,754</u>

See accompanying notes to the financial statements.

	<b>Berks County Residential Center</b>	<b>Berks Heim</b>	<b>Totals</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 9,203,417	\$ 50,509,804	\$ 59,713,221
Payments to suppliers	(1,380,228)	(33,604,340)	(34,984,568)
Payments to employees	<u>(6,002,526)</u>	<u>(6,382,970)</u>	<u>(12,385,496)</u>
Net cash provided by operating activities	<u>1,820,663</u>	<u>10,522,494</u>	<u>12,343,157</u>
<b>Cash flows from noncapital financing activities</b>			
Principal paid on bonds	(28,243)	(161,837)	(190,080)
Receipts from other governments	-	8,384	8,384
Interest paid	(21,267)	(116,555)	(137,822)
Contribution from General Fund	-	(6,465,000)	(6,465,000)
Transfers from (to) other funds	(1,083,238)	-	(1,083,238)
Amounts due from (to) other funds	<u>933,383</u>	<u>(2,582,337)</u>	<u>(1,648,954)</u>
Net cash used by noncapital financing activities	<u>(199,365)</u>	<u>(9,317,345)</u>	<u>(9,516,710)</u>
<b>Cash flows from capital and related financing activities</b>			
Principal paid on bonds	(30,600)	(198,100)	(228,700)
Interest paid	(116,370)	(753,256)	(869,626)
Construction in progress	-	(29,945)	(29,945)
Purchase of capital assets	-	(138,642)	(138,642)
Net cash used by capital and related financing activities	<u>(146,970)</u>	<u>(1,119,943)</u>	<u>(1,266,913)</u>
<b>Cash flows from investing activities</b>			
Change in restricted investments	-	33,411	33,411
Investment earnings received	<u>12,052</u>	<u>2,615</u>	<u>14,667</u>
Net cash provided by investing activities	<u>12,052</u>	<u>36,026</u>	<u>48,078</u>
Net decrease in cash and cash equivalents	1,486,380	121,232	1,607,612
Cash and cash equivalents, beginning	<u>1,000</u>	<u>225,786</u>	<u>226,786</u>
Cash and cash equivalents, ending	<u>\$ 1,487,380</u>	<u>\$ 347,018</u>	<u>\$ 1,834,398</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 1,139,152	\$ 9,389,555	\$ 10,528,707
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	308,939	1,074,169	1,383,108
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	-	(67,725)	(67,725)
Due from other governments	574,330	-	574,330
Employee pay advance	-	5,294	5,294
Inventories	(19,060)	(10,550)	(29,610)
Prepaid expenses	-	25,804	25,804
Pension asset, net	(1,050,212)	(5,352,286)	(6,402,498)
Pension deferred outflow	283,168	1,443,132	1,726,300
Accounts payable and accrued liabilities	(310,108)	31,044	(279,064)
Unearned revenue	(74,037)	-	(74,037)
Unearned grant revenue	-	(15,891)	(15,891)
Compensated absences	136,421	97,961	234,382
Accrued claims health insurance	(5,348)	(33,171)	(38,519)
Accrued claims liability	(2,247)	(149,978)	(152,225)
Pension deferred inflow	<u>847,184</u>	<u>4,317,576</u>	<u>5,164,760</u>
Net cash provided by operating activities	<u>\$ 1,820,663</u>	<u>\$ 10,522,494</u>	<u>\$ 12,343,157</u>
<b>Noncash investing activities</b>			
Change in fair value of interest rate swap	<u>\$ 7,797</u>	<u>\$ 44,678</u>	<u>\$ 52,475</u>

See accompanying notes to the financial statements.

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	<b>Berks County Employees' Retirement</b>	<b>Agency</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 101,609	\$ 11,870,267
Receivables:		
Contributions receivable	348,612	-
Investment income receivable	2,149,408	-
Total receivables	<u>2,498,020</u>	<u>-</u>
Investments, at fair value (see Note 2):		
Fixed income securities	140,640,442	-
Domestic equities	152,133,787	-
International equities	73,754,158	-
Real estate/Alternative	96,287,024	-
Certificates of deposit	-	2,711,280
Total investments	<u>462,815,411</u>	<u>2,711,280</u>
Total assets	<u>465,415,040</u>	<u>14,581,547</u>
<b>Liabilities</b>		
Accounts payable	471,145	-
Accrued liabilities	200	-
Due to third parties	15,318	14,581,547
Total liabilities	<u>486,663</u>	<u>\$ 14,581,547</u>
<b>Net position</b>		
Net position restricted for pension	<u>\$ 464,928,377</u>	

See accompanying notes to the financial statements.

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

**Berks County  
 Employees'  
 Retirement**

**Additions**

Contributions:

Member	\$ 6,900,703
County	<u>2,601,477</u>
Total contributions	<u>9,502,180</u>

Investment income:

Net increase in fair value of investments	50,214,851
Interest and dividends	9,318,475
Miscellaneous	33,928
Less investment expenses	<u>(1,205,003)</u>
Net investment income	<u>58,362,251</u>

Total additions	<u>67,864,431</u>
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**Deductions**

Benefit payments, including refunds of member contributions	20,418,548
Administrative expense	<u>67,535</u>
Total deductions	<u>20,486,083</u>
Change in net position	47,378,348
Net position restricted for pension, beginning	<u>417,550,029</u>
Net position restricted for pension, ending	<u>\$ 464,928,377</u>

**See accompanying notes to the financial statements.**

Statement of Net Position (Deficit)  
Component Units  
December 31, 2017

County of Berks  
2017 Comprehensive Annual Financial Report

	Reading Regional Airport Authority **	Reading Area Community College *	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 2,306,335	\$ 12,737,901	\$ 15,044,236
Cash and cash equivalents, restricted	511,588	-	511,588
Investments	-	6,430,054	6,430,054
Accounts receivable, net	217,698	6,983,863	7,201,561
Due from other governments	128,858	-	128,858
Inventories	-	21,450	21,450
Prepaid expenses	11,156	712,399	723,555
Deposits	7,364	-	7,364
Total current assets	<u>3,182,999</u>	<u>26,885,667</u>	<u>30,068,666</u>
<b>Noncurrent assets:</b>			
Investments	-	11,354,282	11,354,282
Beneficial interests in perpetual trusts held by others	-	6,876,176	6,876,176
Other receivables	-	695,605	695,605
Collections - works of art	-	909,433	909,433
<b>Capital assets:</b>			
Land and improvements, net	6,524,504	1,081,556	7,606,060
Air easement rights	103,002	-	103,002
Infrastructure, net	21,539,156	-	21,539,156
Buildings and improvements, net	6,063,563	35,113,533	41,177,096
Furniture, fixtures, equipment and vehicles, net	655,475	2,049,138	2,704,613
Leasehold improvements	732,899	-	732,899
Construction in progress	207,891	3,259,581	3,467,472
Total noncurrent assets	<u>35,826,490</u>	<u>61,339,304</u>	<u>97,165,794</u>
<b>Deferred outflows of resources:</b>			
Deferred charge on bond refunding	-	112,605	112,605
Pension	-	559,758	559,758
Pension contributions made subsequent to the measurement date	-	347,998	347,998
Total deferred outflows of resources	<u>-</u>	<u>1,020,361</u>	<u>1,020,361</u>
Total assets and deferred outflows of resources	<u>39,009,489</u>	<u>89,245,332</u>	<u>128,254,821</u>
<b>Liabilities</b>			
Accounts payable	145,743	1,993,356	2,139,099
Accrued liabilities	6,825	1,049,199	1,056,024
Unearned revenue	26,238	4,339,494	4,365,732
Compensated absences	-	392,010	392,010
Deposits	38,713	-	38,713
Lease obligation	-	12,310	12,310
Bonds, loans and notes payable	-	1,454,724	1,454,724
Total current liabilities	<u>217,519</u>	<u>9,241,093</u>	<u>9,458,612</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	-	404,650	404,650
Medical insurance liability	-	400,000	400,000
Other postemployment benefit liability	-	293,040	293,040
Lease obligation	-	16,938	16,938
Net pension liability	-	4,817,064	4,817,064
Bonds, loans and notes payable	4,420,000	11,665,925	16,085,925
Total noncurrent liabilities	<u>4,420,000</u>	<u>17,597,617</u>	<u>22,017,617</u>
Total liabilities	<u>4,637,519</u>	<u>26,838,710</u>	<u>31,476,229</u>
<b>Deferred inflows of resources</b>			
Deferred rent revenue	2,521,609	-	2,521,609
Deferred pension expense	-	403,027	403,027
Total deferred inflows of resources	<u>2,521,609</u>	<u>403,027</u>	<u>2,924,636</u>
<b>Net position:</b>			
Net investment in capital assets	31,406,490	28,466,516	59,873,006
Restricted for:			
Debt service	511,588	-	511,588
Foundation for Reading Area Community College	-	17,954,958	17,954,958
Unrestricted net position (deficit)	<u>(67,717)</u>	<u>15,582,121</u>	<u>15,514,404</u>
Total net position	<u>\$ 31,850,361</u>	<u>\$ 62,003,595</u>	<u>\$ 93,853,956</u>

\* Presented as of June 30, 2017

\*\* Presented as of September 30, 2017

See accompanying notes to the financial statements.

Statement of Activities/Revenues, Expenses and Changes in Net Position (Deficits)  
Component Units  
Year ended December 31, 2017

County of Berks  
2017 Comprehensive Annual Financial Report

	<b>Reading Regional Airport Authority **</b>	<b>Reading Area Community College *</b>	<b>Total</b>
Operating revenues			
Charges for services	\$ 2,178,725	\$ 4,643,643	\$ 6,822,368
Operating grants and contributions	347,429	15,161,759	15,509,188
Investment earnings	-	937,464	937,464
Other revenues	-	5,514,296	5,514,296
Total operating revenues	<u>2,526,154</u>	<u>26,257,162</u>	<u>28,783,316</u>
Total operating expenses	<u>3,872,245</u>	<u>34,274,435</u>	<u>38,146,680</u>
Operating income (loss)	<u>(1,346,091)</u>	<u>(8,017,273)</u>	<u>(9,363,364)</u>
Nonoperating revenues (expenses)			
Payments from County of Berks	-	3,175,000	3,175,000
Payments from other governments	-	8,951,067	8,951,067
Investment income	4,940	26,095	31,035
Debt issuance costs	-	(76,000)	(76,000)
Interest expense	(123,904)	(506,032)	(629,936)
Gain on disposal of capital assets	-	1,429	1,429
Total nonoperating revenues (expenses)	<u>(118,964)</u>	<u>11,571,559</u>	<u>11,452,595</u>
Other revenues (expense):			
Payments from County of Berks	-	243,986	243,986
Payments from other governments	-	1,273,322	1,273,322
Long-term gifts and grants	-	1,022,378	1,022,378
Other expense	-	(33,340)	(33,340)
Total other revenues (expense)	<u>-</u>	<u>2,506,346</u>	<u>2,506,346</u>
Change in net position (deficit)	<u>(1,465,055)</u>	<u>6,060,632</u>	<u>4,595,577</u>
Net position (deficit) - beginning, as restated	<u>33,315,416</u>	<u>55,942,963</u>	<u>89,258,379</u>
Total net position, ending	<u>\$ 31,850,361</u>	<u>\$ 62,003,595</u>	<u>\$ 93,853,956</u>

\* Presented for the year ended June 30, 2017

\*\* Presented for the year ended September 30, 2017

**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 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:

- 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:

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 Solid Waste 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 does 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 2017:

#### **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 2017 property tax levy outstanding at December 31, 2017. The allowance for court fines, fees and costs is equal to 90 percent of the outstanding accounts receivable at December 31, 2017. The allowance for district justices' fines and court costs is equal to 40 percent of the outstanding accounts receivable at December 31, 2017. The allowance for liens for the closing cost assistance program is equal to 100 percent of the outstanding balance at December 31, 2017. 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, 2017.

#### **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, donated works of art and similar items received in a service concession arrangement should be reported at acquisition value rather than fair value.

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 Financial Statements**

The County’s beginning fund balances in governmental funds has been restated to properly reflect the effect of prior period adjustments as follows:

**Mental Health/Developmental Disabilities Special Revenue Fund**

Fund balance, beginning, as previously reported	\$ 4,168
Prior period adjustments	<u>(4,168)</u>
Fund balance, beginning, as restated	<u>\$ -</u>

Prior period adjustment in the Mental Health/Development Disabilities Special Revenue Fund to agree the fund balance to external grant reporting.

**Capital Projects Special Revenue Fund**

Fund balance, beginning, as previously reported	\$ 1,807,986
Prior period adjustment	<u>(47,279)</u>
Fund balance, beginning, as restated	<u>\$ 1,760,707</u>

Prior period adjustment in the Capital Projects Special Revenue Fund to correct cash balances in pooled cash.

The County’s beginning net position in entity wide governmental funds has been restated to properly reflect the effect of a prior period adjustment as follows:

**Entity Wide Governmental Funds**

Fund balance, beginning, as previously reported	\$ 261,254,226
Prior period adjustment	<u>(9,059,873)</u>
Fund balance, beginning, as restated	<u>\$ 252,194,353</u>

Prior period adjustment in the Entity Wide Governmental Funds to write off a receivable that wasn’t the County’s receivable.

## **W. Pending and Adopted Accounting Pronouncements**

In January 2016, the GASB issued Statement No. 80, “*Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.*” The County adopted GASB No. 80 for its year 2017 financial statements.

In March 2016, the GASB issued Statement No. 81, “*Irrevocable Split-Interest Agreements.*” The County adopted GASB No. 81 for its year 2017 financial statements. This pronouncement had no material impact on the 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 adopted 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.

In January 2017, the GASB issued Statement No. 84, “*Fiduciary Activities.*” The County is required to adopt GASB No. 84 for its year 2019 financial statements.

In March 2017, the GASB issued Statement No. 85, “*Omnibus 2017.*” The County is required to adopt GASB No. 85 for its year 2018 financial statements.

In May 2017, the GASB issued Statement No. 86, “*Certain Debt Extinguishment Issues.*” The County is required to adopt GASB No. 86 for its year 2018 financial statements.

In June 2017, the GASB issued Statement No. 87, “*Leases.*” The County is required to adopt GASB No. 87 for its year 2020 financial statements.

In April 2018, the GASB issued Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*” The County is required to adopt GASB No. 88 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, 2017 consist of the following:

Cash and cash equivalents	\$ 70,293,606
Petty cash	16,386
Investments	586,777,382
	<u>\$ 657,087,374</u>

Financial statement classification:

Statement of net position:

Current assets, cash and cash equivalents	44,587,361
Current assets, cash and cash equivalents, restricted	13,750,755
Current assets, investments	53,297,116
Current assets, investments, restricted	3,385,310
Noncurrent assets, investments	63,572,265
Noncurrent assets, investments, restricted	996,000

Statement of fiduciary net position:

Berks County Employees' Retirement Trust Fund:

Cash and cash equivalents	101,609
Investments	462,815,411

Agency fund:

Cash and cash equivalents	11,870,267
Investments	2,711,280

\$ 657,087,374

### 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, 2017, the carrying amounts of the County's bank deposits were \$70,293,606 and the bank balances were \$76,056,587, of which \$795,424 was covered by Federal Depository Insurance, \$50,772,550 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, \$7,044,179 was invested in an external investment pool, described in more detail below, \$9,529,239 was invested in money market funds, \$6,408,323 are certificates of deposit and investments considered cash and cash equivalents, and the remaining balance of \$1,506,872 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, 2017, 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 \$9,529,239, 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.

*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, 2017, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>	<u>&gt;10</u>
<b>Governmental Funds</b>					
General Fund					
Negot. certif. of deposit	\$ 34,319,966	\$ 33,074,966	\$ 1,245,000	\$ -	\$ -
U.S. Govt agency securities	82,283,963	20,703,698	61,580,265	-	-
Health Choices Fund					
Negot. certif. of deposit	2,672,464	1,676,464	996,000	-	-
U.S. Govt agency securities	288,846	288,846	-	-	-
Other Governmental Funds					
Negot. certif. of deposit	1,494,000	747,000	747,000	-	-
U.S. Govt agency securities	-	-	-	-	-
Total Governmental Funds	<u>121,059,239</u>	<u>56,490,974</u>	<u>64,568,265</u>	<u>-</u>	<u>-</u>
<b>Enterprise Funds</b>					
Berks Heim					
Negot. certif. of deposit	<u>191,453</u>	<u>191,453</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fiduciary Funds</b>					
County Employees' Retirement:					
Collective Trusts					
Core Trust Property	\$ 48,277,149	\$ 48,277,149	\$ -	\$ -	\$ -
Energy Debt	18,500,073	18,500,073	-	-	-
Equity Mutual Funds					
Large Cap Disciplined	104,224,278	104,224,278	-	-	-
Small/Mid Cap	33,140,159	33,140,159	-	-	-
Emerging Markets	14,769,350	14,769,350	-	-	-
World Ex-US	73,754,158	73,754,158	-	-	-
Dynamic Asset Allocation	29,509,801	29,509,801	-	-	-
Fixed Income Mutual Funds					
Core Fixed Income	38,881,173	38,881,173	-	-	-
High Yield Bonds	21,528,672	21,528,672	-	-	-
Limited Duration Bonds	19,592,478	19,592,478	-	-	-
Opportunistic Income	28,621,551	28,621,551	-	-	-
Emerging Markets Debt	20,516,161	20,516,161	-	-	-
Multi-Asset Real Return	11,500,407	11,500,407	-	-	-
Agency Funds:					
Negot. certif. of deposit	<u>2,711,280</u>	<u>2,711,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>465,526,690</u>	<u>465,526,690</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 586,777,382</u>	<u>\$ 522,209,117</u>	<u>\$ 64,568,265</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, 2017 were \$41,389,163. Of this total, \$40,994,699 was covered by Federal Depository Insurance, and \$394,464 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, 2017:

	<u>Fair Value</u>	<u>Rating</u>
U.S. Govt agency obligations	\$ 82,572,809	AAA
Negotiable certificates of deposit	41,389,163	Unrated
Mutual funds - Core fixed income	38,881,173	AA-
Mutual funds - High Yield Bonds	21,528,672	B+
Mutual funds - Limited Duration	19,592,478	AA-
Mutual funds - Opportunistic Income	28,621,551	BBB
Mutual funds - Emerging Mkts Debt	20,516,161	BB+

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, 2017, 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, 2017, \$586,777,382 of the County’s investments are 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, 2017.

*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, 2017:

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	\$ 41,389,163	\$ -	\$ -	\$ 41,389,163
U.S. Government Agency notes	82,572,809	-	-	82,572,809
Fixed income mutual funds				
Core Fixed Income	38,881,173	-	-	38,881,173
High Yield Bond	21,528,672	-	-	21,528,672
Limited Duration Bond	19,592,478	-	-	19,592,478
Opportunistic Income	28,621,551	-	-	28,621,551
Emerging Markets Debt	20,516,161	-	-	20,516,161
Multi-Asset Real Return	11,500,407	-	-	11,500,407
Total fixed income mutual funds	140,640,442	-	-	140,640,442
Equity mutual funds				
Large Cap Disciplined	104,224,278	-	-	104,224,278
Small/Mid Cap	33,140,159	-	-	33,140,159
Emerging Markets	14,769,350	-	-	14,769,350
World Ex-US	73,754,158	-	-	73,754,158
Dynamic Asset Allocation	29,509,801	-	-	29,509,801
Total equity mutual funds	255,397,746	-	-	255,397,746
Total investments by fair value level	\$ 520,000,160	\$ -	\$ -	\$ 520,000,160
Measured at Net Asset Value (NAV)				
Collective Trust Funds				66,777,222
Total investment measured at fair value				\$ 586,777,382
Investment derivative instruments				
Interest Rate Swaps		\$ 1,560,468		\$ 1,560,468

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)	\$ 48,277,149	\$ -	Immediate	None
Energy Debt	(b)	<u>18,500,073</u>	<u>-</u>	Immediate	None
Total Collective Trust Funds		<u>\$ 66,777,222</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.

## **B. Component units**

### **1. 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, 2017:

Petty cash	\$ 250
Unrestricted cash	2,306,085
Settlement fund cash	511,588
Escrow deposits	7,364
	<u>\$ 2,825,287</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, 2017, \$2,582,147 of the Authority’s bank balance of \$2,832,147 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, 2017, 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.

## 2. Reading Area Community College

The deposit and investment policy of the College adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the College.

Cash and cash equivalents at June 30, 2017 consist of the following:

Cash on hand	\$ 3,675
Cash	12,734,226
Investments	17,784,336
	<u>\$ 30,522,237</u>

*Custodial credit risk – deposits:* Custodial credit risk is the risk that in the event of a bank failure, the College’s deposits may not be returned. The College has adopted a policy for custodial credit risk, which includes monthly monitoring of the assets and annual verification. At June 30, 2017, the carrying amount of the College’s deposits was \$11,973,704 and the bank balance was \$11,979,180. Of the bank balance, \$500,000 was covered by federal depository insurance and \$11,479,180 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, 2017, the cash and cash equivalents for the College Foundation was \$760,522. All balances above federal depository insurance limits and exposed to custodial credit risk were covered by the collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

*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 \$6,430,054 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, 2017:

<u>Investment</u>	<u>Interest Rates</u>	<u>Total</u>	<u>&lt; 1 year</u>	<u>&gt; 1 year</u>
FHLB Notes	.875% - 1.125%	\$ 993,854	\$ 494,096	\$ 499,758
FNMA	.875% - 2.000%	3,204,703	249,145	2,955,558
FHLMC	.750% - 2.375%	1,982,404	483,808	1,498,596
US Treasury Note	1.125%	249,093	-	249,093
<b>Total Investments</b>		<b>\$6,430,054</b>	<b>\$1,227,049</b>	<b>\$5,203,005</b>

*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, 2017, 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.

The Foundation's investments as of June 30, 2017 are summarized as follows:

<u>Investment</u>	<u>Total</u>
Equity funds	\$ 7,145,824
Fixed income securities	3,767,998
Cash and equivalents	<u>440,460</u>
 Total Investments	 <u>\$ 11,354,282</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2017:

<u>Category</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest	\$ 43,030	\$ 190,712		\$ 233,742
Market gains	<u>\$ 127,135</u>	<u>\$ 576,587</u>	\$ -	<u>\$ 703,722</u>
 Total	 <u>\$ 170,165</u>	 <u>\$ 767,299</u>	 <u>\$ -</u>	 <u>\$ 937,464</u>

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, 2017.

*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 by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017:

Category	Level 1	Level 2	Level 3	Total
Equity	\$ 7,145,824	\$ -	\$ -	\$ 7,145,824
Fixed income	3,767,998	-	-	3,767,998
Total investments, at market	10,913,822	-	-	10,913,822
Beneficial interest in perpetual trusts	-	-	6,876,176	6,876,176
Beneficial interest in CRAT	-	-	125,000	125,000
Total assets at fair value	\$10,913,822	\$ -	\$ 7,001,176	\$17,914,998

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, 2017:

Balance, beginning of year	\$ 4,754,846
Contributions/purchases	2,295,582
Realized and unrealized gains (losses)	<u>(49,252)</u>
Balance, end of year	<u>\$ 7,001,176</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 the 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 the 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 \$121,650 for the year ended June 30, 2017. The value of the trusts recorded is \$6,876,176 at June 30, 2017.

**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, 2017 consist of the following:

	Cash and cash equivalents	Investments
<b>Governmental funds</b>		
General Fund		
Antietam Lake	\$ 337,034	\$ -
Act 198 Fund	319,310	-
Emergency Services	18,787	-
Environmental Litigation	70,059	-
Hazmat Response Fund	831,256	996,000
MCT Trust	278,568	-
Parks Trust Accounts	1,334,421	-
Workers' Compensation Trust	2,946	232,547
Children and Youth Services		
Gift Fund	17,661	-
Health Choices Special Revenue Fund		
Appendix V - Jumbo Auto Renew CD	-	808,464
Reinvestment account	1,254,551	-
Risk & Contingency account	4,235,237	2,152,846
Special Legislation Funds		
Adult Probation Supervision Fund	1,874,355	-
Coroner Record Improvement Fund	122,663	-
Courts Automation Fund	216,171	-
Hotel Tax Account	176,654	-
Prothonotary Automation Fund	80,078	-
Register of Wills Record Improvement Fund	166,046	-
Recorder of Deeds Record Improvement Fund	140,437	-
Treasurer Record Improvement Fund	362,143	-
Department of Emergency Services		
Hazmat Response Fund	1,930	-
Capital Projects Funds		
Unspent bond proceeds Series B of 2009	777	-
Unspent bond proceeds Series B of 2010	116,697	-
Unspent bond proceeds Series C of 2010	592,966	-
Unspent bond proceeds Series D of 2010	6,321	-
Unspent bond proceeds 2012 Tax Exempt	208,418	-
Unspent bond proceeds Series A of 2012	79,671	-
Unspent bond proceeds Series of 2013	903,172	-
Total governmental funds	<u>\$ 13,748,329</u>	<u>\$ 4,189,857</u>
<b>Business-Type Activity</b>		
Berks Heim		
Workers' Compensation Trust	<u>\$ 2,426</u>	<u>\$ 191,453</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 2017 adopted rate of taxation was 7.372 mills.

County property tax revenues were reduced by approximately \$823,000 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 the LERTA of any municipality located within the boundaries of the County that has established a LERTA exemption 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 has forgone real estate tax revenue as a result of LERTA tax abatement agreements entered into by the Commonwealth of Pennsylvania was approximately \$649,000 for the year ended December 31, 2017.

### **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 31<sup>st</sup> 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 has forgone real estate tax revenue as a result of KOZ tax abatement agreements entered into by the Commonwealth of Pennsylvania was approximately \$174,000 for the year ended December 31, 2017.

### **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, 2017 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Governmental funds:		
General fund	\$ 8,308,504	\$ -
Children and Youth Services	-	9,280,333
Health Choices	109,982	-
Nonmajor	<u>4,529,167</u>	<u>3,667,320</u>
Total	<u>\$ 12,947,653</u>	<u>\$ 12,947,653</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 2017 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 3,703,794	\$ 11,525,244
Children and Youth Services	7,143,319	363,620
Health Choices	-	15,115
Nonmajor	<u>5,735,665</u>	<u>3,595,561</u>
	<u>16,582,778</u>	<u>15,499,540</u>
Proprietary funds:		
Berks County Residential Center	5,739	1,088,977
Berks Heim	-	-
	<u>5,739</u>	<u>1,088,977</u>
Total	<u>\$ 16,588,517</u>	<u>\$ 16,588,517</u>

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

- Transfers of \$9,689,874 were made from the General Fund to several funds during 2017 to cover deficits in several special revenue funds.
- Transfers of \$1,621,725 were made from the Special Legislation Special Revenue Fund to the General Fund for Adult Probation Office wage reimbursements.
- Transfers of \$1,728,362 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 \$1,088,977 were made from Berks County Residential Center to the General Fund for rental of space.

## NOTE 6: CAPITAL ASSETS

### A. Primary government

#### 1. Capital assets

Capital asset activity for the year ended December 31, 2017 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	79,371,116	858,200	-	-	80,229,316
Software in progress	3,087,896	1,339,573	-	-	4,427,469
Construction in progress	19,182,126	6,116,529	(20,899,558)	-	4,399,097
Total capital assets, not being depreciated	<u>117,402,640</u>	<u>8,314,302</u>	<u>(20,899,558)</u>	<u>-</u>	<u>104,817,384</u>
Capital assets, being depreciated:					
Land improvements	3,749,509	15,162	-	-	3,764,671
Buildings and improvements	206,614,543	5,689,798	-	-	212,304,341
Furniture, fixtures, equipment, and vehicles	85,120,689	1,344,441	(4,131,566)	(9,110)	82,324,454
Infrastructure	12,843,537	15,224,461	-	-	28,067,998
Total capital assets, being depreciated	<u>308,328,278</u>	<u>22,273,862</u>	<u>(4,131,566)</u>	<u>(9,110)</u>	<u>326,461,464</u>
Total capital assets, historical cost	<u>425,730,918</u>	<u>30,588,164</u>	<u>(25,031,124)</u>	<u>(9,110)</u>	<u>431,278,848</u>
Less accumulated depreciation for:					
Land improvements	1,442,875	190,316	-	-	1,633,191
Building and improvements	110,694,700	5,877,803	-	-	116,572,503
Furniture, fixtures, equipment, and vehicles	25,809,249	4,706,389	(3,377,809)	(9,110)	27,128,719
Infrastructure	2,562,623	713,512	-	-	3,276,135
Total accumulated depreciation	<u>140,509,447</u>	<u>11,488,020</u>	<u>(3,377,809)</u>	<u>(9,110)</u>	<u>148,610,548</u>
Net capital assets, being depreciated	<u>167,818,831</u>	<u>10,785,842</u>	<u>(753,757)</u>	<u>-</u>	<u>177,850,916</u>
Total capital assets, net of accumulated depreciation	<u>\$285,221,471</u>	<u>\$ 19,100,144</u>	<u>\$ (21,653,315)</u>	<u>\$ -</u>	<u>\$282,668,300</u>

- **Business-type activities:**

	Beginning balance	Additions/ Transfers in	Retirements/ Transfers out	Transfers Between Activities	Ending balance
Capital assets, not being depreciated:					
Construction in progress	\$ 17,642	\$ 29,945	\$ (17,642)	\$ -	\$ 29,945
Capital assets, being depreciated:					
Buildings and improvements	48,233,636	71,472	-	-	48,305,108
Furniture, fixtures, equipment, and vehicles	4,955,206	84,813	(53,312)	9,110	4,995,817
Total capital assets, being depreciated	53,188,842	156,285	(53,312)	9,110	53,300,925
Total capital assets, historical cost	53,206,484	186,230	(70,954)	9,110	53,330,870
Less accumulated depreciation for:					
Building and improvements	13,419,211	1,252,742	-	-	14,671,953
Furniture, fixtures, equipment, and vehicles	4,256,179	130,366	(53,311)	9,110	4,342,344
Total accumulated depreciation	17,675,390	1,383,108	(53,311)	9,110	19,014,297
Net capital assets, being depreciated	35,513,452	(1,226,823)	(1)	-	34,286,628
Total capital assets, net of accumulated depreciation	\$ 35,531,094	\$ (1,196,878)	\$ (17,643)	\$ -	\$ 34,316,573

## 2. Depreciation expense

Depreciation expense was charged to functions/programs of the primary government during 2017 as follows:

- **Governmental activities:**

Judicial	\$ 315,394
Public safety	4,518,984
Public works	903,643
General government	5,199,654
Human services	42,765
Community and economic development	52,000
Culture and recreation	455,580
Total	<u>\$ 11,488,020</u>

- **Business-type activities:**

Berks County Residential Center	\$ 308,939
Berks Heim	1,074,169
Total	<u>\$ 1,383,108</u>

### **3. Capital projects commitments**

The Swamp Creek Bridge project is in the design phase with expenditures to date totaling \$45,692. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$407 thousand.

The Blandon Bridge project is in the construction phase with expenditures to date totaling \$589,577. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$2 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, 2019 with a projected final cost of approximately \$150 thousand.

The Dreibelbis Station Bridge project is in the design phase with expenditures to date totaling \$338,694. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$2.2 million.

The Manatawny Bridge project is in the design phase with expenditures to date totaling \$677,967. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$2 million.

The Burkey's Bridge project is in the design phase with expenditures to date totaling \$23,820. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$189 thousand.

The Hartz Mill Bridge project is in the design phase with expenditures to date totaling \$19,262. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$75 thousand.

The Fisher's Mill Bridge project is in the construction phase with expenditures to date totaling \$21,987. Management anticipates this project to be completed by December 31, 2018 with a projected final cost of approximately \$75 thousand.

The Parks Department is undertaking several projects at various locations throughout the County with expenditures to date totaling \$113,187. Management anticipates these projects to be completed by December 31, 2020 with a projected final cost of approximately \$600 thousand.

## B. Component units

### 1. Reading Regional Airport Authority

Capital asset activity for the year ended September 30, 2017 was as follows:

Depreciation expense for the Authority for the year ended September 30, 2017 was \$2,213,897.

	Balance October 1, 2016	Additions	Transfers/ Deletions	Balance September 30, 2017
Capital assets, not being depreciated:				
Land	\$ 4,636,399	\$ -	\$ -	\$ 4,636,399
Air easement rights	103,002	-	-	103,002
Construction in progress	<u>2,386,614</u>	<u>236,640</u>	<u>(2,415,363)</u>	<u>207,891</u>
Total capital assets, not being depreciated	<u>7,126,015</u>	<u>236,640</u>	<u>(2,415,363)</u>	<u>4,947,292</u>
Capital assets, being depreciated:				
Land improvements	9,305,879	-	-	9,305,879
Infrastructure	39,587,433	2,415,363	-	42,002,796
Buildings and improvements	17,440,810	12,418	-	17,453,228
Furniture and equipment	3,783,288	-	-	3,783,288
Leasehold improvements	<u>2,198,700</u>	<u>-</u>	<u>-</u>	<u>2,198,700</u>
Total capital assets, being depreciated	<u>72,316,110</u>	<u>2,427,781</u>	<u>-</u>	<u>74,743,891</u>
Total capital assets, historical cost	<u>79,442,125</u>	<u>2,664,421</u>	<u>(2,415,363)</u>	<u>79,691,183</u>
Less accumulated depreciation for:				
Land improvements	7,165,855	251,919	-	7,417,774
Infrastructure	19,092,126	1,371,514	-	20,463,640
Buildings and improvements	10,988,454	401,211	-	11,389,665
Furniture and equipment	3,030,173	97,640	-	3,127,813
Leasehold improvements	<u>1,374,188</u>	<u>91,613</u>	<u>-</u>	<u>1,465,801</u>
Total accumulated depreciation	<u>41,650,796</u>	<u>2,213,897</u>	<u>-</u>	<u>43,864,693</u>
Total capital assets, net of accumulated depreciation	<u>\$ 37,791,329</u>	<u>\$ 450,524</u>	<u>\$ (2,415,363)</u>	<u>\$ 35,826,490</u>

## 2. Reading Area Community College

Capital asset activity for the year ended June 30, 2017 is as follows:

Depreciation expense for the College for the year ended June 30, 2017 was \$2,120,573.

	Balance July 1, <u>2016</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance June 30, <u>2017</u>
Capital assets, not being depreciated:				
Land	\$ 1,081,556	\$ -	\$ -	\$ 1,081,556
Construction in progress	<u>332,506</u>	<u>3,186,091</u>	<u>(259,016)</u>	<u>3,259,581</u>
Total capital assets, not being depreciated	<u>1,414,062</u>	<u>3,186,091</u>	<u>(259,016)</u>	<u>4,341,137</u>
Capital assets, being depreciated:				
Buildings and improvements	64,707,002	235,721	(3,358)	64,939,365
Equipment, furnishings and library books	<u>9,460,892</u>	<u>341,475</u>	<u>(51,199)</u>	<u>9,751,168</u>
Total capital assets, being depreciated	<u>74,167,894</u>	<u>577,196</u>	<u>(54,557)</u>	<u>74,690,533</u>
Total capital assets, historical cost	<u>75,581,956</u>	<u>3,763,287</u>	<u>(313,573)</u>	<u>79,031,670</u>
Less accumulated depreciation for:				
Buildings and improvements	28,208,820	1,620,370	(3,358)	29,825,832
Equipment, furnishings and library books	<u>7,253,026</u>	<u>500,203</u>	<u>(51,199)</u>	<u>7,702,030</u>
Total accumulated depreciation	<u>35,461,846</u>	<u>2,120,573</u>	<u>(54,557)</u>	<u>37,527,862</u>
Total capital assets being depreciated, net	<u>38,706,048</u>	<u>(1,543,377)</u>	<u>-</u>	<u>37,162,671</u>
Total capital assets, net of accumulated depreciation	<u>\$ 40,120,110</u>	<u>\$ 1,642,714</u>	<u>\$ (259,016)</u>	<u>\$ 41,503,808</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, 2017, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	1,189
Inactive plan members entitled to but not yet receiving benefits	247
Active plan members	<u>2,009</u>
Total members	<u>3,445</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 2017 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 2.48 percent of annual payroll.

## 2. Net Pension (Asset) Liability

The County's net pension (asset) liability was measured as of December 31, 2017, 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, 2017 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 2017 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 2017 measurement period (see pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected 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) (b)-(a)
Balance at December 31, 2016	\$ 410,134,162	\$ 417,550,029	\$ 7,415,867
Changes for the year:			
Service cost	11,027,621	-	(11,027,621)
Interest cost	30,192,609	-	(30,192,609)
Difference between expected and actual experience	(5,056,232)	-	5,056,232
Contributions - County	-	2,601,477	2,601,477
Contributions - member	-	6,900,703	6,900,703
Net investment income	-	58,362,251	58,362,251
Benefit payments, including refunds of member contributions	(20,418,548)	(20,418,548)	-
Administrative expense	-	(67,535)	(67,535)
Net changes	<u>15,745,450</u>	<u>47,378,348</u>	<u>31,632,898</u>
Balance at December 31, 2017	<u>\$ 425,879,612</u>	<u>\$ 464,928,377</u>	<u>\$ 39,048,765</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%)	\$ (6,243,735)
Current discount rate (7.5%)	\$ 39,048,765
1% increase (8.5%)	\$ 70,347,690

*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, 2017, 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, 2016	\$ (2,792,149)	\$ 2,665,856	\$(22,830,715)	\$ -	\$(22,957,008)
2017 Differences between expected and actual experience	-	5,056,232	-	27,449,363 *	32,505,595
2017 portion recognized as pension expense	<u>498,598</u>	<u>(1,498,138)</u>	<u>8,030,556</u>	<u>(5,489,873)</u>	<u>1,541,143</u>
Deferred Inflow/(Outflow) of Resources as of December 31, 2017	\$ <u>(2,293,551)</u>	\$ <u>6,223,950</u>	\$ <u>(14,800,159)</u>	\$ <u>21,959,490</u>	<u>11,089,730</u>
Change in Deferred Inflow/(Outflow) of Resources during 2017					<u>\$ 34,046,738</u>

\* Determined as follows:

2017 Projected Earnings on Plan Investments	\$ 30,912,888
2017 Actual Earnings on Plan Investments	<u>58,362,251</u>
2017 Difference between Expected and Actual Experience	<u>\$ 27,449,363</u>

For the 2017 year, the County recognized pension expense of \$5,015,317. Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
2018	\$ (1,541,141)
2019	(231,456)
2020	6,440,677
2021	6,396,020
2022	25,630
Thereafter	-
	<u>\$ 11,089,730</u>

### 4. Payable to the Pension Plan

For the year ended December 31, 2017, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

## **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 \$476 at September 30, 2017. The Authority's contributions for each employee are fully vested when made. The pension contribution for the year ended September 30, 2017 was \$45,620.

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, 2017 was \$8,514.

### **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 the benefit terms. Investments from these 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](http://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 or 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. section 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. The 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, 2017 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 \$16,961 for the year ended June 30, 2017. 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, 2017 was 29.20 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 \$347,998 for the year ended June 30, 2017.

#### 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, 2017, the College reported a liability of \$208,064 for its proportionate share of the SERS net pension liability. The SERS net pension liability was measured as of December 31, 2016, 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, 2015 to December

31, 2016. 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, 2016, the College's proportion was 0.0011 percent, which was an increase of 0.0001 percent from its proportion measured as of December 31, 2015.

At June 30, 2017, 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	\$4,609,000
Commonwealth's proportional share of the net pension liability	<u>4,609,000</u>
Total proportionate share of the net pension liability	<u>\$9,218,000</u>

The PSERS net pension liability was measured as of June 30, 2016, 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, 2015 to June 30, 2016. 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, 2016, the College's proportion was 0.0093 percent, which was a decrease of 0.0008 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the College recognized total pension expense from the two plans of \$463,439. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 275,487	\$ -
Change of assumptions	178,709	-
Difference between expected and actual experience	3,003	43,654
Changes in proportions	90,521	359,231
Difference between employer contributions and proportionate share of total contributions	12,038	142
Contributions subsequent to the measurement date	<u>347,998</u>	<u>-</u>
	<u>\$ 907,756</u>	<u>\$ 403,027</u>

The \$347,998 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, 2018.

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:

2018	\$	32,207
2019		32,207
2020		64,696
2021		27,131
2022		490
	\$	<u>156,731</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, 2016 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 7.50 percent to 7.25 percent effective as of the December 31, 2011 actuarial valuation and most recently approved a reduction in the discount rate from 7.50 percent to 7.25 percent effective as of the December 31, 2016 actuarial valuation. In addition, the SERS Board approved a reduction in the inflation rate from 2.75 percent to 2.60 percent effective as of the December 31, 2016 actuarial valuation. The change in inflation rate also impacted the general salary growth rate, which was lowered to 2.90 percent for the 2016 actuarial valuation from 3.05 percent used for the 2015 actuarial valuation based on the experience study. The following actuarial assumptions applied to all periods included in the measurement:

- Actuarial cost method: Entry Age Normal.
- Investment return: 7.25 percent, includes inflation at 2.60 percent.
- Salary increases: Effective average of 5.60 percent, with a range of 3.70 percent and 8.90 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, 2016 was determined by rolling forward the System's total pension liability as of the June 30, 2015 actuarial valuation to June 30, 2016 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: 7.25 percent, includes inflation at 2.75 percent.
- Salary increases: Effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent, real wage growth of 2.75 percent, and merit or seniority increases of 2.25 percent.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2014

Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ended June 30, 2015. The recommended assumption changes based on this experience study were adopted by the PSERS board at its June 10, 2016 board meeting, and were effective beginning with the June 30, 2016 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 SERS board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of December 31, 2016.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private equity	16%	8.00%
Global public equity	43%	5.30%
Real estate	12%	5.44%
Hedge funds	12%	4.75%
Fixed income	14%	1.63%
Cash	3%	-0.25%
	100%	

The PSERS pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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 PSERS board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2016.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	22.5%	5.3%
Fixed income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	5.0%	4.8%
Real estate	12.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	-14.0%	0.5%
	<u>100.0%</u>	

Discount Rate: SERS and PSERS

The discount rate used to measure the total pension liability was 7.25 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 7.25 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
College's proportionate share of the SERS net pension liability	\$ 257,488	\$ 208,064	\$ 165,738
College's proportionate share of the PSERS net pension liability	5,638,000	4,609,000	3,744,000

### 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](http://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](http://www.sers.pa.gov).

### Payable to the Pension Plan

At June 30, 2017, the College had an accrued balance due to PSERS of \$90,875. This amount represents the College's contractually obligated contributions for wages earned in April 2017 through June 2017. The balance will be paid in September 2017.

### **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, 2017 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, 2017 was \$1,797,674, which consisted of \$1,041,596 from the College and \$756,078 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, 2017, future minimum lease payments receivable under significant noncancelable long-term operating leases are as follows for each year ending September 30:

2018	\$ 1,048,239
2019	965,707
2020	947,557
2021	869,253
2022	613,733
Thereafter	<u>4,302,416</u>
	<u>\$ 8,746,905</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 \$426,719 for 2017.

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, 2017, are summarized as follows:

Governmental activities	\$ 1,680,184
Business-type activities	<u>1,223,117</u>
Total	<u>\$ 2,903,301</u>

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2015, 2016 and 2017.

Year	January 1 liability	Incurred claims	Payments	December 31 liability
2015	\$ 3,749,957	\$ 932,703	\$ 1,367,896	\$ 3,314,764
2016	\$ 3,314,764	\$ 850,336	\$ 1,001,526	\$ 3,163,574
2017	\$ 3,163,574	\$ 695,122	\$ 955,395	\$ 2,903,301

### 3. 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 2017, the County has incurred and processed healthcare claims of \$31.9 million.

All accrued incurred but not recorded (IBNR) healthcare claims liabilities at December 31, 2017, are summarized as follows:

Governmental activities	\$ 1,434,725
Business-type activities	<u>364,240</u>
Total	<u>\$ 1,798,965</u>

The following summary provides aggregate information on healthcare self-insurance liabilities, incurred claims and payments during the years ended December 31, 2015, 2016 and 2017.

Year	January 1 liability	Incurred claims	Payments	December 31 liability
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
2017	\$ 1,998,116	\$ 31,678,832	\$ 31,877,983	\$ 1,798,965

### 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, 2017 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, 2017, is \$8,314,607, and is included in accrued claims health insurance 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, 2015, 2016 and 2017.

Year	January 1 Liability	Incurred Claims	Payments	December 31 Liability
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
2017	\$ 6,679,266	\$ 81,042,329	\$ 79,406,988	\$ 8,314,607

**B. 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 2016/2017 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 for the year ended June 30, 2017. Stop gap insurance is in place for claims in excess of the threshold. Included in the financial statement is a liability for \$400,000 for outstanding estimated claims at June 30, 2017. 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, 2017:

Balance at July 1	\$ 400,000
Claims incurred	3,251,451
Claims paid	<u>(3,251,451)</u>
Balance at June 30	<u>\$ 400,000</u>

**NOTE 10: LONG-TERM DEBT**

**A. Primary government**

**1. General obligation bonds**

**Governmental activities**

During 2017, the County did not issue or refund any bonds. At December 31, 2017, general obligation bonds consisted of the following:

	Balance outstanding January 1, 2017	Additions/ Transfers	Accretion in capital appreciation bonds	Reductions	Balance outstanding December 31, 2017	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.	\$ 10,714,855	\$ -	\$ 680,145	\$ 11,395,000	\$ -	\$ -
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.	42,557,942	-	2,329,926	3,560,000	41,327,868	14,960,000
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.	6,195,000	-	-	1,105,000	5,090,000	1,165,000
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.	13,500,260	-	-	210,700	13,289,560	220,500
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.	7,760,000	-	-	780,000	6,980,000	795,000
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.	42,370,000	-	-	5,000	42,365,000	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.	2,885,000	-	-	685,000	2,200,000	710,000
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.	9,405,000	-	-	85,000	9,320,000	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.	27,373,801	-	-	989,921	26,383,880	1,002,506
2013 General Obligation Bonds, \$17,785,000, varying interest rates ranging from 1% to 5% through 2033, to fund County Capital Projects.	15,215,000	-	-	650,000	14,565,000	655,000
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.	9,990,000	-	-	5,000	9,985,000	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.	23,816,800	-	-	285,600	23,531,200	291,200
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.	9,130,000	-	-	600,000	8,530,000	610,000
	<u>\$ 220,913,658</u>	<u>\$ -</u>	<u>\$ 3,010,071</u>	<u>\$ 20,356,221</u>	<u>\$ 203,567,508</u>	<u>\$ 20,504,206</u>
Unamortized discount 2012	(66,970)	-	-	(5,055)	(61,915)	
Unamortized premium 2013	2,315,854	-	-	136,227	2,179,627	
Unamortized premium 2014	66,796	-	-	5,138	61,658	
Unamortized premium 2015	3,212,173	-	-	267,681	2,944,492	
Unamortized premium 2016	194,954	-	-	14,997	179,957	
	<u>\$ 226,636,465</u>	<u>\$ -</u>	<u>\$ 3,010,071</u>	<u>\$ 20,775,209</u>	<u>\$ 208,871,327</u>	
Less: Current Maturities					<u>(20,504,206)</u>	
					<u>\$ 188,367,121</u>	

The 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
2018	\$ 20,504,206	\$ 7,178,669	\$ 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	12,101,600	5,972,177	18,073,777
2023-2027	64,759,510	21,553,756	86,313,266
2028-2032	46,078,893	6,500,248	52,579,141
2033-2037	9,654,955	1,079,115	10,734,070
	<u>\$ 207,119,639</u>	<u>\$ 62,508,687</u>	<u>\$ 269,628,326</u>
Unaccreted principal	(3,552,131)		
Unamortized premium	5,365,734		
Unamortized discount	(61,915)		
Bonds and notes payable at December 31, 2017	<u>\$ 208,871,327</u>		

**Business-type activities**

	Balance outstanding January 1, 2017	Additions/ Transfers	Accretion in capital appreciation bonds	Reductions	Balance outstanding December 31, 2017	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.	\$ 214,740	\$ -	\$ -	\$ 4,300	\$ 210,440	\$ 4,500
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.	5,256,200	-	-	190,078	5,066,122	192,494
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.	18,713,200	-	-	224,400	18,488,800	228,800
	\$ 24,184,140	\$ -	\$ -	\$ 418,778	\$ 23,765,362	\$ 425,794
Unamortized premium 2015	2,523,850	-	-	210,321	2,313,529	
Total	\$ 26,707,990	\$ -	\$ -	\$ 629,099	\$ 26,078,891	
Less: Current Maturities					(425,795)	
					<u>\$ 25,653,096</u>	

Debt service requirements to maturity are as follows:

Years ending	Principal	Interest	Total Debt Service
2018	\$ 425,795	\$ 1,032,115	\$ 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	3,713,400	850,081	4,563,481
2023-2027	11,635,488	2,518,547	14,154,035
2028-2032	2,446,110	528,009	2,974,119
2033-2037	1,610,044	195,013	1,805,057
	<u>\$ 23,765,362</u>	<u>\$ 8,147,817</u>	<u>\$ 31,913,179</u>
Unamortized premium	2,313,529		
Bonds and notes payable at December 31, 2017	<u>\$ 26,078,891</u>		

## 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, 2017, classified by individual derivative, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2017 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>	
<b>Governmental activities</b>					
Investment derivatives:					
Interest rate swap	Investment revenue	\$ 308,703	Investment	\$ 735,358	\$ 42,370,000
Interest rate swap	Investment revenue	273,285	Investment	692,197	32,630,000
Cash flow hedges:					
Interest rate swap	Deferred inflow	(238,455)	Debt	845,878	38,305,000
<b>Business-type activities</b>					
Investment derivatives:					
Interest rate swap	Investment revenue	52,475	Investment	132,913	32,630,000
<b>Total of all activities</b>					
Investment derivatives:					
Interest rate swap	Investment revenue	308,703	Investment	735,358	42,370,000
Interest rate swap	Investment revenue	325,760	Investment	825,110	32,630,000
Cash flow hedges:					
Interest rate swap	Deferred inflow	\$ (238,455)	Debt	\$ 845,878	\$ 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, 2017, 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, 2017, 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.

In May 2018, both investment derivatives disclosed above were terminated by the County of Berks because of the decline in individual tax rates making tax exempt investments less attractive. This results in demand by investors for higher interest rates on the underlying tax exempt paper.

### **3. Letter of Credit**

The County has a standby letter of credit in the amount of \$65,000 at December 31, 2017. 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, 2017, \$77,025,000 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, 2017, \$20,105,000 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, 2017.

### **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, 2017.

## 7. Other changes in long term liabilities

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

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due within one year
Governmental activities:					
Agricultural easement installment purchases	\$ 190,532	\$ 49,380	\$ 95,505	\$ 144,407	\$ 63,625
Workers compensation accrued liabilities	1,788,231	436,975	545,022	1,680,184	207,839
Compensated absences payable	<u>4,391,993</u>	<u>9,786,084</u>	<u>8,026,965</u>	<u>6,151,112</u>	<u>1,336,298</u>
Total governmental activities	<u>\$ 6,370,756</u>	<u>\$ 10,272,439</u>	<u>\$ 8,667,492</u>	<u>\$ 7,975,703</u>	<u>\$ 1,607,762</u>
Business-type activities:					
Workers compensation accrued liabilities	\$ 1,375,343	\$ 258,147	\$ 410,373	\$ 1,223,117	\$ 151,300
Compensated absences payable	<u>949,399</u>	<u>2,253,455</u>	<u>2,019,073</u>	<u>1,183,781</u>	<u>312,371</u>
Total business-type activities	<u>\$ 2,324,742</u>	<u>\$ 2,511,602</u>	<u>\$ 2,429,446</u>	<u>\$ 2,406,898</u>	<u>\$ 463,671</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 Reading Regional Airport Authority's Series of 2008 Revenue Notes are guaranteed by the County, with balances outstanding of \$4,420,000 as of December 31, 2017. The County has not been called upon to make any payments related to this debt.

### A. Component units

#### Revenue bonds payable and notes payable

- **Reading Area Community College**

Bonds and notes payable on June 30, 2017 consist of several outstanding tax-exempt revenue bonds and notes series issued by the College through either the Redevelopment Authority of the County of Berks or the State Public School Building Authority (SPSBA). The College has pledged its full faith and credit for the repayment of the bonds and notes issued. The College Revenue Bonds Series of 2003 and the Series of 2012 are guaranteed by the County of Berks. 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 and note series for the year ended June 30, 2017, was as follows:

	Balance outstanding July 1, 2016	Bonds Issued	Redeemed/ Refunded	Balance outstanding June 30, 2017	Current Portion
College Revenue Bonds, Series of 2003, original issue \$12,490,000, interest rate 4.38%, final maturity April 2029.	\$ 725,000	\$ -	\$ 540,000	\$ 185,000	\$ 185,000
College Revenue Note, Series of 2004, original issue \$2,500,000, interest rate 1.79%, final maturity April 2020.	1,343,000	-	316,000	1,027,000	329,000
College Revenue Bonds, Series of 2012, original issue 9,995,000, interest rate 3.90%, final maturity April 2029.	9,870,000	-	140,000	9,730,000	525,000
College Revenue Note, Series A of 2016, original issue 3,355,738, interest rate 2.30%, final maturity April 2036.	-	1,091,710	-	1,091,710	-
College Revenue Note, Series B of 2016, original issue 934,262, interest rate 2.05%, final maturity April 2022.	-	517,116	-	517,116	76,262
	<u>\$ 11,938,000</u>	<u>\$ 1,608,826</u>	<u>\$ 996,000</u>	<u>\$ 12,550,826</u>	<u>\$ 1,115,262</u>
Less: Current maturities				<u>\$ (1,115,262)</u>	
				<u>\$ 11,435,564</u>	

Principal and interest requirements (interest not presented in Reading Area Community College financial statements) to maturity are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2018	\$ 1,115,262	\$ -	\$ 1,115,262
2019	1,266,738	-	1,266,738
2020	1,388,000	-	1,388,000
2021	1,080,854	-	1,080,854
2022	970,000	-	970,000
2023-2027	4,824,972	-	4,824,972
2028-2029	1,905,000	-	1,905,000
	<u>\$ 12,550,826</u>	<u>\$ -</u>	<u>\$ 12,550,826</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,  
2017

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
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	260,000	101,360	361,360
2023-2027	1,250,000	405,580	1,655,580
2028-2032	1,615,000	208,880	1,823,880
2033-2034	570,000	16,100	586,100
	<u>\$ 4,420,000</u>	<u>\$ 1,206,940</u>	<u>\$ 5,626,940</u>

#### A. 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, 2018. There was no balance on the line of credit at September 30, 2017.

- **Reading Area Community College**

As of June 30, 2017, 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 to December 31 of each year during the term of the loan. 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, 2018. There was no outstanding balance on this line of credit at June 30, 2017.

**B. Loans Payable and long-term liabilities**

- **Reading Area Community College**

	Balance outstanding June 30, 2017
The College entered into loan agreements with the Pennsylvania State Public School Building Authority (SPSBA):	
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 September 2017. The College has pledged its full faith and credit for the repayment of the loan.	\$ 101,620
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.	468,203
	569,823
Portion payable within one year and classified as current	(339,462)
Total long term debt	\$ 230,361

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

	Principal	Interest
2018	\$ 339,462	\$ 9,221
2019	230,361	3,410
	\$ 569,823	\$ 12,631

Accrued compensated absences for the year ending June 30, 2017 was \$796,660, with \$392,010 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, 2017 consist of the following:

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
Nonspendable:					
Employee pay advance	\$ 50,580	\$ 3,724	\$ -	\$ 3,783	\$ 58,087
Inventories and prepaid expenses	1,354,944	-	-	2,704,734	4,059,678
Total Nonspendable	1,405,524	3,724	-	2,708,517	4,117,765
Restricted:					
Gift fund	-	17,661	-	-	17,661
Hazmat response	1,796,645	-	-	-	1,796,645
Act 198 - Courts	309,084	-	-	-	309,084
Workers' compensation	235,492	-	-	-	235,492
Special revenue funds	-	17,161	-	14,225,180	14,242,341
Waste Water Treatment Plant	884,229	-	-	-	884,229
Act 13 Marcellus Shale	787,014	-	-	-	787,014
Total Restricted	4,012,464	34,822	-	14,225,180	18,272,466
Committed:					
Farmland preservation	474,490	-	-	-	474,490
Services Center Parking Garage	337,702	-	-	-	337,702
2018 Capital Projects	13,510,418	-	-	-	13,510,418
222 Corridor	5,000,000	-	-	-	5,000,000
Total Committed	19,322,610	-	-	-	19,322,610
Assigned:					
Environmental litigation	70,059	-	-	-	70,059
Divorce Masters	13,727	-	-	-	13,727
Health care self insurance	4,000,000	-	-	-	4,000,000
Total Assigned	4,083,786	-	-	-	4,083,786
Unassigned					
	112,322,040	-	-	-	112,322,040
Total Governmental Funds Fund Balance	\$ 141,146,424	\$ 38,546	\$ -	\$ 16,933,697	\$ 158,118,667

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.
- 2018 Capital Projects – this commitment represents amounts to be used for 2018 capital projects.
- 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 2017 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, 2017:

Computer equipment and copiers	\$ 49,834
Less: Accumulated depreciation	<u>(18,748)</u>
	<u>\$ 31,086</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 future lease payments under capital leases as of June 30 are as follows:

2018	\$ 13,455
2019	13,455
2020	3,471
Less: amount representing interest	<u>(1,133)</u>
Present value of lease payments	<u>\$ 29,248</u>

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

**A. Primary government**

Approximately 78.9% of the County’s employees are covered by collective bargaining agreements as of December 31, 2017. Two AFSCME unions and the Teamster union contract all expire December 31, 2019. The Fraternal Order of Police contract expires December 31, 2020. The Pennsylvania Social Services Unit contract expired on December 31, 2017 and negotiations are in progress. Both the United Food & Commercial Workers and the Service Employees International Union contracts expire on December 31, 2019. The Deputy Sheriff’s Association union contract expires December 31, 2020.

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 2022. Total expenses for all operating leases were \$1,308,937 for the year ended December 31, 2017.

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

2018	\$ 302,710
2019	119,156
2020	78,168
2021	51,757
2022	<u>513,758</u>
Total	<u>\$ 1,065,549</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, 2017 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. 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 2016/2017 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.

## **2. 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, 2017 approximated \$1,019,000. Minimum future rental payments under noncancelable operating leases are as follows:

2018	\$	503,842
2019		359,836
2020		284,821
2021		46,350
Total	\$	<u>1,194,849</u>

## **NOTE 14: CONTRACTUAL AGREEMENT REVENUE**

### **Component unit**

#### **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, 2017.

Total revenues from this agreement, including the amortization of the bookstore renovations, were \$316,754 for the year ended June 30, 2017.

## **NOTE 15: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS**

### **A. Component units**

#### **Reading Area Community College**

##### Plan description

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.

##### Funding policy

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, 2017, the College contributed \$76,172 to the plan related to retirees.

Annual OPEB Cost and Net OPEB Obligation

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, 2017:

Annual required contribution	\$ 112,847
Interest on net OPEB obligation	10,794
Adjustment to annual required contribution	<u>(24,270)</u>
Annual OPEB cost	99,371
Contributions made	<u>(76,172)</u>
Increase in net OPEB obligation	23,199
Net OPEB obligation - beginning of year	<u>269,841</u>
Net OPEB obligation - end of year	<u>\$ 293,040</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, 2017 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 99,371	76.7%	\$ 293,040
6/30/2016	98,799	111.6%	269,841
6/30/2015	89,766	57.9%	281,280

Funded Status and Funding Progress

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about actuarial value of plan assets and actuarial accrued liabilities for benefits.

#### Actuarial Methods and Assumptions

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 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 28, 2018. This date is the date that the financial statements were available to be issued. No material events subsequent to December 31, 2017 were noted as a result of this evaluation, except as follows:

- Effective January 2018, the mortality table used in the valuation has changed to the RP 2013 table. The effect of this change is an increase in the actuarial accrued liability of \$5.6 million, and to increase the actuarially determined contribution by \$634 thousand compared to 2017.

#### **B. Component unit – Reading Area Community College**

Subsequent to the year ended June 30, 2017, the College Revenue Note Series of 2017 was issued by the Redevelopment Authority of the County of Berks on behalf of the College in the proposed aggregate principal amount of \$8,066,000. The Revenue Note will mature on April 15, 2029, with interest fixed at 2.50 percent. The notes were issued to currently refund the College Revenue Bonds Series of 2012. The present value savings from the refunding were approximately \$306,000.



## 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, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Property taxes	\$ 137,204,907	\$ 137,204,907	\$ 137,690,930	\$ 486,023
Court costs, fines and forfeitures	3,206,908	3,206,298	2,825,583	(380,715)
Investment earnings	1,486,733	1,486,733	1,372,822	(113,911)
Intergovernmental revenue	12,765,315	12,385,191	12,026,283	(358,908)
Departmental charges and reimbursements	52,764,339	53,211,188	54,883,000	1,671,812
Payments in lieu of taxes	248,159	248,159	219,602	(28,557)
Rentals	456,673	456,673	419,727	(36,946)
Sale of property, supplies and equipment	18,270	-	(770)	(770)
Miscellaneous	7,858,476	7,938,128	7,860,314	(77,814)
Total revenues	<u>216,009,780</u>	<u>216,137,277</u>	<u>217,297,491</u>	<u>1,160,214</u>
<b>Expenditures</b>				
General government, administrative:				
Commissioners	1,531,981	1,557,862	1,441,599	116,263
Solicitors	1,613,976	2,031,181	1,985,273	45,908
Facilities	15,084,613	15,868,254	11,234,797	4,633,457
Courthouse Security	1,669,535	1,615,694	1,382,307	233,387
Election Services	1,962,434	1,980,482	1,856,439	124,043
Real Estate Assessment	3,443,503	3,652,612	2,774,335	878,277
Treasurer	860,390	876,179	832,318	43,861
Tax Collectors	445,986	447,213	446,236	977
Tax Claim Bureau	832,227	839,037	821,250	17,787
Controller	2,262,711	2,313,606	2,276,465	37,141
Recorder of Deeds	1,217,149	1,239,810	1,130,171	109,639
Mailroom/Printing	465,368	472,800	454,184	18,616
Information Systems	7,704,252	8,085,928	6,985,591	1,100,337
Purchasing	782,902	812,302	676,607	135,695
Archives	271,614	276,913	274,447	2,466
Budget	1,360,072	1,403,873	1,328,082	75,791
Human Resources	3,535,460	3,505,662	3,026,658	479,004
Insurance	1,948,994	1,948,994	1,390,718	558,276
Telecommunications	240,289	235,183	166,614	68,569
Veterans Affairs	596,461	615,336	611,474	3,862
Total general government, administrative	<u>47,829,917</u>	<u>49,778,921</u>	<u>41,095,565</u>	<u>8,683,356</u>
General government, judicial:				
Register of Wills	1,049,307	1,060,752	1,019,497	41,255
Sheriff	9,606,109	9,967,376	9,393,664	573,712
Coroner	1,452,357	1,476,577	1,570,342	(93,765)
Prothonotary	2,434,645	2,491,924	2,295,473	196,451
Clerk of Courts	2,665,655	2,692,629	2,581,435	111,194
Public Defender	3,484,974	3,525,902	3,397,444	128,458
District Attorney	10,829,054	11,034,278	10,886,838	147,440
Law Library	647,994	656,444	642,835	13,609
Court Administration	9,785,970	9,950,164	9,713,077	237,087
District Justices	9,297,225	9,360,755	8,721,366	639,389
Court Reporters	2,309,331	2,324,936	2,342,040	(17,104)
Total general government, judicial	<u>53,562,621</u>	<u>54,541,737</u>	<u>52,564,011</u>	<u>1,977,726</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 General Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Public Safety:</b>				
Adult Probation	8,048,593	8,563,656	8,542,417	21,239
Juvenile Probation	15,202,283	14,113,071	13,751,217	361,854
Prison	35,372,489	35,856,119	35,527,744	328,375
Community Corrections	2,140,342	2,158,340	2,850,570	(692,230)
Emergency Services Non Communications	1,829,108	1,928,226	1,594,965	333,261
Total public safety	<u>62,592,815</u>	<u>62,619,412</u>	<u>62,266,913</u>	<u>352,499</u>
<b>Culture and Recreation:</b>				
Berks County Public Libraries	3,624,420	3,789,836	3,769,072	20,764
Parks	3,645,927	4,184,932	3,229,916	955,016
Total culture and recreation	<u>7,270,347</u>	<u>7,974,768</u>	<u>6,998,988</u>	<u>975,780</u>
<b>Community and Economic Development:</b>				
Planning	1,745,430	1,760,441	1,715,829	44,612
Agricultural Extension Service	548,406	548,406	560,947	(12,541)
Agland Preservation	1,360,279	1,392,046	1,245,425	146,621
Total community and economic development	<u>3,654,115</u>	<u>3,700,893</u>	<u>3,522,201</u>	<u>178,692</u>
<b>Public Works:</b>				
Recycling	13,918	14,242	14,528	(286)
<b>Community Support:</b>				
Contributions:				
Community Bail Program	658,687	672,606	671,828	778
Berks Economic Partnership	300,000	500,000	500,000	-
Libraries	900,000	900,000	900,000	-
Miscellaneous Contributions	269,275	270,650	250,050	20,600
Berks Heim	6,256,370	6,463,743	6,463,743	-
Reading Area Community College	3,250,000	3,250,000	3,250,000	-
Total community support	<u>11,634,332</u>	<u>12,056,999</u>	<u>12,035,621</u>	<u>21,378</u>
<b>Contingency:</b>				
Contingency general	2,029,985	551,864	-	551,864
<b>Debt Service:</b>				
Principal, interest and fiscal charges	24,246,957	24,246,957	24,355,387	(108,430)
Administrative expenses	6,982	22,588	22,528	60
Total debt service	<u>24,253,939</u>	<u>24,269,545</u>	<u>24,377,915</u>	<u>(108,370)</u>
<b>Intergovernmental:</b>				
Solid Waste debt service	295,029	295,029	295,029	-
<b>Total expenditures for general fund</b>	<u>213,137,018</u>	<u>215,803,410</u>	<u>203,170,771</u>	<u>12,632,639</u>
<b>Excess of revenue over expenditures</b>	<u>2,872,762</u>	<u>333,867</u>	<u>14,126,720</u>	<u>13,792,853</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 General Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
<b>Other financing sources (uses):</b>				
Transfers in	3,702,495	3,884,729	3,703,794	(180,935)
Transfers out	<u>(11,336,987)</u>	<u>(11,977,943)</u>	<u>(11,525,244)</u>	452,699
Total other financing sources (uses)	<u>(7,634,492)</u>	<u>(8,093,214)</u>	<u>(7,821,450)</u>	271,764
Net change in fund balances	(4,761,730)	(7,759,347)	6,305,270	14,064,617
Fund balances, beginning	<u>134,841,154</u>	<u>134,841,154</u>	<u>134,841,154</u>	-
Fund balances, ending	<u>\$ 130,079,424</u>	<u>\$ 127,081,807</u>	<u>\$ 141,146,424</u>	<u>\$ 14,064,617</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Children and Youth Services Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 38,340,562	\$ 39,816,243	\$ 39,365,621	\$ (450,622)
Departmental charges and reimbursements	956,000	956,000	807,229	(148,771)
Investment earnings	-	-	86	86
Miscellaneous	<u>2,000</u>	<u>3,978</u>	<u>5,982</u>	<u>2,004</u>
Total revenues	<u>39,298,562</u>	<u>40,776,221</u>	<u>40,178,918</u>	<u>(597,303)</u>
<b>Expenditures</b>				
Current:				
Human services	<u>45,794,234</u>	<u>47,822,599</u>	<u>46,955,822</u>	<u>866,777</u>
Total expenditures	<u>45,794,234</u>	<u>47,822,599</u>	<u>46,955,822</u>	<u>866,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,495,672)</u>	<u>(7,046,378)</u>	<u>(6,776,904)</u>	<u>269,474</u>
<b>Other financing sources (uses):</b>				
Transfers in	6,864,033	7,321,224	7,143,319	(177,905)
Transfers out	<u>(368,361)</u>	<u>(397,944)</u>	<u>(363,620)</u>	<u>34,324</u>
Total other financing sources (uses)	<u>6,495,672</u>	<u>6,923,280</u>	<u>6,779,699</u>	<u>(143,581)</u>
Net change in fund balances	-	(123,098)	2,795	125,893
Fund balances, beginning	<u>35,751</u>	<u>35,751</u>	<u>35,751</u>	<u>-</u>
Fund balances (deficits), ending	<u>\$ 35,751</u>	<u>\$ (87,347)</u>	<u>\$ 38,546</u>	<u>\$ 125,893</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Health Choices Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 105,000,000	\$ 114,162,177	\$ 111,433,941	\$ (2,728,236)
Investment earnings	40,000	40,000	85,044	45,044
Total revenues	<u>105,040,000</u>	<u>114,202,177</u>	<u>111,518,985</u>	<u>(2,683,192)</u>
<b>Expenditures</b>				
Current:				
Human services	105,024,972	114,186,957	111,503,870	2,683,087
Total expenditures	<u>105,024,972</u>	<u>114,186,957</u>	<u>111,503,870</u>	<u>2,683,087</u>
Excess (deficiency) of revenue over (under) expenditures	<u>15,028</u>	<u>15,220</u>	<u>15,115</u>	<u>(105)</u>
<b>Other financing uses:</b>				
Transfers out	(15,028)	(15,220)	(15,115)	105
Total other financing uses	<u>(15,028)</u>	<u>(15,220)</u>	<u>(15,115)</u>	<u>105</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 to the Board of Commissioners. 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 Chief Financial Officer may make transfers between accounts under \$5,000, while transfers of \$5,000 or greater require approval by the Board of Commissioners. Any supplemental appropriations to the Budget require approval 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  
 2017 Comprehensive Annual Financial Report

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 11,027,621	\$ 10,623,914	\$ 10,332,061	\$ 10,035,976
Interest	30,192,609	29,071,529	27,673,435	25,973,019
Differences between expected and actual experience	(5,056,232)	(501,667)	3,789,345	(3,642,225)
Benefit payments, including refunds of employee contributions	<u>(20,418,548)</u>	<u>(19,382,776)</u>	<u>(18,690,853)</u>	<u>(16,016,484)</u>
<b>Net change in total pension liability</b>	15,745,450	19,811,000	23,103,988	16,350,286
<b>Total pension liability, beginning</b>	<u>410,134,162</u>	<u>390,323,162</u>	<u>367,219,174</u>	<u>350,868,888</u>
<b>Total pension liability, ending</b>	<u>\$ 425,879,612</u>	<u>\$ 410,134,162</u>	<u>\$ 390,323,162</u>	<u>\$ 367,219,174</u>
<b>Plan fiduciary net position</b>				
Contributions-employer	\$ 2,601,477	\$ 2,088,776	\$ 1,408,537	\$ 233,518
Contributions-member	6,900,703	6,500,174	6,256,829	6,074,679
Net investment income	58,362,251	29,291,596	(2,797,938)	23,044,386
Other additions	-	-	5,708	27,002
Benefit payments, including refunds of member contributions	(20,418,548)	(19,382,777)	(18,690,853)	(16,016,484)
Administrative expense	<u>(67,535)</u>	<u>(71,068)</u>	<u>(72,490)</u>	<u>(63,898)</u>
<b>Net change in plan fiduciary net position</b>	47,378,348	18,426,701	(13,890,207)	13,299,203
<b>Plan fiduciary net position, beginning</b>	<u>417,550,029</u>	<u>399,123,328</u>	<u>413,013,535</u>	<u>399,714,332</u>
<b>Plan fiduciary net position, ending</b>	<u>\$ 464,928,377</u>	<u>\$ 417,550,029</u>	<u>\$ 399,123,328</u>	<u>\$ 413,013,535</u>
<b>County of Berks' net pension (liability) asset</b>	<u>\$ 39,048,765</u>	<u>\$ 7,415,867</u>	<u>\$ 8,800,166</u>	<u>\$ 45,794,361</u>
<b>Plan fiduciary net position as a percentage of total pension (liability) asset</b>	109.17%	101.81%	102.25%	112.47%
<b>Covered-employee payroll</b>	\$ 104,729,710	\$ 103,847,803	\$ 100,988,654	\$ 98,776,314
<b>County of Berks' net pension (liability) asset as a percentage of covered-employee payroll</b>	37.3%	7.1%	8.7%	46.4%

**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  
 2017 Comprehensive Annual Financial Report

	<u>2017</u>	<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>
Actuarially determined contributions	\$ 2,601,477	\$ 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
Pension prefunding	-	-	-	-	-	63,144,061	-	-	-	-
Contributions in relation to the actuarially determined contribution	<u>2,601,477</u>	<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>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(63,144,061)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
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	2.48%	2.01%	1.39%	0.24%	2.69%	9.93%	8.27%	12.38%	12.08%	5.55%
Annual money-weighted rate of return, net of investment expense	13.80%	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.



	<b>Special Revenue</b>			
	<b>Liquid Fuels</b>	<b>Domestic Relations</b>	<b>Employment &amp; Training</b>	<b>Office of Aging</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 8,379,309	\$ 250	\$ 952,991	\$ 993,668
Cash and cash equivalents, restricted	-	-	-	-
Investments	747,000	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	-	15,502	70,534	4,359
Accrued interest receivable	-	-	-	-
Due from other governments	796,044	2,082,188	751,320	96,015
Due from other funds	-	-	-	1,889,012
Prepaid expenses	-	-	19,933	-
Loans receivable	-	-	-	-
Investments, non-current	747,000	-	-	-
Total assets	<u>\$ 10,669,353</u>	<u>\$ 2,097,940</u>	<u>\$ 1,794,778</u>	<u>\$ 2,983,054</u>
<b>Liabilities</b>				
Accounts payable	\$ 250,262	\$ 7,297	\$ 341,917	\$ 583,897
Accrued liabilities	1,122	281,646	26,862	128,135
Unearned revenue	4,325,768	-	-	2,142,056
Due to other funds	920,675	1,806,283	437,480	-
Payable from restricted assets	-	-	-	-
Total liabilities	<u>5,497,827</u>	<u>2,095,226</u>	<u>806,259</u>	<u>2,854,088</u>
<b>Deferred inflows of resources</b>				
Other unavailable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	-	2,714	21,002	-
Restricted	5,171,526	-	967,517	128,966
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>5,171,526</u>	<u>2,714</u>	<u>988,519</u>	<u>128,966</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,669,353</u>	<u>\$ 2,097,940</u>	<u>\$ 1,794,778</u>	<u>\$ 2,983,054</u>

	<b>Special Revenue</b>			
	<b>Special Legislation</b>	<b>Mental Health/ Developmental Disabilities</b>	<b>Human Services</b>	<b>Drug and Alcohol</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents, restricted	3,138,547	-	-	-
Investments	-	-	-	-
Taxes receivable	195,322	-	-	-
Accounts receivable	19,180	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	393,960	582,426	22,753	265,683
Due from other funds	-	1,791,186	71,264	171,350
Prepaid expenses	61,924	-	-	-
Loans receivable	-	-	-	-
Investments, non-current	-	-	-	-
Total assets	<u>\$ 3,808,933</u>	<u>\$ 2,373,612</u>	<u>\$ 94,017</u>	<u>\$ 437,033</u>
<b>Liabilities</b>				
Accounts payable	\$ 768,289	\$ 1,243,496	\$ 59,621	\$ 435,683
Accrued liabilities	-	67,930	1,266	-
Unearned revenue	-	1,059,710	15,355	1,350
Due to other funds	6,432	-	-	-
Payable from restricted assets	-	2,476	-	-
Total liabilities	<u>774,721</u>	<u>2,373,612</u>	<u>76,242</u>	<u>437,033</u>
<b>Deferred inflows of resources</b>				
Other unavailable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	61,924	-	-	-
Restricted	2,972,288	-	17,775	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>3,034,212</u>	<u>-</u>	<u>17,775</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,808,933</u>	<u>\$ 2,373,612</u>	<u>\$ 94,017</u>	<u>\$ 437,033</u>

	<b>Special Revenue</b>			
	<b>Department of Emergency Services</b>	<b>Community Development</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,076,228	\$ -	\$ -	\$ 12,402,446
Cash and cash equivalents, restricted	1,930	-	1,908,022	5,048,499
Investments	-	-	-	747,000
Taxes receivable	-	-	-	195,322
Accounts receivable	2,015,800	116,011	-	2,241,386
Accrued interest receivable	-	1,116,985	-	1,116,985
Due from other governments	-	11,790	-	5,002,179
Due from other funds	606,355	-	-	4,529,167
Prepaid expenses	2,622,877	-	-	2,704,734
Loans receivable	-	4,406,837	-	4,406,837
Investments, non-current	-	-	-	747,000
Total assets	<u>\$ 7,323,190</u>	<u>\$ 5,651,623</u>	<u>\$ 1,908,022</u>	<u>\$ 39,141,555</u>
<b>Liabilities</b>				
Accounts payable	\$ 266,529	\$ 50,289	\$ 625,895	\$ 4,633,175
Accrued liabilities	329,226	-	-	836,187
Unearned revenue	-	-	-	7,544,239
Due to other funds	-	77,512	418,938	3,667,320
Payable from restricted assets	-	-	-	2,476
Total liabilities	<u>595,755</u>	<u>127,801</u>	<u>1,044,833</u>	<u>16,683,397</u>
<b>Deferred inflows of resources</b>				
Other unavailable	<u>639</u>	<u>5,523,822</u>	<u>-</u>	<u>5,524,461</u>
Total deferred inflows of resources	<u>639</u>	<u>5,523,822</u>	<u>-</u>	<u>5,524,461</u>
<b>Fund balances</b>				
Nonspendable	2,622,877	-	-	2,708,517
Restricted	4,103,919	-	863,189	14,225,180
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>6,726,796</u>	<u>-</u>	<u>863,189</u>	<u>16,933,697</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,323,190</u>	<u>\$ 5,651,623</u>	<u>\$ 1,908,022</u>	<u>\$ 39,141,555</u>

	<b>Special Revenue</b>			
	<b>Liquid Fuels</b>	<b>Domestic Relations</b>	<b>Employment &amp; Training</b>	<b>Office of Aging</b>
<b>Revenues</b>				
Intergovernmental revenue	\$ 2,742,623	\$ 4,731,398	\$ 5,207,038	\$ 8,944,012
Hotel tax	-	-	-	-
Departmental charges and reimbursements	1,296,845	267,335	-	204,570
Investment earnings	49,000	-	4,513	13,579
Rental	11,100	-	-	-
Miscellaneous	-	-	200,591	40,954
Total revenues	<u>4,099,568</u>	<u>4,998,733</u>	<u>5,412,142</u>	<u>9,203,115</u>
<b>Expenditures</b>				
Current:				
General government, administrative	-	-	-	-
General government, judicial	-	-	-	-
Public safety	-	-	-	-
Human services	-	6,509,640	5,226,211	9,033,184
Capital outlay	-	-	-	-
Community and economic development	-	-	-	-
Public works	2,714,971	-	-	-
Total expenditures	<u>2,714,971</u>	<u>6,509,640</u>	<u>5,226,211</u>	<u>9,033,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,384,597</u>	<u>(1,510,907)</u>	<u>185,931</u>	<u>169,931</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	1,645,790	83,027	-
Transfers out	<u>(3,452)</u>	<u>(134,883)</u>	<u>(28,915)</u>	<u>(90,193)</u>
Total other financing sources (uses)	<u>(3,452)</u>	<u>1,510,907</u>	<u>54,112</u>	<u>(90,193)</u>
Net changes in fund balances	1,381,145	-	240,043	79,738
Fund balances, beginning, as restated	<u>3,790,381</u>	<u>2,714</u>	<u>748,476</u>	<u>49,228</u>
Fund balances, ending	<u>\$ 5,171,526</u>	<u>\$ 2,714</u>	<u>\$ 988,519</u>	<u>\$ 128,966</u>

	<b>Special Revenue</b>			
	<b>Special Legislation</b>	<b>Mental Health/ Development Disabilities</b>	<b>Human Services</b>	<b>Drug and Alcohol</b>
<b>Revenues</b>				
Intergovernmental revenue	\$ 877,748	\$ 16,052,779	\$ 2,106,086	\$ 4,713,744
Hotel tax	2,636,191	-	-	-
Departmental charges and reimbursements	1,109,026	-	-	-
Investment earnings	15,936	13,985	1,663	-
Rental	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>4,638,901</u>	<u>16,066,764</u>	<u>2,107,749</u>	<u>4,713,744</u>
<b>Expenditures</b>				
Current:				
General government, administrative	2,980,513	-	-	-
General government, judicial	38,688	-	-	-
Public safety	-	-	-	-
Human services	-	16,859,391	2,106,765	6,442,106
Capital outlay	-	-	-	-
Community and economic development	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>3,019,201</u>	<u>16,859,391</u>	<u>2,106,765</u>	<u>6,442,106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,619,700</u>	<u>(792,627)</u>	<u>984</u>	<u>(1,728,362)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	809,583	-	1,728,362
Transfers out	(1,637,981)	(16,956)	(984)	-
Total other financing sources (uses)	<u>(1,637,981)</u>	<u>792,627</u>	<u>(984)</u>	<u>1,728,362</u>
Net changes in fund balances	(18,281)	-	-	-
Fund balances, beginning, as restated	3,052,493	-	17,775	-
Fund balances, ending	<u>\$ 3,034,212</u>	<u>\$ -</u>	<u>\$ 17,775</u>	<u>\$ -</u>

	<b>Special Revenue</b>			<b>Total</b>
	<b>Department of Emergency Services</b>	<b>Community Development</b>	<b>Capital Projects</b>	
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ 2,066,339	\$ -	\$ 47,441,767
Hotel tax	-	-	-	2,636,191
Departmental charges and reimbursements	11,338,062	572,022	-	14,787,860
Investment earnings	20,466	-	39,098	158,240
Rental	58,739	-	-	69,839
Miscellaneous	521,482	-	-	763,027
Total revenues	<u>11,938,749</u>	<u>2,638,361</u>	<u>39,098</u>	<u>65,856,924</u>
<b>Expenditures</b>				
Current:				
General government, administrative	-	-	-	2,980,513
General government, judicial	-	-	-	38,688
Public Safety	12,230,772	-	-	12,230,772
Human services	-	-	-	46,177,297
Capital outlay	-	-	936,616	936,616
Community and economic development	-	2,638,361	-	2,638,361
Public works	-	-	-	2,714,971
Total expenditures	<u>12,230,772</u>	<u>2,638,361</u>	<u>936,616</u>	<u>67,717,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(292,023)</u>	<u>-</u>	<u>(897,518)</u>	<u>(1,860,294)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,468,903	-	-	5,735,665
Transfers out	<u>(1,682,197)</u>	<u>-</u>	<u>-</u>	<u>(3,595,561)</u>
Total other financing sources (uses)	<u>(213,294)</u>	<u>-</u>	<u>-</u>	<u>2,140,104</u>
Net changes in fund balances	(505,317)	-	(897,518)	279,810
Fund balances, beginning, as restated	7,232,113	-	1,760,707	16,653,887
Fund balances, ending	<u>\$ 6,726,796</u>	<u>\$ -</u>	<u>\$ 863,189</u>	<u>\$ 16,933,697</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Liquid Fuels Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 4,908,288	\$ 4,908,288	\$ 2,742,623	\$ (2,165,665)
Departmental charges and reimbursements	958,000	958,000	1,296,845	338,845
Investment earnings	48,506	48,506	49,000	494
Rental	11,100	11,100	11,100	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,925,894</u>	<u>5,925,894</u>	<u>4,099,568</u>	<u>(1,826,326)</u>
<b>Expenditures</b>				
Current:				
Public works	<u>4,455,778</u>	<u>5,458,150</u>	<u>2,714,971</u>	<u>2,743,179</u>
Total expenditures	<u>4,455,778</u>	<u>5,458,150</u>	<u>2,714,971</u>	<u>2,743,179</u>
Excess of revenues over expenditures	<u>1,470,116</u>	<u>467,744</u>	<u>1,384,597</u>	<u>916,853</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	<u>(7,656)</u>	<u>(7,656)</u>	<u>(3,452)</u>	<u>4,204</u>
Total other financing sources (uses)	<u>(7,656)</u>	<u>(7,656)</u>	<u>(3,452)</u>	<u>4,204</u>
Net change in fund balances	1,462,460	460,088	1,381,145	921,057
Fund balances, beginning	<u>3,790,381</u>	<u>3,790,381</u>	<u>3,790,381</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,252,841</u>	<u>\$ 4,250,469</u>	<u>\$ 5,171,526</u>	<u>\$ 921,057</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Domestic Relations Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 4,796,326	\$ 4,841,826	\$ 4,731,398	\$ (110,428)
Departmental charges and reimbursements	<u>240,000</u>	<u>240,000</u>	<u>267,335</u>	<u>27,335</u>
Total revenues	<u>5,036,326</u>	<u>5,081,826</u>	<u>4,998,733</u>	<u>(83,093)</u>
<b>Expenditures</b>				
Current:				
Human services	<u>6,780,525</u>	<u>6,826,187</u>	<u>6,509,640</u>	<u>316,547</u>
Total expenditures	<u>6,780,525</u>	<u>6,826,187</u>	<u>6,509,640</u>	<u>316,547</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,744,199)</u>	<u>(1,744,361)</u>	<u>(1,510,907)</u>	<u>233,454</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,888,244	1,888,244	1,645,790	(242,454)
Transfers out	<u>(144,045)</u>	<u>(144,045)</u>	<u>(134,883)</u>	<u>9,162</u>
Total other financing sources (uses)	<u>1,744,199</u>	<u>1,744,199</u>	<u>1,510,907</u>	<u>(233,292)</u>
Net change in fund balances	-	(162)	-	162
Fund balances, beginning	<u>2,714</u>	<u>2,714</u>	<u>2,714</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,714</u>	<u>\$ 2,552</u>	<u>\$ 2,714</u>	<u>\$ 162</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Employment and Training Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 4,725,909	\$ 5,768,178	\$ 5,207,038	\$ (561,140)
Departmental charges and reimbursements	-	-	-	-
Investment earnings	-	-	4,513	4,513
Miscellaneous	<u>185,907</u>	<u>203,687</u>	<u>200,591</u>	<u>(3,096)</u>
Total revenues	<u>4,911,816</u>	<u>5,971,865</u>	<u>5,412,142</u>	<u>(559,723)</u>
<b>Expenditures</b>				
Current:				
Human services	<u>4,867,645</u>	<u>6,037,214</u>	<u>5,226,211</u>	<u>811,003</u>
Total expenditures	<u>4,867,645</u>	<u>6,037,214</u>	<u>5,226,211</u>	<u>811,003</u>
Excess (deficiency) of revenue over (under) expenditures	<u>44,171</u>	<u>(65,349)</u>	<u>185,931</u>	<u>251,280</u>
<b>Other financing uses:</b>				
Transfers in	-	83,027	83,027	-
Transfers out	<u>(44,171)</u>	<u>(30,978)</u>	<u>(28,915)</u>	<u>2,063</u>
Total other financing uses	<u>(44,171)</u>	<u>52,049</u>	<u>54,112</u>	<u>2,063</u>
Net change in fund balances	-	(13,300)	240,043	253,343
Fund balances, beginning	<u>748,476</u>	<u>748,476</u>	<u>748,476</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 748,476</u></u>	<u><u>\$ 735,176</u></u>	<u><u>\$ 988,519</u></u>	<u><u>\$ 253,343</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Office of Aging Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 7,874,694	\$ 10,198,975	\$ 8,944,012	\$ (1,254,963)
Departmental charges and reimbursements	224,000	224,000	204,570	(19,430)
Investment earnings	3,000	3,000	13,579	10,579
Miscellaneous	<u>3,100</u>	<u>3,100</u>	<u>40,954</u>	<u>37,854</u>
Total revenues	<u>8,104,794</u>	<u>10,429,075</u>	<u>9,203,115</u>	<u>(1,225,960)</u>
<b>Expenditures</b>				
Current:				
Human services	<u>8,016,183</u>	<u>10,336,513</u>	<u>9,033,184</u>	<u>1,303,329</u>
Total expenditures	<u>8,016,183</u>	<u>10,336,513</u>	<u>9,033,184</u>	<u>1,303,329</u>
Excess of revenue over expenditures	<u>88,611</u>	<u>92,562</u>	<u>169,931</u>	<u>77,369</u>
<b>Other financing sources (uses):</b>				
Transfers in	559,151	103,685	-	(103,685)
Transfers out	<u>(647,762)</u>	<u>(196,247)</u>	<u>(90,193)</u>	<u>106,054</u>
Total other financing sources (uses)	<u>(88,611)</u>	<u>(92,562)</u>	<u>(90,193)</u>	<u>2,369</u>
Net change in fund balances	-	-	79,738	79,738
Fund balances, beginning	<u>49,228</u>	<u>49,228</u>	<u>49,228</u>	-
Fund balances, ending	<u>\$ 49,228</u>	<u>\$ 49,228</u>	<u>\$ 128,966</u>	<u>\$ 79,738</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Special Legislation Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 836,000	\$ 836,000	\$ 877,748	\$ 41,748
Hotel tax	2,300,000	2,300,000	2,636,191	336,191
Departmental charges and reimbursements	1,095,540	1,095,540	1,109,026	13,486
Investment earnings	<u>3,174</u>	<u>3,174</u>	<u>15,936</u>	<u>12,762</u>
Total revenues	<u>4,234,714</u>	<u>4,234,714</u>	<u>4,638,901</u>	<u>404,187</u>
<b>Expenditures</b>				
Current:				
General government, administrative	2,568,952	2,568,952	2,980,513	(411,561)
General government, judicial	<u>30,000</u>	<u>30,000</u>	<u>38,688</u>	<u>(8,688)</u>
Total expenditures	<u>2,598,952</u>	<u>2,598,952</u>	<u>3,019,201</u>	<u>(420,249)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,635,762</u>	<u>1,635,762</u>	<u>1,619,700</u>	<u>(16,062)</u>
<b>Other financing uses:</b>				
Transfers out	<u>(1,602,149)</u>	<u>(1,775,199)</u>	<u>(1,637,981)</u>	<u>137,218</u>
Total other financing uses	<u>(1,602,149)</u>	<u>(1,775,199)</u>	<u>(1,637,981)</u>	<u>137,218</u>
Net change in fund balances (deficits)	33,613	(139,437)	(18,281)	121,156
Fund balances, beginning	<u>3,052,493</u>	<u>3,052,493</u>	<u>3,052,493</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,086,106</u>	<u>\$ 2,913,056</u>	<u>\$ 3,034,212</u>	<u>\$ 121,156</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Mental Health/Developmental Disabilities Special Revenue Fund - Budget and Actual  
Year ended December 31, 2017

County of Berks  
2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 15,706,717	\$ 16,562,107	\$ 16,052,779	\$ (509,328)
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>13,985</u>	<u>8,985</u>
Total revenues	<u>15,711,717</u>	<u>16,567,107</u>	<u>16,066,764</u>	<u>(500,343)</u>
<b>Expenditures</b>				
Current:				
Human services	<u>16,450,885</u>	<u>17,382,013</u>	<u>16,859,391</u>	<u>522,622</u>
Total expenditures	<u>16,450,885</u>	<u>17,382,013</u>	<u>16,859,391</u>	<u>522,622</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(739,168)</u>	<u>(814,906)</u>	<u>(792,627)</u>	<u>22,279</u>
<b>Other financing sources (uses):</b>				
Transfers in	756,348	832,273	809,583	(22,690)
Transfers out	<u>(17,180)</u>	<u>(17,367)</u>	<u>(16,956)</u>	<u>411</u>
Total other financing sources (uses)	<u>739,168</u>	<u>814,906</u>	<u>792,627</u>	<u>(22,279)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Human Services Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ 2,133,693	\$ 2,133,204	\$ 2,106,086	\$ (27,118)
Investment earnings	500	500	1,663	1,163
Total revenues	<u>2,134,193</u>	<u>2,133,704</u>	<u>2,107,749</u>	<u>(25,955)</u>
<b>Expenditures</b>				
Current:				
Human services	<u>2,133,112</u>	<u>2,132,710</u>	<u>2,106,765</u>	<u>25,945</u>
Total expenditures	<u>2,133,112</u>	<u>2,132,710</u>	<u>2,106,765</u>	<u>25,945</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,081</u>	<u>994</u>	<u>984</u>	<u>(10)</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(1,081)</u>	<u>(994)</u>	<u>(984)</u>	<u>10</u>
Total other financing sources (uses)	<u>(1,081)</u>	<u>(994)</u>	<u>(984)</u>	<u>10</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, 2017

County of Berks  
2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenue</b>				
Intergovernmental revenue	\$ 4,240,712	\$ 4,713,745	\$ 4,713,744	\$ (1)
Total revenue	<u>4,240,712</u>	<u>4,713,745</u>	<u>4,713,744</u>	<u>(1)</u>
<b>Expenditures</b>				
Current:				
Human services	<u>5,969,074</u>	<u>6,442,107</u>	<u>6,442,106</u>	<u>(1)</u>
Total expenditures	<u>5,969,074</u>	<u>6,442,107</u>	<u>6,442,106</u>	<u>(1)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,728,362)</u>	<u>(1,728,362)</u>	<u>(1,728,362)</u>	<u>-</u>
<b>Other financing sources:</b>				
Transfers in	<u>1,728,362</u>	<u>1,728,362</u>	<u>1,728,362</u>	<u>-</u>
Total other financing sources	<u>1,728,362</u>	<u>1,728,362</u>	<u>1,728,362</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, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Departmental charges and reimbursements	\$ 10,931,619	\$ 10,931,619	\$ 11,338,062	\$ 406,443
Investment earnings	8,500	8,500	20,466	11,966
Rental	52,049	52,049	58,739	6,690
Miscellaneous	<u>520,643</u>	<u>520,643</u>	<u>521,482</u>	<u>839</u>
Total revenues	<u>11,512,811</u>	<u>11,512,811</u>	<u>11,938,749</u>	<u>425,938</u>
<b>Expenditures</b>				
Current:				
Public safety	<u>14,251,614</u>	<u>15,115,269</u>	<u>12,230,772</u>	<u>2,884,497</u>
Total expenditures	<u>14,251,614</u>	<u>15,115,269</u>	<u>12,230,772</u>	<u>2,884,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,738,803)</u>	<u>(3,602,458)</u>	<u>(292,023)</u>	<u>3,310,435</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,388,920	4,401,372	1,468,903	(2,932,469)
Transfers out	<u>(4,614,156)</u>	<u>(4,614,156)</u>	<u>(1,682,197)</u>	<u>2,931,959</u>
Total other financing sources (uses)	<u>(225,236)</u>	<u>(212,784)</u>	<u>(213,294)</u>	<u>(510)</u>
Net change in fund balances	<u>(2,964,039)</u>	<u>(3,815,242)</u>	<u>(505,317)</u>	<u>3,309,925</u>
Fund balances, beginning	<u>7,232,113</u>	<u>7,232,113</u>	<u>7,232,113</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,268,074</u>	<u>\$ 3,416,871</u>	<u>\$ 6,726,796</u>	<u>\$ 3,309,925</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Community Development Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
<b>Revenues</b>				
Intergovernmental revenue	\$ 3,736,488	\$ 3,736,488	\$ 2,066,339	\$ (1,670,149)
Departmental charges and reimbursements	<u>512,300</u>	<u>572,022</u>	<u>572,022</u>	<u>-</u>
Total revenues	<u>4,248,788</u>	<u>4,308,510</u>	<u>2,638,361</u>	<u>(1,670,149)</u>
<b>Expenditures</b>				
Current:				
Community and economic development	<u>4,248,788</u>	<u>4,308,510</u>	<u>2,638,361</u>	<u>1,670,149</u>
Total expenditures	<u>4,248,788</u>	<u>4,308,510</u>	<u>2,638,361</u>	<u>1,670,149</u>
Excess of revenue over expenditures and net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Capital Projects Special Revenue Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 39,098	\$ 39,098
<b>Expenditures</b>				
Current:				
Capital outlay	-	985,373	936,616	48,757
Total expenditures	-	985,373	936,616	48,757
Excess of revenue over expenditures and net change in fund balances	-	(985,373)	(897,518)	87,855
Fund balances, beginning, as restated	1,760,707	1,760,707	1,760,707	-
Fund balances, ending	\$ 1,760,707	\$ 775,334	\$ 863,189	\$ 87,855

Schedule of Revenues, Expenses and Changes in Net Position  
 Berks County Residential Center Enterprise Fund - Budget and Actual  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Operating revenues</b>				
Charges for services	\$ 6,671,747	\$ 6,671,747	\$ 6,501,608	\$ (170,139)
Other operating revenues	<u>2,492,819</u>	<u>2,492,819</u>	<u>2,201,516</u>	<u>(291,303)</u>
Total operating revenues	<u>9,164,566</u>	<u>9,164,566</u>	<u>8,703,124</u>	<u>(461,442)</u>
<b>Operating expenses</b>				
Shelter care - Immigration and naturalizations	7,758,571	7,763,451	7,255,033	508,418
Depreciation	<u>242,937</u>	<u>242,937</u>	<u>308,939</u>	<u>(66,002)</u>
Total operating expenses	<u>8,001,508</u>	<u>8,006,388</u>	<u>7,563,972</u>	<u>442,416</u>
Operating income (loss)	<u>1,163,058</u>	<u>1,158,178</u>	<u>1,139,152</u>	<u>(19,026)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	-	-	12,052	12,052
Change in fair value of interest rate swaps	-	-	7,797	7,797
Interest expense	<u>(137,112)</u>	<u>(137,112)</u>	<u>(137,477)</u>	<u>(365)</u>
Total nonoperating revenues (expenses)	<u>(137,112)</u>	<u>(137,112)</u>	<u>(117,628)</u>	<u>19,484</u>
Income before transfers	1,025,946	1,021,066	1,021,524	458
Transfers in	-	4,880	5,739	859
Transfers out	<u>(1,088,977)</u>	<u>(1,088,977)</u>	<u>(1,088,977)</u>	<u>-</u>
Change in net position	(63,031)	(63,031)	(61,714)	1,317
Total net position, beginning	<u>6,819,293</u>	<u>6,819,293</u>	<u>6,819,293</u>	<u>-</u>
Total net position, ending	<u>\$ 6,756,262</u>	<u>\$ 6,756,262</u>	<u>\$ 6,757,579</u>	<u>\$ 1,317</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, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Operating revenues</b>				
Charges for services	\$ 39,930,293	\$ 39,930,293	\$ 39,670,094	\$ (260,199)
Other operating revenues	10,591,965	10,656,543	10,923,326	266,783
Total operating revenues	<u>50,522,258</u>	<u>50,586,836</u>	<u>50,593,420</u>	<u>6,584</u>
<b>Operating expenses</b>				
Financial administration	3,474,181	3,463,681	3,249,151	214,530
Administrative expenses	2,084,413	2,066,808	2,177,435	(110,627)
Special services	166,606	165,976	159,130	6,846
Dietary	3,835,168	3,909,658	3,704,544	205,114
Laundry	735,750	735,750	639,383	96,367
Environmental services	2,056,021	2,060,921	1,959,114	101,807
Plant operations	1,480,264	1,548,695	1,351,740	196,955
Nursing	20,325,410	20,284,531	20,310,145	(25,614)
Physician services	78,699	81,419	77,722	3,697
Pharmacy services	763,523	816,623	816,535	88
Medical services	295,054	295,114	281,838	13,276
Therapeutic activity	532,982	533,552	493,108	40,444
Social service	288,893	288,893	274,459	14,434
Physical therapy service	1,871,266	1,845,845	1,841,563	4,282
Staff development	375,315	377,440	400,949	(23,509)
Materials management	175,440	175,540	183,200	(7,660)
Personnel	133,003	133,003	130,073	2,930
Security	253,783	256,483	248,381	8,102
Volunteers	75,857	75,857	75,482	375
Nursing administration	1,575,275	1,593,545	1,557,003	36,542
Admissions	234,218	234,218	198,741	35,477
Depreciation	876,073	876,073	1,074,169	(198,096)
Total operating expenses	<u>41,687,194</u>	<u>41,819,625</u>	<u>41,203,865</u>	<u>615,760</u>
Operating income	<u>8,835,064</u>	<u>8,767,211</u>	<u>9,389,555</u>	<u>622,344</u>
<b>Nonoperating revenues (expenses)</b>				
Grants	-	-	8,384	8,384
Investment earnings	1,227	1,227	2,615	1,388
Change in fair value of interest rate swaps	-	-	44,678	44,678
Interest expense	(866,815)	(866,815)	(868,806)	(1,991)
Contribution to General Fund	(6,256,370)	(6,465,000)	(6,465,000)	-
Total nonoperating revenues (expenses)	<u>(7,121,958)</u>	<u>(7,330,588)</u>	<u>(7,278,129)</u>	<u>52,459</u>
Income before transfers	1,713,106	1,436,623	2,111,426	674,803
Transfers in	-	-	-	-
Change in net position	1,713,106	1,436,623	2,111,426	674,803
Total net position, beginning	7,345,749	7,345,749	7,345,749	-
Total net position, ending	<u>\$ 9,058,855</u>	<u>\$ 8,782,372</u>	<u>\$ 9,457,175</u>	<u>\$ 674,803</u>

Note: Capital outlay Original and Final budget was \$175,761 and \$200,849, respectively.

Statement of Changes in Net Position  
 Agency Fund  
 Year ended December 31, 2017

County of Berks  
 2017 Comprehensive Annual Financial Report

	<b>Balance January 1, 2017</b>	<b>Additions Increase (Decrease)</b>	<b>Reductions (Decrease) Increase</b>	<b>Balance December 31, 2017</b>
<b>Assets</b>				
Cash, cash equivalents, and investments	\$ 12,291,168	\$ 151,561,662	\$ (149,271,283)	\$ 14,581,547
Total assets	<u>\$ 12,291,168</u>	<u>\$ 151,561,662</u>	<u>\$ (149,271,283)</u>	<u>\$ 14,581,547</u>
<b>Liabilities</b>				
Due to third parties by department:				
Berks County Residential Center	\$ 10,042	\$ 93,021	\$ (101,192)	\$ 1,871
Berks Heim	256,162	293,452	(272,907)	276,707
Clerk of Courts	2,073,294	9,631,092	(9,767,972)	1,936,414
Controller	87,714	521,346	(513,228)	95,832
District Attorney	3,917,140	8,793,074	(6,006,444)	6,703,770
Domestic Relations	33,798	1,807,303	(1,815,035)	26,066
Jail System	80,305	2,166,128	(2,103,399)	143,034
Juvenile Probation	2,531	57,544	(47,079)	12,996
Prothonotary	1,576,871	4,898,566	(5,346,865)	1,128,572
Recorder of Deeds	1,697,670	43,730,324	(43,477,625)	1,950,369
Register of Wills	164,117	1,714,536	(1,707,771)	170,882
Sheriff	2,078,623	45,776,267	(46,243,629)	1,611,261
Treasurer	312,901	32,079,009	(31,868,137)	523,773
Total liabilities	<u>\$ 12,291,168</u>	<u>\$ 151,561,662</u>	<u>\$ (149,271,283)</u>	<u>\$ 14,581,547</u>



County of Berks,  
Pennsylvania  
Comprehensive  
Annual Financial  
Report **Statistical  
Information** for  
the Year Ending  
December 31, 2017



County of Berks  
Statistical Section - Categories  
Year Ended December 31, 2017

**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)**

	2017	2016 (Restated)	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 95,148,395	\$ 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)
Restricted	59,235,018	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
Unrestricted	<u>114,340,821</u>	<u>129,854,361</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>
Total governmental activities net position	<u>\$ 268,724,234</u>	<u>\$ 252,194,353</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>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 12,977,783	\$ 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
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted deficit	<u>3,236,971</u>	<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>
Total business-type activities net position	<u>\$ 16,214,754</u>	<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>
<b>Primary government</b>										
Net Investment in Capital Assets	\$ 108,126,178	\$ 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
Restricted	59,235,018	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
Unrestricted	<u>117,577,792</u>	<u>130,295,758</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>
Total primary government net position	<u>\$ 284,938,988</u>	<u>\$ 266,359,395</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>

(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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental activities:										
General government	\$ 30,620,288	\$ 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
Judicial	50,672,477	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
Public safety	76,756,649	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
Human services	204,645,396	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
Culture and recreation	8,046,140	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
Community and economic development	5,218,666	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
Public works	1,241,733	1,108,162	2,212,561	1,518,619	1,143,574	997,263	948,645	523,018	500,943	1,754,015
Community support	626,679	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
Debt service administrative expenses	8,443,737	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
Capital Projects	-	-	-	-	-	-	-	-	647,030	570,118
Solid waste	359,419	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
Total governmental activities expenses	<u>\$ 386,631,184</u>	<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>
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
Berks County Residential Center	7,701,449	7,877,438	6,999,440	5,667,274	6,088,570	6,047,116	5,464,568	-	-	-
Berks Heim	48,537,671	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
Youth Center	-	-	-	-	-	4,416,787	5,885,897	12,778,024	12,804,773	14,033,304
Total business-type activities expenses	<u>56,239,120</u>	<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>
Total primary government expenses	<u>\$ 442,870,304</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services :										
General government	9,090,716	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
Judicial	10,246,205	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
Public safety	15,988,449	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
Human services	1,505,680	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
Culture and recreation	201,503	575,744	135,187	112,481	75,756	124,492	116,685	133,154	92,750	128,830
Community and economic development	861,287	2,035,597	940,375	672,165	749,067	1,053,516	573,080	1,417,454	1,108,273	3,096,504
Public works	1,043,790	1,178,078	2,021,583	22,902	-	-	346	3,225	11,995	98,605
Solid waste	4,147,808	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
Other activities	1,521,986	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	205,661,746	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
Capital grants and contributions	4,058,333	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
Total governmental activities program revenues	<u>\$ 254,327,503</u>	<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>
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
Berks County Residential Center	8,703,124	8,836,182	8,861,784	7,664,164	6,985,278	6,523,375	6,018,136	-	-	-
Berks Heim	50,593,420	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
Youth Center	-	-	-	-	-	567,352	2,091,611	8,432,646	8,465,715	8,299,295
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
Capital grants and contributions	8,384	8,587	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>59,304,928</u>	<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>
Total primary government program revenues	<u>\$ 313,632,431</u>	<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>
Net (expense)/revenue										
Governmental activities	(132,303,681)	(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)
Business-type activities	3,065,808	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)
Total primary government net expense	<u>\$ (129,237,873)</u>	<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>

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

	<u>2017</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 136,828,317	\$ 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
Hotel room	2,636,191	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
Payments in lieu of taxes	219,602	237,561	242,774	266,532	220,931	316,221	249,053	324,063	170,159	274,085
Investment earnings	1,616,192	1,474,025	1,134,503	639,352	550,091	833,259	1,049,014	850,893	3,438,690	6,108,261
Changes in fair value of investment rate swaps	581,988	(1,109,819)	490,084	601,668	-	-	-	-	-	-
Rentals	489,566	464,950	389,756	328,094	356,407	202,812	-	-	-	-
Miscellaneous	6,068,787	4,945,007	-	-	-	-	-	-	-	8,615,137
Gain (loss) on sale of capital assets	(690,319)	86,776	20,720	(245,199)	68,874	46,931	18,100	27,008	26,006	18,777
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	1,083,238	(146,980)	1,088,977	(436,774)	(10,196,998)	(4,816,823)	(14,158,452)	(401,900)	(396,908)	(412,300)
Total governmental activities	<u>\$ 148,833,562</u>	<u>\$ 145,255,063</u>	<u>\$ 147,834,546</u>	<u>\$ 133,497,082</u>	<u>\$ 127,652,351</u>	<u>\$ 125,297,133</u>	<u>\$ 115,881,634</u>	<u>\$ 130,120,808</u>	<u>\$ 117,149,285</u>	<u>\$ 135,725,073</u>
Business-type activities										
Investment earnings	14,667	1,986	8,088	7,349	5,962	5,248	8,658	25,828	66,604	48,924
Changes in fair value of investment rate swaps	52,475	(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	(1,083,238)	146,980	(1,088,977)	436,774	10,196,997	4,816,823	14,158,452	401,900	396,908	412,300
Total business-type activities	<u>(1,016,096)</u>	<u>70,237</u>	<u>(6,496,114)</u>	<u>1,315,522</u>	<u>10,231,420</u>	<u>4,844,535</u>	<u>14,188,120</u>	<u>427,712</u>	<u>462,499</u>	<u>461,224</u>
Total primary government general revenue	<u>\$ 147,817,466</u>	<u>\$ 145,325,300</u>	<u>\$ 141,338,432</u>	<u>\$ 134,812,604</u>	<u>\$ 137,883,771</u>	<u>\$ 130,141,668</u>	<u>\$ 130,069,754</u>	<u>\$ 130,548,520</u>	<u>\$ 117,611,784</u>	<u>\$ 136,186,297</u>
<b>Changes in Net Position</b>										
Governmental activities	16,529,881	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
Business-type activities	2,049,712	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)
Total primary government net revenue	<u>\$ 18,579,593</u>	<u>\$ 23,612,434</u>	<u>\$ 27,207,177</u>	<u>\$ 29,390,739</u>	<u>\$ 22,642,499</u>	<u>\$ 11,961,393</u>	<u>\$ 11,383,084</u>	<u>\$ 29,084,129</u>	<u>\$ 9,349,134</u>	<u>\$ 38,663,928</u>

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

	<u>2017</u>	<u>2016</u> <u>(Restated)</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>
General Fund										
Nonspendable	\$ 1,405,524	\$ 1,641,843	\$ 1,584,554	\$ 1,364,327	\$ 398,435	\$ 592,927	\$ 878,350	\$ -	\$ -	\$ -
Restricted	4,012,464	2,859,389	4,125,006	4,201,282	4,869,238	2,299,603	1,865,358	-	-	-
Committed	19,322,610	7,327,174	-	-	-	-	-	-	-	-
Assigned	4,083,786	4,082,537	10,551,289	11,323,251	16,953,963	19,545,324	35,008,622	-	-	-
Unassigned	112,322,040	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
Unreserved	-	-	-	-	-	-	-	135,857,859	123,004,381	111,756,048
Total General Fund	<u>\$ 141,146,424</u>	<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>
All other governmental funds										
Nonspendable	2,712,241	2,836,878	3,116,156	32,408	12,455	15,128	15,891	-	-	-
Restricted	14,260,002	13,852,760	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
Unreserved	-	-	-	-	-	-	-	89,703,186	13,709,145	14,171,821
Total all other governmental funds	<u>\$ 16,972,243</u>	<u>\$ 16,689,638</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>
Total governmental funds	<u>\$ 158,118,667</u>	<u>\$ 151,530,792</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>

**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)**

<b>Revenues</b>	<u>2017</u>	<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>
<b>Taxes:</b>										
Property	\$ 137,690,930	\$ 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
Hotel	2,636,191	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
Court costs, fines and forfeitures	2,825,583	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
Intergovernmental revenue	210,267,612	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
Department charges and reimbursements	70,478,089	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
Payments in lieu of taxes	219,602	237,561	89,730	102,196	51,827	135,367	61,979	131,780	58,551	274,085
Rentals	489,566	464,950	389,756	328,094	356,407	202,812	224,206	216,663	223,811	237,981
Sales of property, supplies and equipment	(770)	86,776	20,720	18,250	68,874	46,931	18,100	27,008	26,006	18,777
Investment earnings	1,616,192	1,474,025	1,134,503	639,352	550,092	833,261	1,049,014	1,695,035	3,438,710	5,968,895
Other revenue	8,629,323	9,384,796	5,088,961	2,572,505	4,014,222	1,444,130	1,754,018	7,045,682	6,625,792	5,662,307
<b>Total revenues</b>	<b>\$ 434,852,318</b>	<b>\$ 431,454,454</b>	<b>\$ 390,351,502</b>	<b>\$ 382,236,104</b>	<b>\$ 379,755,259</b>	<b>\$ 380,509,495</b>	<b>\$ 386,484,463</b>	<b>\$ 359,210,698</b>	<b>\$ 372,981,088</b>	<b>\$ 394,614,414</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government, administrative	\$ 44,076,078	\$ 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
General government, judicial	52,602,699	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
Public safety	74,497,685	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
Human services	204,636,989	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
Culture and recreation	6,998,988	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
Community and economic development	6,160,562	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
Public works	2,729,499	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
Community support	12,035,621	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
Intergovernmental expenditures- Solid waste	295,029	928,453	993,342	998,452	997,007	1,000,219	997,450	844,401	893,571	948,403
<b>Debt service:</b>										
Principal	20,356,220	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
Interest	3,999,167	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
Debt issuance costs	-	119,123	178,668	118,742	141,629	430,673	-	691,302	407,689	8,744
Administrative expenditures	22,528	141,015	80,461	109,147	12,302	15,518	38,902	-	37,239	136,994
Capital outlay	936,616	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
<b>Total expenditures</b>	<b>\$ 429,347,681</b>	<b>\$ 428,526,206</b>	<b>\$ 388,195,165</b>	<b>\$ 398,217,473</b>	<b>\$ 393,021,531</b>	<b>\$ 452,462,635</b>	<b>\$ 390,137,659</b>	<b>\$ 369,699,055</b>	<b>\$ 358,709,841</b>	<b>\$ 421,735,835</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 5,504,637	\$ 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)
<b>Other financing sources (uses)</b>										
Transfers in	\$ 16,582,778	\$ 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
Transfers out	(15,499,540)	(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)
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
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)
<b>Total other financing sources (uses)</b>	<b>\$ 1,083,238</b>	<b>\$ (13,869,487)</b>	<b>\$ (5,148,266)</b>	<b>\$ 855,819</b>	<b>\$ 19,316,975</b>	<b>\$ 33,626,337</b>	<b>\$ (14,158,452)</b>	<b>\$ 86,343,100</b>	<b>\$ 23,133,317</b>	<b>\$ 9,624,088</b>
<b>Special Item</b>										
Swap termination fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,876,000)	\$ -	\$ (13,766,920)	\$ (5,663,249)
Net change in fund balances	<b>\$ 6,587,875</b>	<b>\$ (10,941,239)</b>	<b>\$ (2,991,949)</b>	<b>\$ (15,125,550)</b>	<b>\$ 6,050,703</b>	<b>\$ (38,326,803)</b>	<b>\$ (20,687,648)</b>	<b>\$ 75,854,743</b>	<b>\$ 23,637,644</b>	<b>\$ (23,160,582)</b>
<b>Debt Service</b>										
Percentage of noncapital expenditures	2.2%	5.9%	4.9%	10.0%	8.1%	7.9%	3.6%	6.3%	3.2%	5.8%

**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)**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Court Costs, Fines &amp; Forfeitures</u>	<u>Inter - Governmental Revenues</u>	<u>Department Charges &amp; Reimbursements</u>	<u>Payments in Lieu of Taxes</u>	<u>Rentals</u>	<u>Sale of property, supplies, and equipment</u>	<u>Investment Earnings</u>	<u>Other Revenues</u>	<u>Totals</u>
2017	\$ 140,327,121	\$ 2,825,583	\$ 210,267,612	\$ 70,478,089	\$ 219,602	\$ 489,566	\$ (770)	\$ 1,616,192	\$ 8,629,323	\$ 434,852,318
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

**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>
2017	\$ 2,838,979,500	\$ 14,509,132,100	\$ 3,459,131,800	\$ 824,364,000	\$ 18,792,627,900	\$ 19,515,064,200	96.3%	74.30%	7.372%
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%

**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>
2017	7.372	3.80	28.46	39.63
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

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	2017			2008		
		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%
East Penn Manufacturing Co.	Battery Manufacturing	56,909,400	2	0.30%	26,495,900	5	0.15%
BRE RC Exeter PA LP	Shopping Mall	51,709,800	3	0.28%			
Reading Hospital	Healthcare	44,058,600	4	0.23%			
Green Hills Realty Association, LP	Leasing	42,348,100	5	0.23%	29,148,100	3	0.16%
Spring Ridge Associates, Inc.	Shopping Mall	41,491,000	6	0.22%	40,131,600	2	0.22%
Highlands at Wyomissing	Intermediate Care	37,449,800	7	0.20%	28,055,000	4	0.15%
Phoebe Berks Village Inc.	Intermediate Care	28,976,400	8	0.15%	23,189,200	9	0.13%
DGI Berks	Warehousing	27,852,700	9	0.15%			
Morgantown Crossings	Furniture Manufacturing	24,918,800	10	0.13%	25,923,500	6	0.14%
Carpenter Technology Corp.	Specialty Steel Manufacturing	-		-	23,238,000	8	0.13%
Ashley Furniture Industries		-		-	24,657,900	7	0.14%
Sithe Pennsylvania Holdings		-		-	22,511,900	10	0.12%
<b>Total</b>		<b>\$ 418,764,000</b>		<b>2.23%</b>	<b>\$ 318,851,100</b>		<b>1.76%</b>

**Note**

Total County of Berks assessed valuation for 2017 and 2008:

18,792,627,900

\$ 18,165,776,900

**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
2017	\$138,386,112	\$133,476,216	96.45%	\$4,214,714	\$137,690,930	99.50%
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%

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)

<b>Function/Program</b>	<u>2017</u>	<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>
County Direct Rates										
Total direct rate	7.37	7.37	7.37	7.37	7.37	6.94	6.94	6.94	6.94	6.94
Municipalities										
City:										
City of Reading	17.69	17.69	15.69	15.69	15.69	14.33	14.33	11.95	10.90	11.45
Boroughs:										
Bally	5.00	5.00	5.00	4.70	4.50	4.50	4.30	4.10	4.10	3.30
Bechtelsville	5.00	4.50	4.50	4.50	4.50	4.00	3.60	3.60	3.60	3.60
Bernville	4.44	4.44	4.44	4.44	4.44	3.94	3.94	3.94	2.94	2.94
Birdsboro	6.86	6.86	6.66	6.66	6.16	6.16	6.16	6.16	4.36	3.33
Boyertown	6.14	5.64	5.14	5.14	5.14	5.14	5.14	4.99	4.84	3.85
Centerport	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Fleetwood	6.25	6.00	6.00	5.50	5.50	5.50	3.00	2.75	2.70	2.70
Hamburg	8.00	8.00	8.00	7.50	6.50	5.50	5.50	5.50	5.50	5.25
Kenhorst	5.60	5.60	5.60	5.60	4.60	3.60	3.60	3.60	3.10	3.10
Kutztown	4.10	4.10	4.10	3.35	3.10	3.10	2.85	2.85	2.85	2.40
Laureldale	6.05	5.90	5.90	5.90	4.90	4.90	4.90	4.90	4.90	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	5.10	4.55	4.30	4.30	3.80	3.80	3.80	3.60	3.60	2.27
Mt. Penn	9.50	8.50	7.40	7.40	7.40	7.40	7.40	7.40	7.40	6.40
New Morgan	1.50	1.56	1.56	4.50	4.50	2.99	2.99	1.83	1.83	25.52
Robesonia	4.65	4.65	4.65	4.40	4.40	4.40	4.15	4.15	4.15	3.15
St. Lawrence	6.64	6.64	6.00	5.70	5.70	5.30	5.30	5.30	3.84	3.84
Shillington	7.14	7.14	5.89	5.89	4.89	4.89	4.89	4.39	4.39	3.89
Shoemakersville	6.50	6.50	5.50	5.50	5.50	5.50	5.50	5.00	5.00	5.00
Sinking Spring	7.99	7.32	7.32	7.32	6.32	6.32	5.04	5.04	3.84	3.84
Strausstown	6.64	3.00	3.00	2.50	2.50	2.50	2.50	2.00	2.00	2.00
Topton	6.05	5.85	5.85	5.85	5.85	6.35	5.60	5.60	5.40	5.00
Wernersville	6.10	6.10	6.10	6.10	5.60	5.60	5.60	5.60	5.60	4.20
West Reading	8.10	7.60	7.10	7.10	7.10	7.10	7.10	7.10	6.85	5.60
Womelsdorf	4.50	4.50	3.50	3.50	3.00	3.00	3.00	3.00	3.06	2.50
Wyomissing	3.90	3.90	3.90	3.90	3.63	3.63	3.43	3.13	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	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amity	2.45	1.95	1.95	1.95	1.80	1.80	1.80	1.80	1.80	1.03
Bern	3.94	3.44	3.44	3.19	3.12	3.12	3.12	3.12	2.60	2.60
Bethel	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	2.12	1.50
Brecknock	2.33	2.33	1.95	1.95	1.95	1.95	1.75	1.75	1.75	1.00
Caernarvon	2.48	2.48	2.48	2.48	2.48	2.38	2.38	2.38	2.13	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	3.50	3.00	3.00	3.00	3.00	3.00
Cumru	6.18	6.18	6.18	5.68	5.28	5.28	4.78	4.78	3.78	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	3.30	2.30	2.30	2.00	2.00	2.00	2.00	2.00	2.00
Exeter	3.34	3.25	2.87	2.87	2.87	2.69	2.69	2.43	2.33	1.30
Greenwich	1.00	1.00	1.00	1.00	1.00	1.00	0.60	0.80	0.60	0.60
Heidelberg	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.20
Hereford	1.20	1.20	0.96	0.96	0.96	0.96	0.96	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	3.05	2.80	2.80	2.80	2.80	2.85	2.32	2.32	2.32	2.18

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

<b>Function/Program</b>	<u>2017</u>	<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>
<b>Townships (continued)</b>										
Lower Alsace	8.68	7.95	7.18	7.18	6.68	6.68	6.68	6.68	6.68	4.07
Lower Heidelberg	4.79	4.79	4.79	4.79	4.80	4.85	4.85	2.55	0.68	0.68
Maidencreek	1.75	1.75	1.75	1.50	1.50	1.13	1.13	1.13	1.13	1.25
Marion	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.00	1.00	1.00
Maxatawny	2.36	2.36	2.36	2.36	3.36	3.36	3.36	3.36	2.68	2.68
Muhlenberg	5.00	5.00	5.00	4.80	4.80	4.50	4.25	4.25	4.25	4.05
North Heidelberg	1.00	1.00	1.00	0.40	0.40	0.40	0.40	0.20	0.20	0.20
Oley	3.20	2.80	2.80	2.80	2.80	2.59	2.50	2.50	3.10	3.00
Ontelaunee	4.05	4.05	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	0.80	0.25	0.25	0.25
Pike	1.50	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
Richmond	3.50	3.50	2.50	2.25	2.00	1.75	1.75	1.75	1.75	1.75
Robeson	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00
Rockland	1.00	1.00	1.00	1.00	1.00	0.60	0.60	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	4.10	3.35	3.35	3.05	2.55	2.55	2.25	2.25	1.75	1.25
Spring	4.01	3.25	3.25	3.25	3.25	3.25	3.00	2.65	2.75	2.35
Tilden	1.45	1.45	1.45	1.45	1.45	0.95	0.92	0.92	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	3.65	2.15	2.15	2.15	1.90	1.90
Upper Bern	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.20	1.20	1.20
Upper Tulpehocken	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.60
Washington	2.70	2.70	2.70	2.70	4.32	4.32	2.32	2.32	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
<b>School Districts:</b>										
Antietam	39.15	37.79	36.79	35.86	34.56	33.75	32.35	31.60	31.60	30.80
Boyerstown	25.02	24.27	23.96	23.39	22.52	21.88	20.77	20.02	19.64	19.24
Brandywine Heights	32.78	32.30	32.30	32.30	32.30	31.25	30.00	29.70	29.00	28.10
Conrad Weiser	28.00	27.14	26.32	25.71	25.71	25.27	24.32	24.32	24.32	24.20
Daniel Boone	30.20	29.70	28.96	28.96	28.96	28.96	28.42	27.65	27.65	26.25
Exeter	32.62	32.22	31.25	31.25	30.80	30.10	29.62	28.62	27.78	25.83
Fleetwood	32.56	31.81	30.96	30.21	29.21	28.22	27.28	26.61	26.35	25.56
Governor Mifflin	27.60	27.10	26.60	26.00	25.30	24.50	23.20	22.60	22.50	21.60
Hamburg	26.96	26.71	26.46	26.21	25.96	25.71	25.21	24.96	24.71	23.73
Kutztown	29.95	29.95	29.95	29.95	29.25	28.76	28.28	28.28	27.17	25.53
Muhlenberg	29.06	28.56	27.81	27.56	26.81	26.31	25.56	25.06	24.31	23.81
Oley Valley	26.93	26.33	25.84	25.39	24.93	24.56	23.82	23.82	23.82	23.42
Reading	17.93	17.93	17.41	17.41	16.92	16.92	16.46	16.46	19.75	19.75
Schuylkill Valley	27.07	27.07	26.79	26.79	26.79	26.27	25.13	24.43	23.68	22.88
Tulpehocken	27.60	27.70	27.70	27.70	27.70	27.70	27.45	27.08	27.08	25.83
Twin Valley	27.55	26.77	25.74	24.54	23.88	22.60	21.70	21.40	20.30	19.30
Upper Perkiomen	24.35	24.95	24.60	24.25	24.00	23.66	23.66	20.75	22.76	19.69
Wilson	25.29	24.95	24.60	24.25	24.00	23.66	21.95	20.75	19.55	18.55
Wyomissing	30.07	30.07	29.78	29.49	29.05	28.57	27.89	27.11	26.41	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			
2017	\$ 188,367,121	\$ -	\$ 20,504,206	\$ 25,653,096	\$ -	\$ 425,795	\$ 234,950,218	1.20%	\$ 562.28
2016	206,960,390	-	19,676,075	26,289,210	-	418,780	253,344,455	1.30%	611.80
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

**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>
2017	417,854 *	\$ 19,549,373,000	\$ 234,950,218	1.20%	562.28
2016	414,097	19,454,270,800	253,344,455	1.30%	611.80
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

**Notes:**

\* Estimate used for 2017 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, 2017

Direct Debt of County and Related Entities	Net Debt Outstanding	Percentage Applicable	Estimated Share of Direct and Overlapping Debt
County of Berks	\$ 208,871,327	100%	\$ 208,871,327
<b>Overlapping Debt</b>			
<b>School Districts:</b>			
Antietam	\$ 17,875,000	100%	\$ 17,875,000
Boyertown Area	92,890,000	100%	92,890,000
Brandywine Heights	16,300,000	100%	16,300,000
Conrad Weiser	32,489,083	100%	32,489,083
Daniel Boone Area	77,828,022	100%	77,828,022
Exeter Township	72,495,582	100%	72,495,582
Fleetwood Area	26,228,133	100%	26,228,133
Governor Mifflin Area	60,940,000	100%	60,940,000
Hamburg Area	49,735,000	100%	49,735,000
Kutztown Area	25,210,000	100%	25,210,000
Muhlenberg Area	45,770,000	100%	45,770,000
Oley Valley	25,310,054	100%	25,310,054
Reading School District	371,125,000	100%	371,125,000
Schuylkill Valley	20,960,000	100%	20,960,000
Tulpehocken Area	22,500,000	100%	22,500,000
Twin Valley	31,212,250	100%	31,212,250
Wilson Area	76,790,000	100%	76,790,000
Wyomissing Area	28,365,000	100%	28,365,000
<b>Total School Districts</b>	<b>\$ 1,094,023,124</b>		<b>\$ 1,094,023,124</b>
<b>Municipalities</b>			
City of Reading	\$ 264,808,020 (1)	100%	\$ 264,808,020
Albany Township	292,463	100%	292,463
Alsace Township	2,160,418	100%	2,160,418
Amity Township	5,462,309	100%	5,462,309
Bally Borough	3,179,466	100%	3,179,466
Bern Township	174,372	100%	174,372
Bernville Borough	778,292	100%	778,292
Bethel Township	1,475,000	100%	1,475,000
Birdsboro Borough	1,408,136	100%	1,408,136
Boyertown Borough	1,301,311	100%	1,301,311
Brecknock Township	34,368	100%	34,368
Caernarvon Township	1,486,102	100%	1,486,102
Colebrookdale Township	866,447	100%	866,447
Cumru Township	2,376,000	100%	2,376,000
Exeter Township	46,244,166	100%	46,244,166
Fleetwood Borough	1,663,284	100%	1,663,284
Greenwich Township	106,213	100%	106,213
Hamburg Borough	9,263,246	100%	9,263,246
Kutztown Borough	18,525,000	100%	18,525,000
Lenhartsville Borough	377,303	100%	377,303
Longswamp Township	648,856	100%	648,856
Lower Alsace Township	2,402,682	100%	2,402,682
Lower Heidelberg Township	6,919,614	100%	6,919,614

**Note**

(1) Unavailable - used latest data available

County of Berks  
Direct and Overlapping Governmental Activities Debt  
December 31, 2017

Direct Debt of County and Related Entities (continued)	Net Debt Outstanding	Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Maidencreek Township	131,213	100%	131,213
Maxatawny Township	598,428	100%	598,428
Mt. Penn Borough	325,818	100%	325,818
Mohnton Borough	303,017	100%	303,017
Muhlenberg Township	16,354,174	100%	16,354,174
Oley Township	44,509	100%	44,509
Ontelaunee Township	2,613,516	100%	2,613,516
Penn Township	45,231 (1)	100%	45,231
Richmond Township	2,550,912	100%	2,550,912
Robeson Township	1,193,510	100%	1,193,510
Robesonia Borough	32,862	100%	32,862
St. Lawrence Borough	618,568	100%	618,568
Shillington Borough	1,878,983	100%	1,878,983
Shoemakersville Borough	800,573	100%	800,573
Sinking Spring Borough	5,746,210	100%	5,746,210
South Heidelberg Township	1,593,855	100%	1,593,855
Spring Township	19,868,965	100%	19,868,965
Tilden Township	5,969,922	100%	5,969,922
Topton Borough	1,143,945	100%	1,143,945
Tulpehocken Township	2,384,496	100%	2,384,496
Union Township	906,194	100%	906,194
Upper Tulpehocken Township	2,497,055	100%	2,497,055
Washington Township	9,985,000	100%	9,985,000
Wernersville Borough	1,230,000	100%	1,230,000
West Reading Borough	9,944,328	100%	9,944,328
Womelsdorf Borough	186,354	100%	186,354
Total Municipalities	<u>\$ 460,900,706</u>		<u>\$ 460,900,706</u>
Total overlapping debt			<u>\$ 1,554,923,830</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 1,763,795,157</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>2017</u>	<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>
Debt Limit at 300%	\$ 1,433,540,382	\$ 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
Total amount of debt applicable to debt limit net of discount on zero coupon bonds	<u>208,871,327</u>	<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>
Legal Debt Margin	<u>\$ 1,224,669,055</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	14.57%	16.44%	19.32%	17.03%	18.85%	18.66%	18.75%	19.28%	22.14%	19.11%
Total Revenues Received	\$ 494,148,862	\$ 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
Total net revenue	\$ 1,433,540,382	\$ 1,378,800,855	\$ 1,324,954,399							
Borrowing base = Total net revenues, divided by three	\$ 477,846,794	\$ 459,600,285	\$ 441,651,466							

**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
2017	\$ 20,356,220	\$ 3,999,167	\$ 24,355,387	\$ 429,347,681	5.67%
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%

**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
2017	417,854	*	*	*	*	*	4.2%	*
2016	414,097	27,844	57,068	39.8	27,081	70,329	4.4%	169,000
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

\* 2017 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**

<b>Employer</b>	<u>2017*</u>			<u>2008</u>		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
East Penn Manufacturing Co. Inc.	* 7,363	1	3.51%	5,263	2	2.57%
Tower Health	* 7,270	2	3.47%	6,398	1	3.13%
County of Berks	* 2,342	3	1.12%	2,573	3	1.26%
Carpenter Technology Corp.	* 2,168	4	1.03%	1,991	5	0.97%
Reading School District	* 2,000	5	0.95%	2,416	4	1.18%
Supportive Concepts for Families	* 1,829	6	0.87%		(1)	
Wal-Mart Stores	* 1,818	7	0.87%	1,886	6	0.92%
Boscovs Inc.	* 1,740	8	0.83%	1,600	8	0.78%
Pennsylvania Government	* 1,720	9	0.82%	1,698	7	0.83%
Penn State St. Joseph Medical Center	* 1,536	10	0.73%	1,585	9	0.77%
Santander Bank	-	(1)		1,555	10	0.76%
<b>Total</b>	<u>29,786</u>		<u>14.21%</u>	<u>26,965</u>		<u>13.18%</u>
 Total County Labor Force	 209,600			 204,575		

**Note:**

\*- 2017 employee data not available, used 2016 actuals

(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**

<b>Function/Program</b>	<u>2017</u>	<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>
Governmental activities:										
General government	200	197	196	193	205	203	209	200	181	186
Judicial	451	458	462	465	457	463	468	471	451	454
Public safety	505	487	412	398	397	390	391	404	380	389
Public works	-	-	-	-	-	-	-	-	2	2
Human services	288	294	293	297	302	307	315	313	298	312
Culture and recreation	32	34	35	35	35	35	30	31	36	36
Community and economic development	22	19	19	17	21	22	9	9	23	41
Total governmental activities	<u>1,498</u>	<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>
Business-type activities										
Berks Heim	396	399	402	398	399	398	403	415	384	430
Emergency Services	-	-	(3) 79	78	79	81	77	77	56	54
Berks County Residential Center	67	64	68	57	55	55	54	51	(2) -	-
Youth Center	-	-	-	-	-	(1) 1	58	71	134	142
Total business-type activities expenses	<u>463</u>	<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>
Total primary government expenses	<u><u>1,961</u></u>	<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>

**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>2017</u>	<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>
<b>Function/Program</b>										
<b>Governmental activities:</b>										
General government										
Elections										
New Registrations	4,000 **	20,387 **	4,859	4,896	4,360	11,283 **	4,494	5,782	3,795	27,128 **
Absentee Ballots Processed	1,500	9,358	2,177	2,830	1,962	7,396	2,814	5,282	3,034	12,501
Change of Address/Party	18,000	62,101	25,057	20,178	18,954	22,397	22,405	21,063	21,679	36,117
Cancellations	3,000	43,348	7,092	8,641	3,023	6,262	2,615	19,110	4,496	8,447
**2008, 2012 and 2016 were presidential election years, which accounts for higher voter turnout										
Real Estate										
Appeal summaries	713	(2)	1,485	1,657	1,075	1,517	1,720	2,070	2,421	1,713
Change Notices	2,616	-	2,964	4,299	3,205	3,840	2,002	3,907	7,517	12,509
Parcels Created	374	-	388	328	384	288	373	451	568	670
Acreage Changed	-	-	587	470	524	600	664	735	785	1,205
Judicial										
Coroner										
Total Cases	3,371	3,386	3,230	3,057	3,172	2,966	3,044	2,863	2,792	2,757
Cremations	2,028	2,004	1,865	1,699	1,695	1,518	1,367	1,291	1,294	1,158
District Attorney										
Criminal Case Prosecution										
Adult Cases	7,019	6,560	6,533	6,865	6,500	6,135	5,258	5,965	6,516	6,436
Juvenile Cases	736	804	890	2,074	2,371	2,454	1,967	1,958	2,247	2,365
Narcotics Enforcement Team	272	780	602	187	251	236	295	257	308	625
DUI Central Booking	735	658	602	665	620	587	522	492	567	670
Major Crimes	2,408	2,484	2,215	1,592	2,481	1,382	1,322	1,250	1,098	930
Fugitive/Warrants Unit	-	-	226	-	-	-	-	-	-	1,960
Register of Wills										
Estates Opened	2,023	1,886	1,865	1,670	1,764	1,778	1,870	1,780	1,646	1,661
Marriage Licenses Issued	2,462	2,396	2,403	2,349	2,268	2,410	2,253	2,268	2,286	2,406
Adoptions	82	227	190	214	207	215	235	215	238	220
Public Safety										
County Prison										
Inmates Committed	6,994	6,328	6,701	6,840	7,050	6,774	6,557	6,816	7,105	7,875
Average Daily Population	999	1,024	1,171	1,187	1,199	1,115	1,045	1,046	1,083	1,161
Inmate Counseling Sessions	1,607	1,690	1,568	1,547	2,582	1,630	1,687	1,579	1,900	1,948
Inmate Work Release Participants	117	92	83	110	114	108	114	116	113	177
Inmates Enrolled in Education	542	422	498	395	362	502	378	412	584	471
Public Works										
Recycling Center										
Tons Recycled Curbside	45,759	51,597	55,291	51,757	52,250	51,708	44,069	40,650	56,220	47,027
Tons Recycled Drop-off	1,492	1,625	1,585	1,660	1,662	1,547	1,450	1,804	1,290	1,479
Tons Recycled Commercial	169,106	161,972	158,866	142,918	124,200	120,669	113,237	157,390	165,823	56,361
Tons Recycled by County	1,209	1,472	1,510	1,659	1,600	1,881	1,413	2,009	1,856	352

**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>2017</u>	<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>
<b>Human services</b>										
<b>CareerLink</b>										
Companies Served	647	465	417	375	310	725	720	700	750	975
Adults Served	97	58	126	149	152	110	137	84	61	58
Youth Served	502	545	571	539	593	734	837	604	457	353
Dislocated Workers Served	324	265	304	434	451	472	605	553	386	279
JOBS Program (EARN)	327	340	442	342	356	609	1,848	1,426	1,910	1,966
<b>Culture and recreation</b>										
<b>Ag Land Preservation</b>										
Number of Farm Applicants	132	127	123	139	139	131	125	115	115	131
Number of Farms Selected	24	24	21	23	21	43	30	19	19	72
Funds Raised	4,375	100	-	147	-	2,349	145	40,000	149	-
<b>Community and economic development</b>										
<b>Planning</b>										
Act 247 Subdivision Reviews	180	151	134	152	142	143	143	180	159	246
Act 247 Ordinance Reviews	72	42	44	31	45	74	69	57	92	76
Act 537 Sewage Reviews	4	10	-	3	3	1	8	4	2	5
Act 97 Solid Waste Reviews	4	5	1	2	3	3	1	2	-	3
<b>911</b>										
Total 911 Calls	183,498	194,460	211,700	210,461	204,083	218,832	219,556	195,568	182,918	189,082
Average Daily Call Volume	503	533	580	577	560	600	602	536	501	518
Average Answer in < 10 seconds	99%	99%	99%	99%	99%	99%	99%	99%	90%	98%
Surcharge Funds Received	(3)	(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
Surcharge Funds Disbursed	(3)	(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
<b>Business-type activities</b>										
<b>Berks Heim</b>										
<b>In-house Days</b>										
Private Pay	20,178	22,090	20,866	19,983	21,790	21,535	21,681	21,766	21,780	25,330
Medical Assistance/Medicare A	127,894	127,110	127,593	129,382	127,730	130,110	129,520	127,634	127,403	119,235
Bedhold Days	742	556	554	500	742	574	725	705	693	608
<b>Berks County Residential Center/Youth Center</b>										
<b>Average Daily Population</b>										
Berks County Residential Center	61	80	80	67	74	80	56	64	69	78
Youth Center (2)	-	-	-	-	-	-	23	30	31	53

**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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental activities:</b>										
General government										
Land and land improvements	\$ 2,221,983	\$ 2,221,983	\$ 2,221,983	\$ 2,221,983	\$ 3,499,090	\$ 1,664,570	\$ 149,143	\$ 149,143	\$ 149,143	\$ 149,143
Buildings and building improvements	143,483,129	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
Furniture, fixtures, and equipment	13,485,217	13,428,370	81,095,364	9,878,697	9,444,535	12,334,176	14,743,969	16,663,345	15,089,538	11,664,913
Construction in progress	6,046,603	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
Infrastructure	94,401	85,760	-	-	-	-	-	-	-	-
Agricultural easements	80,229,316	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
	<u>245,560,649</u>	<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>
Judicial										
Buildings and building improvements	1,005,804	1,005,804	907,096	757,634	1,128,901	1,128,901	1,036,828	1,029,921	808,116	808,116
Furniture, fixtures, and equipment	2,302,376	2,552,861	2,262,887	2,625,854	2,577,830	2,537,914	2,570,410	2,885,086	2,572,079	2,367,352
Construction in progress	-	-	-	-	-	87,621	-	-	17,201	-
	<u>3,308,180</u>	<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>
Public Safety										
Buildings and building improvements	49,937,349	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
Furniture, fixtures, and equipment	64,568,334	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
Construction in progress	763,784	102,128	-	-	-	-	-	-	1,857,450	7,882,680
Infrastructure	28,759	-	-	-	-	-	-	-	-	-
	<u>115,298,226</u>	<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>
Public Works										
Land and land improvements	41,516	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	8,051,863
Furniture, fixtures, and equipment	225,836	225,836	225,836	176,726	176,726	192,317	179,409	179,409	179,409	179,409
Construction in progress	1,902,992	15,158,118	6,599,210	4,619,721	2,000,718	1,160,164	555,538	446,340	183,685	-
Infrastructure	27,944,838	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
	<u>38,167,045</u>	<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>
Human services										
Buildings and building improvements	137,750	137,750	113,931	-	110,700	110,700	110,700	110,700	110,700	-
Furniture, fixtures, and equipment	455,048	482,406	500,446	500,493	569,902	550,415	672,658	693,168	636,117	620,454
	<u>592,798</u>	<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>
Culture and recreation										
Land and land improvements	14,983,030	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
Buildings and building improvements	7,844,746	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
Furniture, fixtures, and equipment	1,244,389	1,097,063	1,058,175	1,043,562	972,820	1,061,688	934,890	1,180,422	1,136,603	963,677
Construction in progress	113,187	39,143	-	-	-	-	2,456,287	566,848	124,215	-
Historical treasures	2,279,644	2,279,644	2,279,644	2,279,644	2,279,644	2,166,153	1,915,631	873,000	873,000	873,000
	<u>26,464,996</u>	<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>
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	43,254	23,359	23,359	23,359	23,359	48,648	144,457	144,457	144,457	135,803
	<u>1,886,954</u>	<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>
<b>Total governmental - cost</b>	<u>431,278,848</u>	<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>
<b>Business-type activities</b>										
Department of Emergency Services (1)										
Buildings and building improvements	-	-	-	486,846	486,846	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
Construction in progress	-	-	-	668,570	8,103,310	6,885,539	2,119,052	1,374,341	30,915	-
	-	-	-	<u>68,736,447</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>
Berks County Residential Center (2)										
Buildings and building improvements	10,187,060	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
Furniture, fixtures, and equipment	337,121	368,724	346,699	285,023	239,133	239,133	731,975	731,975	731,975	656,862
Construction in progress	-	-	-	126,822	-	412,450	-	-	-	7,348
	<u>10,524,181</u>	<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>
Berks Heim										
Buildings and building improvements	38,118,048	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
Furniture, fixtures, and equipment	4,658,696	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
Construction in progress	29,945	17,642	14,367	278,846	-	-	12,620	-	-	-
	<u>42,806,689</u>	<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>
<b>Total business-type activities</b>	<u>53,330,870</u>	<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>
<b>Total primary government</b>	<u>484,609,718</u>	<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>

**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



