

Comprehensive
Annual Financial
Report for the
Year Ending
December 31, 2018



County of Berks,
Pennsylvania

**County of Berks,
Pennsylvania
Comprehensive
Annual Financial
Report for the
Year Ending
December 31, 2018**

The seal of Berks County, Pennsylvania, is a large, light blue watermark in the background. It features a central shield with a ship on the water and a plow on the land. Above the shield is an eagle with wings spread. The shield is surrounded by a circular border with the text "VIRTUE LIBERTY INDEPENDENCE" at the top and "BERKS COUNTY" at the bottom, separated by stars.

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 – 24

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 – Component Units	FS 15

Table of Contents (continued):

Page(s)

Statement of Activities/Revenues, Expenses and Changes in Net Position – Component Units	FS 16
---	-------

Notes to Financial Statements:

Note 1 – Summary of Significant Accounting Policies	N 1
Note 2 – Cash and Investments	N 12
Note 3 – Restricted Assets	N 25
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 35
Note 8 – Future Lease Rentals Receivable and Related Debt	N 47
Note 9 – Risk Management	N 48
Note 10 – Long-Term Debt	N 52
Note 11 – Fund Balance Policy	N 63
Note 12 – Obligations under Capital Leases	N 65
Note 13 – Commitments and Contingencies	N 66
Note 14 – Contractual Agreement Revenue	N 68
Note 15 – Post Employment Benefit Plans other than Pensions	N 69
Note 16 – Subsequent Events	N 78

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 - 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, 2018	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, 2018





COUNTY OF BERKS, PENNSYLVANIA

Office of the Commissioners

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

Phone: 610.478.6136

Fax: 610.478.6293

E-mail: commissioners@countyofberks.com

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

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

July 11, 2019

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, 2018 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, 2018 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, 2018. 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,

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Letter of Transmittal
2018 Comprehensive Annual Financial Report

(2) 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 420,152 in 73 boroughs, townships and the City of Reading, and has been exhibiting an upward trend for the last decade.

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

On an annual basis, the County must develop an Operating and Capital Projects Budget, which serves as the foundation of the County's financial planning and control system. The County Commissioners must adopt this annual revenue and expenditure budget for the County by December 31 of each year for the subsequent year.

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
2018 Comprehensive Annual Financial Report

Economic Condition & Outlook

Overall, the County economy remained consistently healthy, and continues to show slow growth in its major sectors. The labor market is at its best level in years and the economy has been growing at an average rate of almost 1.5% in the last fifteen years. The unemployment rate remained stable and continues to mirror both the state and national levels. Employment subsectors seeing growth over the year were led by education and health services at 3% and manufacturing at 2.9%. Manufacturing remains the largest employment sector of Berks County's economy and contributes the most to Berks County's GDP.

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 \$429,345,862, a decrease of 7.7% 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.

The County continues to face revenue compression from both federal and state governments in funding the areas of the Children and Youth Services and Berks Heim. This, coupled with the fact that the County's cost for the Jail/CRC have drastically risen over the last couple of years, resulted in a budget deficit for the County for the first time in 5 years. Therefore, a 3.87% tax increase for 2018 was passed by the Commissioners. The County continues to be committed to achieving a balance budget by restructuring and reducing operating costs. The County is now completing its twelfth 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 of which was the Manatawny Bridge Project. The cost of construction was approximately \$3.4 million. The 911 Geodiversification Project was also completed this year at an aggregate cost of approximately \$400 thousand.

Continuing major initiatives of the County are rehabilitations and repairs of ten other County owned bridges. Total aggregate construction in progress on these ten bridges is approximately \$3.3 million at December 31, 2018. The bridge projects have varying dates of completion. The County's Department of Emergency Services commenced a GPS project during the year. Expenditures incurred on the GPS project through December 31, 2018 are approximately \$1.2 million.

Going forward, to eliminate the need for future tax increases, it is imperative that the County continues 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
2018 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, 2017. The County has received this prestigious award for four 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,



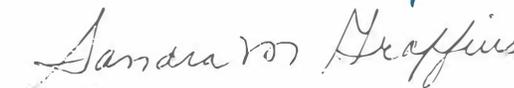
Christian Y. Leinbach
Commissioner Chair



Kevin S. Barnhardt
Commissioner



Mark C. Scott, Esq.
Commissioner



Sandra M. Graffius
Controller

**Letter of Transmittal
2018 Comprehensive Annual Financial Report**



Ronald M. Rutkowski, APM
Deputy Controller



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



Kari L. Bollinger, CPA, CGMA
Senior Governmental Accountant – Team Lead



Michael R. Oppenheimer, CPA, CGMA
Senior Governmental Accountant



Scott S. Poch, CPA, CGMA
Senior Governmental Accountant



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, 2017

Christopher P. Morill

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

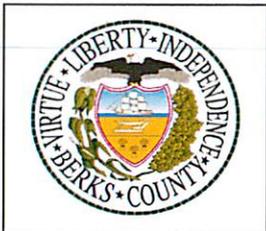
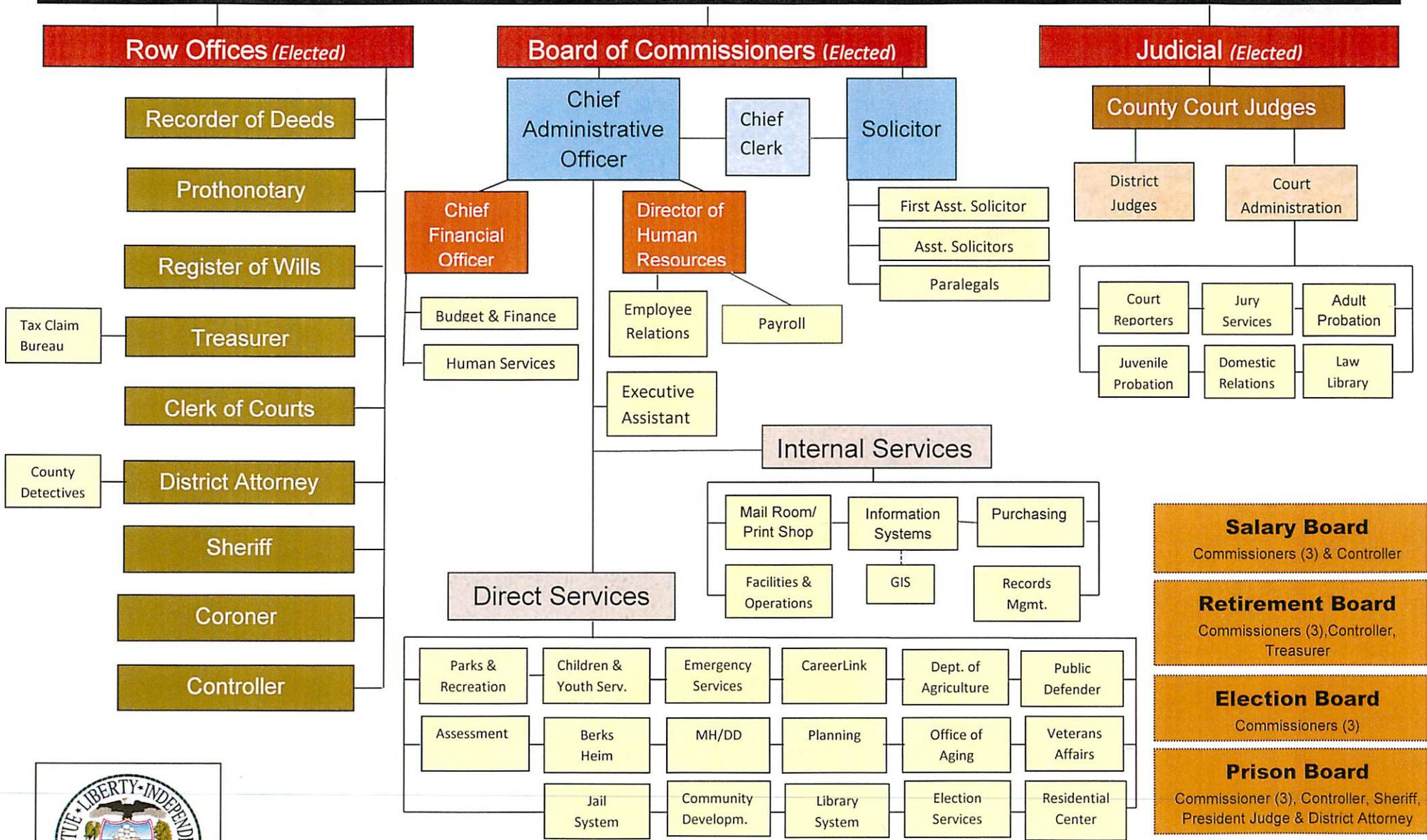
Recorder of Deeds
Frederick C. Sheeler

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
Comprehensive
Annual Financial
Report **Financial
Information** for
the Year Ending
December 31, 2018





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, 2018.



Independent Auditor's Report

To the Board of County Commissioners and County Controller
County of Berks
Reading, 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, Reading, Pennsylvania, as of and for the year ended December 31, 2018, 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, 2018 and June 30, 2018, 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, 2018, 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 - 24, budgetary comparison information on Pages RSI 1 - 6, Schedule of Changes in the County's Net Pension Asset (Liability), and Related Ratios and Schedule of County Contributions on Pages RSI 7 and RSI 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

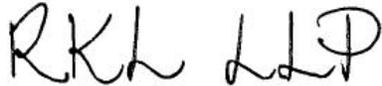
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Berks' basic financial statements. The introductory section, other supplementary information in the table of contents listed on Pages OSI 2 - 21 and statistical section are 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 September 23, 2019 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.

September 23, 2019, except for Page FS 12 and Note 16 as to which the date is March 4, 2020
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, 2018
(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, 2018. 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 to obtain a thorough understanding of the County's financial condition at December 31, 2018. 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 2017, increased in 2018 by \$11,633 to \$296,572. Unrestricted net position at year-end decreased by \$39,980 to \$91,108.
- Total outstanding bonds and other debt at December 31, 2018 was \$215,333, a decrease of \$18,504 from the prior year, resulting from principal payments made during 2018. The County's bond rating from Moody's is **Aa1**, stable outlook.
- Property tax rates changed to 7.657 mills in 2018.
- During 2018, the County's General Fund balance increased by \$13,283 to \$154,429. The unassigned portion of that fund balance was \$113,707, a decrease of \$5,223 from the unassigned fund balance at the end of 2017.

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 and (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 services are received, regardless of when cash is received or paid. Because it separates program revenue

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

(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 the 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.

The County adopts an annual budget for all governmental funds. Budgetary comparisons are provided for

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

the County's major funds on pages Required Supplemental Information ("RSI") pages 1-5, while the non-major funds are provided on pages OSI pages 8-20.

Proprietary funds report business-type programs and activities that charge fees designed to recover the cost of providing services. Proprietary funds provide the same type of information as the government-wide financial statements; however, more detailed information is provided and the cash flow statement is included. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, using the full accrual basis of accounting. Enterprise Funds in the County are used to account for the Berks County Residential Center and Berks Heim. The County adopts an annual budget for the proprietary funds, as required by the state. 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 80 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 \$296,572 at December 31, 2018. 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	
	2018	2017	2018	2017	2018	2017
Noncapital assets	\$ 253,275	\$ 270,436	\$ 12,248	\$ 16,330	\$ 265,523	\$ 286,766
Capital assets	283,351	282,668	32,980	34,317	316,331	316,985
Total assets	536,626	553,104	45,228	50,647	581,854	603,751
Deferred outflows	53,824	20,864	12,118	3,554	65,942	24,418
Total assets and deferred outflows	590,450	573,968	57,346	54,201	647,796	628,169
Current liabilities	81,392	71,029	4,367	4,151	85,759	75,180
Noncurrent liabilities	211,500	207,965	31,241	27,596	242,741	235,561
Total liabilities	292,892	278,994	35,608	31,747	328,500	310,741
Deferred inflows	17,916	23,350	4,808	6,238	22,724	29,588
Total liabilities and deferred inflows	310,808	302,344	40,416	37,985	351,224	340,329
Net position:					-	-
Net investment in capital assets	114,240	95,148	12,114	12,978	126,354	108,126
Restricted	79,109	62,135	-	-	79,109	62,135
Unrestricted	86,293	114,341	4,816	3,237	91,109	117,578
Total net position	279,642	271,624	16,930	16,215	296,572	287,839

During 2018, net position increased \$8,733, or 3.0% to \$296,572. Of this total, \$126,354 represents the net investment in capital assets (the net balance of long-term assets more than long-term debt), while \$79,109 is restricted for various purposes by external entities. The unrestricted net position of \$91,109 represents funds available to support operations or provide for the repayment of long-term debt. Reasons for this change include:

Current and other assets decreased by \$21,243, or 7.4%, to \$265,523. Reasons for this decrease include:

- Decrease in net pension asset of \$39,049 due to 2018 end of year reclassification to a net pension liability of \$23,987.
- Loans receivable decreased by \$2,161 mainly due to repayments by local governments on its end-user radios.

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

Current liabilities increased by \$8,229, or 10.1% to \$85,759. Another \$3,615 was contributed to an increase in due to other funds with the separation of Community Development.

Noncurrent liabilities increased by \$7,180, or 3.1%, to \$242,741. This change is due primarily to the reasons described in the long-term debt section.

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

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, 2018. It shows revenues by source and expenses by function.

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
				(Restated)		(Restated)
Program revenues:						
Charges for services	\$ 39,804	\$ 44,607	\$ 60,853	\$ 59,297	\$ 100,657	\$ 103,904
Operating grants/contri	215,507	205,662	-	-	215,507	205,662
Capital grants/contri.	6,059	4,057	7	8	6,066	4,065
General revenues:						
Property taxes	143,678	136,828	-	-	143,678	136,828
Hotel room tax	2,736	2,636	-	-	2,736	2,636
Payment in lieu of taxes	221	220	-	-	221	220
Investment earnings	3,331	1,616	4	15	3,335	1,631
Change - rate swaps	(2,274)	582	(133)	52	(2,407)	634
Miscellaneous - other	7,439	6,070	-	-	7,439	6,070
(Loss) Gain on disposal of capital assets	(281)	(690)	-	-	(281)	(690)
Rental of space	441	490	-	-	441	490
Total revenues	<u>416,661</u>	<u>402,078</u>	<u>60,731</u>	<u>59,372</u>	<u>477,392</u>	<u>461,450</u>
Expenses:						
General government	48,039	30,620	-	-	48,039	30,620
Judicial	52,035	50,672	-	-	52,035	50,672
Public safety	81,282	76,757	-	-	81,282	76,757
Human services	203,988	204,645	-	-	203,988	204,645
Culture and recreation	7,731	8,046	-	-	7,731	8,046
Comm & econ developr	4,810	5,219	-	-	4,810	5,219
Public works	1,980	1,242	-	-	1,980	1,242
Community support	2,770	627	-	-	2,770	627
Debt service	6,905	8,444	-	-	6,905	8,444
Solid waste	192	359	-	-	192	359
Residential Center	-	-	8,171	7,701	8,171	7,701
Berks Heim	-	-	50,756	48,538	50,756	48,538
Total expenses	<u>409,732</u>	<u>386,631</u>	<u>58,927</u>	<u>56,239</u>	<u>468,659</u>	<u>442,870</u>
Change before other items	6,929	15,447	1,804	3,133	8,733	18,580
Other items:						
Transfers/cap contrib	1,089	1,083	(1,089)	(1,083)	-	-
Conversion to spec. rev	-	-	-	-	-	-
Total other items	<u>1,089</u>	<u>1,083</u>	<u>(1,089)</u>	<u>(1,083)</u>	<u>-</u>	<u>-</u>
Change in net position	8,018	16,530	715	2,050	8,733	18,580
Net position - beginning	271,624	252,194	16,215	14,165	287,839	266,359
Prior Period Adjustments	-	2,900	-	-	-	2,900
Net position - ending	<u>\$ 279,642</u>	<u>\$ 271,624</u>	<u>\$ 16,930</u>	<u>\$ 16,215</u>	<u>\$ 296,572</u>	<u>\$ 287,839</u>

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

The County's overall net position increased by \$8,733, which includes an increase due to governmental activities of \$8,018 and an increase in business-type activities of \$715.

Governmental activities:

Revenues increased by \$14,583. Charges for services decreased \$4,803 due to the removal of Community Development from the County of Berks' books. Additionally, operating grant revenue increased by \$9,845 primarily due to an increase in managed care organization tax of approximately \$10,000 and an increase in usage in Health Choices of approximately five thousand seven hundred members, which accounts for \$15,000 of the increase. Miscellaneous other revenue increased \$1,369 because of increased support from Berks Heim related to intergovernmental revenue.

Expenses increased by \$25,789. Expenses for general government increased by \$17,419 primarily because of increased support to Berks Heim related to intergovernmental revenue of \$4,945 and because of an increase in the expense related to the net pension asset and deferred outflows/inflows of resources related to the Berks County Employees Pension Plan of \$5,195. Expenses for public safety increased by \$4,707 due to \$4,525 of Department of Emergency Services being included as a governmental fund in 2016 for the first time.

Other notable items decreased by \$1,539 for Debt Service, \$315 for Community and Economic Development, and \$167 for Solid Waste.

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 \$1,556; an increase to Berks Heim revenue of \$1,072 due to state funding to offset costs of operations and an increase of \$484 to the Berks County Residential Center.

Expenses increased by \$2,654; Berks Heim in the amount of \$2,330 and an increase of \$324 related to the Berks County Residential Center.

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.

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

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, 2018, the County's governmental funds reported total fund balances of \$168,510, an increase of \$7,492 in comparison with December 31, 2017. Unassigned fund balance of \$113,707, or 67.5%, is fund balance available for future appropriation. Restricted fund balance of \$15,387, or 9.1%, is fund balance restricted by external entities. Committed fund balance of \$30,872, or 18.3%, is amounts committed by the Board of Commissioners for specific purposes. The remaining fund balance of \$8,544, or 5.1%, represents non-spendable items such as inventory and amounts assigned for specific purposes.

General Fund:

The General Fund accounts for all financial resources of the County except for those accounted for in other funds. At December 31, 2018, total fund balance of the General Fund was \$154,429, while unrestricted fund balance was \$113,707. 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 54.3% of total fund expenditures excluding other financing uses, while total fund balance represents 73.7% of the same amount.

The General Fund's fund balance increased by \$10,381 during the 2018 year because of the Defeasement of the 2013 Bond Issue Series A bonds of \$12,550.

General Fund revenues without other financing sources totaled \$227,289, which represents a 4.6% increase, or \$9,992, from the 2017 year. This is primarily due to an increase in aid from General Government of \$6,015, an increase of departmental charges and reimbursements of \$1,981, investment earnings of \$1,512 and an increase in other miscellaneous revenue of \$1,250.

Expenditures without other financing uses totaled \$209,402, which represents a 3.1% increase, or \$6,230, from the 2017 year.

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 \$38,760 of revenues and incurred \$45,467 of expenses. The General Fund contributed \$7,059 during 2018 as part of the required County contribution. Expenses increased by \$1,439 compared to 2017 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 2018 were \$122,722, which represents a \$11,202 increase, or 10.0% increase, from the 2017 year due to an increase in managed care organization tax of approximately \$10,000 and an

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

increase in usage in Health Choices of approximately five thousand seven hundred members, which accounts for the \$5,000 of the increase.

Budgetary highlights

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

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

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

During 2018, the General Fund revenue budget, excluding transfers and bond proceeds, increased \$117 during the year from the original approved budget of \$225,137 to the final budget of \$225,254. Actual revenues received of \$227,289 were \$2,035 more than the final budget. The overall excess of final revenue to final budget can be traced to increased state agency funds and increase in property taxes collected.

The General Fund expenditure budget, excluding transfers, increased \$13,299 during 2018 from the original budget of \$214,784 to the final budget of \$228,083. Actual expenditures of \$209,402 were \$18,681 lower than the final budget. The overall less than budget condition for expenditures can be traced primarily as five different Facilities projects being deferred totaling approximately \$6.5 million, replacement of voting machines for the Election department being deferred totaling approximately \$1.5 million, two different Information Systems projects that commenced later than anticipated in 2018, totaling approximately \$600,000, Parks projects and expenditures being deferred totaling approximately \$700,000 and budgeted contingency expenditures were not used. In addition, overall general government expenses were lower than expected because of continued cost cutting measures in the County.

Capital Assets

The County's investment in capital assets at December 31, 2018, net of accumulated depreciation, was \$316,331. Capital assets consist primarily of the categories shown in the table below. Major capital asset transaction activities during the year include:

Governmental activities:

- Agricultural easements increased by approximately \$1.2 million as part of the County's farmland preservation program.
- Net infrastructure increased by approximately \$2.9 million. The net increase is primarily because of the completion of work and subsequent release from construction in progress two County owned bridges; Fisher's Mill Bridge and Manatawny Bridge, with aggregate cost of approximately \$3.5 million, less overall infrastructure depreciation of approximately \$.8 million

**County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)**

- Net buildings and improvements decreased by approximately \$4.8 million. The net decrease is primarily because of current year improvements put into service of approximately \$1.1 million, less depreciation of approximately \$5.9 million
- Furniture, fixtures, equipment and vehicles decreased by approximately \$2.3 million. The primary reasons for the overall decrease are capital asset purchases and transfers from construction in progress of \$1.0 million and \$1.4 million, respectively, less depreciation of \$(4.4) million
- Software in progress increased by approximately \$1.2 million primarily because of Information System department Case Management Software project totaling approximately \$1.1 million during the year.
- Construction in progress increased by approximately \$2.6 million. Significant reasons for the increase are:
 - Net transfers of completed bridges to infrastructure of \$(.7) million, comprised of beginning cost of \$.7 million, current year charges of \$2.8 million, less transfers to infrastructure of \$(3.5) million
 - Costs incurred on 10 other bridges not yet completed of approximately \$2.1 million
 - Costs incurred on a new Department of Emergency Services GPS project of approximately \$1.2 million

Business-type activities:

- Net buildings and improvements decreased by approximately \$1.2 million, substantially the entire decrease was the result of current year depreciation totaling \$1.2 million, \$.3 million and \$.9 million charged to Berks County Residential Center and Berks Heim, respectively.

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Land and improvements	\$ 15,492	\$ 15,613	\$ -	\$ -	\$ 15,492	\$ 15,613
Agricultural easements	81,438	80,229	-	-	81,438	80,229
Infrastructure	27,731	24,792	-	-	27,731	24,792
Buildings and improvements	90,915	95,732	32,404	33,633	123,319	129,365
Furniture, fixtures, equipment and vehicles	52,859	55,196	541	654	53,400	55,850
Historical treasures	2,280	2,280	-	-	2,280	2,280
Software in progress	5,675	4,427	-	-	5,675	4,427
Construction in progress	<u>6,961</u>	<u>4,399</u>	<u>35</u>	<u>30</u>	<u>6,996</u>	<u>4,429</u>
Totals	<u>\$ 283,351</u>	<u>\$ 282,668</u>	<u>\$ 32,980</u>	<u>\$ 34,317</u>	<u>\$ 316,331</u>	<u>\$ 316,985</u>

Please refer to Note 6 to the financial statements for more detailed information on capital asset activity.

Long-term debt:

As of December 31, 2018, the County had outstanding debt of \$215,333, or 14.3 percent, of the maximum \$1,501,171 as permitted by law. The outstanding debt represents 1.1 percent of the total assessed taxable

**County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)**

property value as of the end of the year. Total debt decreased \$19,762, or 8.4 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.

Summary of outstanding debt

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds and notes:						
Current portion	\$ 20,687	\$ 20,504	\$ 438	\$ 426	\$ 21,125	\$ 20,930
Noncurrent portion	169,203	188,367	25,005	25,653	194,208	214,020
Total	<u>\$ 189,890</u>	<u>\$ 208,871</u>	<u>\$ 25,443</u>	<u>\$ 26,079</u>	<u>\$ 215,333</u>	<u>\$ 234,950</u>

Bond rating

As of December 31, 2018, Moody's Investors Services continued to rate the County's general obligation bonds at **Aa1** (Stable Outlook), following the refunding of the 2008 General Obligation bonds and the remaining portion of the 2010 Series A General Obligation bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic conditions

The U.S. economy grew rapidly in 2018, posting a 3.1% increase in GDP which was the fastest pace since 2005. This acceleration in economic growth matched or exceeded the current Administration's forecast for the second consecutive year. Underlying economic strengths in the U.S. economy include a continued growth in disposable income and household consumption, backed by the Trump Administration's Tax Cuts and Jobs Act. The economy is healthy as consumer spending is expanding, business investment is growing and consumer and business confidence continues to be favorable. The U.S. Central Bank has maintained its positive outlook for a growing economy, despite emerging global and domestic risks. Softer global conditions, mainly due to a slowdown in China and the possibility of future trade wars could alter the Fed's outlook in the future. Also U.S. economic growth could be hindered by the tariffs that are being imposed on imported goods. Domestically, financial conditions for both individuals and businesses are becoming increasingly challenging and less supportive of economic growth.

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

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

Berks County continued to be third in Pennsylvania and among the top 100 counties in the entire nation in value of farm products sold as of the 2012 census. More than 40% of the County's 864 square miles are dedicated to farming. The County's growing farmland preservation program is designed to preserve the best lands for agricultural production and maintain viability of the County's agricultural businesses. The County purchased agricultural preservation easements for over 1,550 additional acres during 2018, bringing total acreage under preservation to 73,111 acres on 746 farms.

Market impact on investment income

The County did experience, however, a significant increase in its investment earnings during the year (\$3,336 in 2018 versus \$1,631 in 2017). This is primarily attributed to a change in the County's investment policy in 2015 and the rising interest rates since 2015. In 2015, the Commissioners approved County investments in Treasuries, Fanny Maes and Freddie Macs, all instruments which traditionally produce higher rates of return than traditional money market accounts. The Commonwealth of Pennsylvania restricts county investments to government secured funds and certificates of deposit. The County uses LIBOR-based programs that have historically yielded a higher rate of return than standard money market and CD rates.

The County's Retirement Fund, with December 31, 2018 net position valued at \$429,346, experienced net investment losses of \$23,240 during 2018. 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 2018 were \$2,089, which is an increase from \$2,601 in 2017, and \$2,088 in 2016. 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 2018. The County has received the latest report from this actuary indicating that its annual certified actuarially determined contribution for the 2018 will be \$2,601. The 2019 contribution is 2.48 percent of estimated 2019 compensation of \$104,730.

Government funding

The County relies heavily on federal and state operating grants and contributions for many of its programs. In 2018, 45.6 percent of total government-wide revenues came from these sources. By comparison, property taxes provide only 29.8 percent of government-wide revenues. Uncertainty about the direction and timing of federal and state budgets, especially their impact on the County's human services programs, will have a direct effect on the programs and services in which the County participates.

Next Year's Budget

For 2019, the County adopted a balanced budget at \$535,430 in revenues, with \$21,810 of fund balance reserves to offset a revenue shortfall to expenditures. It was decided that it would be more prudent to absorb this deficit with these reserves to balance the budget, rather than increase property taxes. The budget assumes federal and state funding will satisfy the demand for our core human services levels throughout 2019. The 2019 budget continues to focus on several fiscal initiatives including, but not limited to:

- no property tax increase
- balanced operating budget without reserves
- limited headcount growth

County of Berks
Management's Discussion and Analysis
December 31, 2018
(amounts rounded to nearest thousand)

- no issuance of new debt
- continued commitment to farmland preservation, education, economic development, library and park systems.

As in the current year, the greatest challenge to the upcoming 2019 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 2019 and forward budgets, the County is likely to receive less federal and state funding for mandated services in Children and Youth, Juvenile Probation and Aging services. This anticipated reduction in federal and state funding, combined with escalating wage, healthcare, pension and fuel costs, continues to put tremendous pressure on our budget. The average rate of inflation in personnel costs continues to outpace the rate of growth in property tax revenue. Traditional sources for increases in tax revenue from higher assessed property values are not keeping up with growing inflationary and non-inflationary costs. Other revenue sources, such as those in Health Choices and Mental Health Developmental Disabilities, are restricted, and cannot be used to fund general County services.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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



FINANCIAL STATEMENTS

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



	Primary Government			Component Units
	Governmental	Business-type	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 47,215,635	\$ 147,424	\$ 47,363,059	\$ 14,479,799
Cash and cash equivalents, restricted	40,098,450	4,750	40,103,200	512,612
Investments	62,508,410	-	62,508,410	21,187,928
Investments, restricted	4,027,670	-	4,027,670	-
Taxes receivable, net	7,438,385	-	7,438,385	-
Accounts receivable, net	9,663,519	5,708,851	15,372,370	7,272,414
Notes receivable	677,427	-	677,427	-
Due from other governments	15,816,783	879,517	16,696,300	795,512
Due from other funds	-	5,110,232	5,110,232	-
Inventories	111,455	152,804	264,259	22,447
Prepaid expenses	4,143,856	31,463	4,175,319	759,758
Restricted deposits	-	-	-	9,378
Total current assets	191,701,590	12,035,041	203,736,631	45,039,848
Noncurrent assets:				
Investments	\$ 49,171,958	\$ -	\$ 49,171,958	\$ -
Loans receivable	4,889,694	-	4,889,694	-
Beneficial interests in perpetual trusts held by others	-	-	-	7,125,464
Other receivables	-	-	-	524,732
Restricted assets:				
Employee pay advance	51,533	39,770	91,303	-
Interest receivable	978,721	-	978,721	-
Liens receivable	3,282,818	-	3,282,818	-
Investments	3,198,607	173,393	3,372,000	-
Collections - works of art	-	-	-	909,433
Capital assets not being depreciated	109,880,317	35,398	109,915,715	9,054,654
Capital assets, net of accumulated depreciation	173,470,267	32,944,879	206,415,146	68,866,364
Total noncurrent assets	344,923,915	33,193,440	378,117,355	86,480,647
Deferred outflows of resources:				
Unamortized bond refunding loss	\$ 4,276,682	\$ 211,607	\$ 4,488,289	\$ -
Derivatives	174,746	-	174,746	-
Pension	49,372,783	11,905,963	61,278,746	721,612
Other postemployment benefits	-	-	-	186,859
Total deferred outflows of resources	53,824,211	12,117,570	65,941,781	908,471
Total assets and deferred outflows of resources	590,449,716	57,346,051	647,795,767	132,428,966

	Primary Government			Component Units
	Governmental	Business-type	Total	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 20,038,506	\$ 1,487,295	\$ 21,525,801	\$ 1,533,342
Accrued liabilities	5,672,774	1,451,058	7,123,832	1,118,435
Due to other governments	736,068	-	736,068	-
Unearned revenue	12,079,718	120	12,079,838	4,696,836
Advance revenue	160,739	-	160,739	-
Due to third parties	5,045,740	-	5,045,740	-
Due to other funds	5,110,232	-	5,110,232	-
Accrued interest payable	1,074,890	127,490	1,202,380	-
Compensated absences	1,336,624	363,133	1,699,757	415,529
Deposits	-	-	-	43,227
Accrued claims health insurance	9,120,332	355,757	9,476,089	-
Accrued claims liability	212,308	143,802	356,110	-
Notes payable, agricultural easement	117,408	-	117,408	-
Lease obligation	-	-	-	30,284
Bonds, loans and notes payable	20,686,984	438,016	21,125,000	1,577,109
Total current liabilities	<u>81,392,323</u>	<u>4,366,671</u>	<u>85,758,994</u>	<u>9,414,762</u>
Noncurrent liabilities:				
Compensated absences	5,259,617	699,176	5,958,793	410,154
Accrued claims liability	1,369,717	927,750	2,297,467	400,000
Other postemployment benefit liability	-	-	-	1,138,850
Lease obligation	-	-	-	22,465
Net pension liability	19,378,155	4,608,984	23,987,139	4,586,475
Bonds, loans and notes payable	169,276,779	25,004,760	194,281,539	16,997,737
Payable from restricted assets	16,215,425	-	16,215,425	-
Total noncurrent liabilities	<u>211,499,693</u>	<u>31,240,670</u>	<u>242,740,363</u>	<u>23,555,681</u>
Total liabilities	<u>292,892,016</u>	<u>35,607,341</u>	<u>328,499,357</u>	<u>32,970,443</u>
Deferred inflows of resources:				
Hedging derivative	1,020,624	-	1,020,624	-
Deferred rent revenue	-	-	-	2,246,800
Pension	16,895,050	4,300,377	21,195,427	449,656
Other postemployment benefits expense	-	-	-	144,152
Unamortized bond refunding gain	-	507,990	507,990	-
Total deferred inflows of resources	<u>17,915,674</u>	<u>4,808,367</u>	<u>22,724,041</u>	<u>2,840,608</u>
Net position:				
Net investment in capital assets	114,240,905	12,114,745	126,355,650	59,293,423
Restricted for:				
Gift fund	18,550	-	18,550	-
Farmland preservation	606,696	-	606,696	-
Hazmat response	1,945,638	-	1,945,638	-
Act 198 - Courts	323,406	-	323,406	-
Workers' compensation	216,377	-	216,377	-
Special revenue funds	44,901,554	-	44,901,554	-
2019 Capital Projects	17,416,583	-	17,416,583	-
Services Center Parking Garage	298,309	-	298,309	-
Act 13 Marcellus Shale	831,468	-	831,468	-
Defeasement of of 2013 Bond Issue	12,550,000	-	12,550,000	-
Debt service	-	-	-	512,612
Foundation for Reading Area Community College	-	-	-	18,853,450
Unrestricted net position	86,292,539	4,815,598	91,108,137	17,958,430
Total net position	<u>\$ 279,642,025</u>	<u>\$ 16,930,343</u>	<u>\$ 296,572,368</u>	<u>\$ 96,617,915</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>
Functions/Programs:					
Primary government:					
Governmental activities:					
General government	\$ 65,324,680	\$ (17,285,430)	\$ 8,944,575	\$ 26,759	\$ -
Judicial	\$ 44,941,819	\$ 7,092,689	\$ 9,962,280	\$ 1,497,475	\$ 11,990
Public safety	\$ 77,048,031	\$ 4,234,083	\$ 16,434,063	\$ 7,764,895	\$ -
Human services	\$ 201,170,512	\$ 2,817,396	\$ 1,274,856	\$ 202,388,847	\$ 955,946
Culture and recreation	\$ 7,320,030	\$ 411,408	\$ 216,108	\$ 1,383,323	\$ 324,979
Community and economic development	\$ 4,427,541	\$ 382,125	\$ (4,916,987)	\$ 2,407,067	\$ -
Public works	\$ 1,884,086	\$ 95,853	\$ 1,822,805	\$ -	\$ 4,765,895
Community support	\$ 2,713,467	\$ 56,815	\$ 23,600	\$ -	\$ -
Debt service administrative expenses	\$ 6,894,409	\$ 10,362	\$ 1,447,616	\$ -	\$ -
Solid waste	\$ 177,329	\$ 14,366	\$ 4,594,787	\$ 38,791	\$ -
Total governmental activities	<u>411,901,904</u>	<u>(2,170,333)</u>	<u>39,803,703</u>	<u>215,507,157</u>	<u>6,058,810</u>
Business-type activities					
Berks County Residential Center	7,649,626	521,214	9,187,097	-	-
Berks Heim	<u>49,106,732</u>	<u>1,649,119</u>	<u>51,665,493</u>	<u>-</u>	<u>7,463</u>
Total business-type activities	<u>56,756,358</u>	<u>2,170,333</u>	<u>60,852,590</u>	<u>-</u>	<u>7,463</u>
Total primary government	<u>\$ 468,658,262</u>	<u>\$ -</u>	<u>\$ 100,656,293</u>	<u>\$ 215,507,157</u>	<u>\$ 6,066,273</u>
Component units:					
Total component units	<u>\$ 39,382,120</u>	<u>\$ -</u>	<u>\$ 9,258,060</u>	<u>\$ 15,886,287</u>	<u>\$ -</u>

Net (Expense) Revenue and Changes in Net Position

Primary Government

	Governmental Activities	Business-type Activities	Total	Component Units
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ (39,067,916)	\$ -	\$ (39,067,916)	
Judicial	(40,562,763)	-	(40,562,763)	
Public safety	(57,083,156)	-	(57,083,156)	
Human services	631,741	-	631,741	
Culture and recreation	(5,807,028)	-	(5,807,028)	
Community and economic development	(7,319,586)	-	(7,319,586)	
Public works	4,608,761	-	4,608,761	
Community support	(2,746,682)	-	(2,746,682)	
Debt service administrative expenses	(5,457,155)	-	(5,457,155)	
Solid waste	4,441,883	-	4,441,883	
Total governmental activities	<u>(148,361,901)</u>	<u>-</u>	<u>(148,361,901)</u>	
Business-type activities				
Berks County Residential Center	-	1,016,257	1,016,257	
Berks Heim	-	917,107	917,107	
Total business-type activities	<u>-</u>	<u>1,933,364</u>	<u>1,933,364</u>	
Total primary government	<u>(148,361,901)</u>	<u>1,933,364</u>	<u>(146,428,537)</u>	
Component units:				
Total component units				<u>\$ (14,237,773)</u>
General Revenues				
Taxes:				
Property taxes, levied for general purposes	143,677,809	-	143,677,809	-
Hotel tax	2,735,849	-	2,735,849	-
Payments in lieu of taxes	221,485	-	221,485	-
Payments from County of Berks	-	-	-	3,656,014
Payments from other governments	-	-	-	10,162,196
Investment earnings	3,331,494	4,448	3,335,942	966,366
Change in fair value of interest rate swaps	(2,273,517)	(132,828)	(2,406,345)	-
Miscellaneous/other	7,439,000	-	7,439,000	3,064,375
Loss on disposal of capital assets	(281,413)	-	(281,413)	2,364
Rental of space	440,093	-	440,093	-
Transfers	1,088,979	(1,088,979)	-	-
Total general revenue and transfers	<u>156,379,779</u>	<u>(1,217,359)</u>	<u>155,162,420</u>	<u>17,851,315</u>
Change in net position	8,017,878	716,005	8,733,883	3,613,542
Net position, beginning, as restated	271,624,147	16,214,338	287,838,485	93,004,373
Net position, ending	<u>\$ 279,642,025</u>	<u>\$ 16,930,343</u>	<u>\$ 296,572,368</u>	<u>\$ 96,617,915</u>

See accompanying notes to the financial statements.

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
Assets					
Cash and cash equivalents	\$ 19,873,559	\$ 1,300	\$ 18,935,686	\$ 8,405,089	\$ 47,215,634
Cash and cash equivalents, restricted	27,209,640	-	4,154,414	8,734,397	40,098,451
Due from broker	-	-	-	-	-
Investments	61,263,410	-	-	1,245,000	62,508,410
Investments, restricted	1,014,507	-	2,804,587	208,575	4,027,669
Taxes receivable	7,438,385	-	-	-	7,438,385
Accounts receivable	7,330,109	3,724	-	2,381,220	9,715,053
Accrued interest receivable	350,203	-	10,287	589,284	949,774
Due from other governments	2,993,857	5,391,454	2,313,297	5,118,176	15,816,784
Due from other funds	-	-	97,640	1,056,142	1,153,782
Inventories	111,455	-	-	-	111,455
Prepaid expenses	1,602,961	-	-	2,540,894	4,143,855
Loans receivable	1,642,121	-	-	3,282,818	4,924,939
Investments, non-current	48,175,958	-	-	996,000	49,171,958
Investments, non-current, restricted	708,607	-	2,490,000	-	3,198,607
Total assets	<u>\$ 179,714,772</u>	<u>\$ 5,396,478</u>	<u>\$ 30,805,911</u>	<u>\$ 34,557,595</u>	<u>\$ 250,474,756</u>
Liabilities					
Accounts payable	\$ 3,665,562	\$ 2,824,397	\$ 6,901,410	\$ 6,647,136	20,038,505
Accrued liabilities	3,945,798	439,911	16,009	627,556	5,029,274
Due to other funds	5,350,528	913,486	-	-	6,264,014
Due to other governments	736,068	-	-	-	736,068
Unearned revenue	3,523,611	1,013,853	-	9,202,523	13,739,987
Due to third parties	1,173,613	25	-	3,872,103	5,045,741
Accrued claims health insurance	1,128,961	135,570	7,672,912	182,889	9,120,332
Payable from restricted assets	-	-	16,215,580	-	16,215,580
Total liabilities	<u>19,524,141</u>	<u>5,327,242</u>	<u>30,805,911</u>	<u>20,532,207</u>	<u>76,189,501</u>
Deferred inflows of resources					
Unavailable property taxes	5,142,856	-	-	-	5,142,856
Other unavailable	619,214	2,054	-	10,428	631,696
Total deferred inflows of resources	<u>5,762,070</u>	<u>2,054</u>	<u>-</u>	<u>10,428</u>	<u>5,774,552</u>
Fund balances:					
Nonspendable	1,760,364	3,724	-	2,768,401	4,532,489
Restricted	4,077,110	63,458	-	11,246,560	15,387,128
Committed	30,871,588	-	-	-	30,871,588
Assigned	4,012,877	-	-	-	4,012,877
Unassigned	113,706,622	-	-	-	113,706,622
Total fund balances	<u>154,428,561</u>	<u>67,182</u>	<u>-</u>	<u>14,014,961</u>	<u>168,510,704</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 179,714,772</u>	<u>\$ 5,396,478</u>	<u>\$ 30,805,911</u>	<u>\$ 34,557,595</u>	<u>\$ 250,474,756</u>

See accompanying notes to the financial statements.

Total fund balances for governmental funds		\$	168,510,704
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	\$	15,491,987	
Agland easements		81,438,316	
Infrastructure, net		27,730,400	
Building and improvements, net		90,914,583	
Furniture, fixtures, equipment and vehicles, net		52,781,773	
Historical treasures		2,279,644	
Software		77,252	
Software in Progress		5,675,272	
Construction in progress		6,961,357	
		283,350,584	
These pension items are not financial resources and therefore not reported in the funds.			
Net pension liability			(19,378,155)
Deferred outflow of resources			49,372,783
Deferred inflow of resources			(16,895,051)
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		1,959,335	
Delinquent property taxes		3,183,520	
District Justices departmental charges and reimbursements		1,660,269	
		6,803,124	
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			3,925,000
Accrued interest receivable from Greater Berks Development Fund			28,947
Other liabilities not paid until future periods that are a current period expense.			
Payroll and payroll taxes			(172,388)
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, 2018 are:			
Swap agreements/deferred inflow for hedging swap agreements		(845,878)	
Accrued interest on bonds and notes		(1,074,890)	
Compensated absences		(6,596,241)	
Accrued claims liabilities		(1,582,024)	
Bonds and notes payable		(185,804,490)	
			(195,903,523)
Total net position of governmental activities		\$	279,642,025

See accompanying notes to the financial statements.

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
Revenues					
Taxes:					
Property	\$ 143,705,841	\$ -	\$ -	\$ -	\$ 143,705,841
Hotel	-	-	-	2,735,849	2,735,849
Court costs, fines and forfeitures	2,673,976	-	-	-	2,673,976
Intergovernmental revenue	11,442,647	37,946,514	122,490,421	50,286,175	222,165,757
Departmental charges and reimbursements	56,863,663	785,073	-	15,175,874	72,824,610
Payments in lieu of taxes	221,485	-	-	-	221,485
Rentals	374,858	-	-	65,235	440,093
Sales of property, supplies and equipment	12,040	-	-	-	12,040
Investment earnings	2,884,604	27,639	231,265	187,985	3,331,493
Miscellaneous	9,110,171	1,195	-	760,121	9,871,487
Total revenues	<u>227,289,285</u>	<u>38,760,421</u>	<u>122,721,686</u>	<u>69,211,239</u>	<u>457,982,631</u>
Expenditures					
Current:					
General government, administrative	40,338,753	-	-	2,945,628	43,284,381
General government, judicial	54,853,263	-	-	134,032	54,987,295
Public safety	66,241,019	-	-	14,526,041	80,767,060
Human services	-	45,467,025	122,707,440	47,160,549	215,335,012
Capital outlay	-	-	-	591,891	591,891
Culture and recreation	6,964,018	-	-	-	6,964,018
Community and economic development	3,351,660	-	-	2,389,979	5,741,639
Public works	21,096	-	-	6,255,197	6,276,293
Community support	13,455,946	-	-	-	13,455,946
Intergovernmental expenditures - Solid waste	220,870	-	-	-	220,870
Debt service:					
Principal	15,605,850	-	-	-	15,605,850
Interest and fiscal charges	8,318,135	-	-	-	8,318,135
Debt issuance costs	-	-	-	-	-
Administrative expenditures	31,096	-	-	-	31,096
Total expenditures	<u>209,401,706</u>	<u>45,467,025</u>	<u>122,707,440</u>	<u>74,003,317</u>	<u>451,579,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,887,579</u>	<u>(6,706,604)</u>	<u>14,246</u>	<u>(4,792,078)</u>	<u>6,403,145</u>
Other financing sources (uses)					
Transfers in	3,965,426	7,059,738	-	4,311,897	15,337,061
Transfers out	(11,471,634)	(324,498)	(14,246)	(2,437,704)	(14,248,082)
Total other financing sources (uses)	<u>(7,506,208)</u>	<u>6,735,240</u>	<u>(14,246)</u>	<u>1,874,193</u>	<u>1,088,979</u>
Net changes in fund balances	<u>10,381,371</u>	<u>28,636</u>	<u>-</u>	<u>(2,917,883)</u>	<u>7,492,124</u>
Fund balances, beginning, as restated	144,047,190	38,546	-	16,932,844	161,018,580
Fund balances, ending	<u>\$ 154,428,561</u>	<u>\$ 67,182</u>	<u>\$ -</u>	<u>\$ 14,014,961</u>	<u>\$ 168,510,704</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, 2018

County of Berks
2018 Comprehensive Annual Financial Report

Net change in fund balances - total governmental funds \$ 7,492,124

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	\$ 12,001,026	
Depreciation expense	(11,318,742)	
		682,284

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	(2,273,517)	
Debt principal repayments	20,567,832	
Issuance of notes payable	(110,597)	
Bond premium/discounts/refunding losses	10,330	
Accreted interest	(1,941,658)	
		16,252,390

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:

115,562

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	(28,033)	
Services	(5,523,822)	
Notes receivable	(1,173,519)	
		(6,725,374)

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	(276,793)	
Net pension obligation	(9,522,315)	
		(9,799,108)

Change in net position of governmental activities \$ 8,017,878

See accompanying notes to the financial statements.

	Berks County Residential Center	Berks Heim	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,000	\$ 146,424	\$ 147,424
Cash and cash equivalents, restricted	-	4,750	4,750
Accounts receivable, net	-	5,708,851	5,708,851
Due from other governments	879,517	-	879,517
Due from other funds	1,753,915	3,356,317	5,110,232
Inventories	53,344	99,460	152,804
Prepaid expenses	-	31,463	31,463
Total current assets	<u>2,687,776</u>	<u>9,347,265</u>	<u>12,035,041</u>
Noncurrent assets:			
Employee pay advance	-	39,770	39,770
Investments	-	173,393	173,393
Capital assets	7,603,928	25,376,349	32,980,277
Total noncurrent assets	<u>7,603,928</u>	<u>25,589,512</u>	<u>33,193,440</u>
Deferred outflows of resources:			
Pension	1,937,846	9,968,117	11,905,963
Unamortized bond refunding gain/loss	211,607	-	211,607
Total deferred outflows of resources	<u>2,149,453</u>	<u>9,968,117</u>	<u>12,117,570</u>
Total assets and deferred outflows of resources	<u>12,441,157</u>	<u>44,904,894</u>	<u>57,346,051</u>
Liabilities:			
Current liabilities:			
Accounts payable	135,630	1,351,665	1,487,295
Accrued liabilities	211,341	1,239,717	1,451,058
Unearned grant revenue	-	120	120
Accrued interest payable	17,369	110,121	127,490
Compensated absences	34,814	328,319	363,133
Accrued claims health insurance	60,696	295,061	355,757
Accrued claims liability	8,859	134,943	143,802
Bonds payable, net	61,480	376,536	438,016
Total current liabilities	<u>530,189</u>	<u>3,836,482</u>	<u>4,366,671</u>
Noncurrent liabilities:			
Compensated absences	202,290	496,886	699,176
Accrued claims liability	57,156	870,594	927,750
Pension Liability	856,328	3,752,656	4,608,984
Bonds payable, net	3,439,476	21,565,284	25,004,760
Total noncurrent liabilities	<u>4,555,250</u>	<u>26,685,420</u>	<u>31,240,670</u>
Total liabilities	<u>5,085,439</u>	<u>30,521,902</u>	<u>35,607,341</u>
Deferred inflows of resources:			
Unamortized bond refunding gain	-	507,990	507,990
Pension	690,989	3,609,388	4,300,377
Total deferred inflows of resources	<u>690,989</u>	<u>4,117,378</u>	<u>4,808,367</u>
Net Position			
Net investment in capital assets	5,038,734	7,076,011	12,114,745
Unrestricted Net Position	1,625,995	3,189,603	4,815,598
Total Net Postion	<u>\$ 6,664,729</u>	<u>\$ 10,265,614</u>	<u>\$ 16,930,343</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, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Berks County Residential Center	Berks Heim	Totals
Operating revenues			
Charges for services	\$ 8,109,252	\$ 39,663,123	\$ 47,772,375
Other operating revenues	1,077,845	12,002,370	13,080,215
Total operating revenues	<u>9,187,097</u>	<u>51,665,493</u>	<u>60,852,590</u>
Operating expenses			
Program services	7,717,311	35,856,951	43,574,262
Administrative expenses	-	5,576,126	5,576,126
Depreciation	327,898	1,083,621	1,411,519
Total operating expenses	<u>8,045,209</u>	<u>42,516,698</u>	<u>50,561,907</u>
Operating income	<u>1,141,888</u>	<u>9,148,795</u>	<u>10,290,683</u>
Nonoperating revenues (expenses)			
Grants	-	7,463	7,463
Investment earnings	-	4,448	4,448
Change in fair value of interest rate swaps	(19,714)	(113,114)	(132,828)
Interest expense	(125,631)	(800,153)	(925,784)
Contribution to General Fund	-	(7,439,000)	(7,439,000)
Total nonoperating revenues (expenses)	<u>(145,345)</u>	<u>(8,340,356)</u>	<u>(8,485,701)</u>
Income before transfers	996,543	808,439	1,804,982
Transfers out	<u>(1,088,977)</u>	<u>-</u>	<u>(1,088,977)</u>
Change in net position	(92,434)	808,439	716,005
Total net position, beginning, as restated	6,757,163	9,457,175	16,214,338
Total net position, ending	<u>\$ 6,664,729</u>	<u>\$ 10,265,614</u>	<u>\$ 16,930,343</u>

See accompanying notes to the financial statements.

	Berks County Residential Center	Berks Heim	Totals
Cash flows from operating activities			
Receipts from customers	\$ 8,902,603	\$ 51,555,935	\$ 60,458,538
Payments to suppliers	(4,429,031)	(21,835,039)	(26,264,070)
Payments to employees	(2,920,066)	(17,936,614)	(20,856,680)
Net cash provided by operating activities	<u>1,553,506</u>	<u>11,784,282</u>	<u>13,337,788</u>
Cash flows from noncapital financing activities			
Principal paid on bonds	(28,641)	(163,851)	(192,492)
Receipts from other governments	-	24,009	24,009
Interest paid	(10,388)	(54,216)	(64,604)
Contribution from General Fund	-	(7,439,000)	(7,439,000)
Transfers from (to) other funds	(1,088,977)	-	(1,088,977)
Amounts due from (to) other funds	(1,753,916)	(3,356,316)	(5,110,232)
Net cash used by noncapital financing activities	<u>(2,881,922)</u>	<u>(10,989,374)</u>	<u>(13,871,296)</u>
Cash flows from capital and related financing activities			
Principal paid on bonds	(31,200)	(202,100)	(233,300)
Interest paid	(115,452)	(747,251)	(862,703)
Construction in progress	-	(5,453)	(5,453)
Purchase of capital assets	(11,312)	(58,457)	(69,769)
Net cash used by capital and related financing activities	<u>(157,964)</u>	<u>(1,013,261)</u>	<u>(1,171,225)</u>
Cash flows from investing activities			
Change in restricted investments	-	18,060	18,060
Investment earnings received	-	4,448	4,448
Net cash provided by investing activities	<u>-</u>	<u>22,508</u>	<u>22,508</u>
Net decrease in cash and cash equivalents	(1,486,380)	(195,845)	(1,682,225)
Cash and cash equivalents, beginning	1,487,380	347,019	1,834,399
Cash and Cash Equivalents	<u>\$ 1,000</u>	<u>\$ 151,174</u>	<u>\$ 152,174</u>
Reconciliation of operating income to net cash			
Cash and Cash Equivalents, restricted	\$ -	\$ 4,750	\$ 4,750
Cash and Cash Equivalents	1,000	146,424	147,424
Cash and cash equivalents, ending	<u>\$ 1,000</u>	<u>\$ 151,174</u>	<u>\$ 152,174</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,141,888	\$ 9,148,795	\$ 10,290,683
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	327,898	1,083,621	1,411,519
Amortization of bond premium	(29,096)	(198,186)	(227,282)
Amortization of refunding loss	21,161	(50,799)	(29,638)
Changes in assets and liabilities:			
Accounts receivable, net	(175,627)	(92,559)	(268,186)
Due from other governments	(108,867)	-	(108,867)
Employee pay advance	-	7,668	7,668
Inventories	33,989	3,778	37,767
Prepaid expenses	-	(4,490)	(4,490)
Pension asset, net	2,121,915	10,315,069	12,436,984
Pension deferred outflow	(1,487,357)	(7,230,352)	(8,717,709)
Accounts payable and accrued liabilities	(28,434)	215,027	186,593
Unearned grant revenue	-	(16,999)	(16,999)
Compensated absences	(25,526)	(95,948)	(121,474)
Accrued claims health insurance	994	(9,477)	(8,483)
Accrued claims liability	(4,202)	(147,363)	(151,565)
Pension deferred inflow	(235,230)	(1,143,503)	(1,378,733)
Net cash provided by operating activities	<u>\$ 1,553,506</u>	<u>\$ 11,784,282</u>	<u>\$ 13,337,788</u>
Noncash investing activities			
Change in fair value of interest rate swap	<u>\$ (19,714)</u>	<u>\$ (113,114)</u>	<u>\$ (132,828)</u>

See accompanying notes to the financial statements.

	Berks County Employees' Retirement	Agency
Assets		
Cash and cash equivalents	\$ 106,329	\$ 13,713,392
Receivables:		
Contributions receivable	374,094	-
Investment income receivable	303,766	-
Total receivables	<u>677,860</u>	<u>-</u>
Investments, at fair value (see Note 2):		
Fixed income securities	146,645,789	-
Domestic equities	184,640,735	-
Real estate/Alternative	97,608,801	-
Certificates of deposit	-	4,420,840
Total investments	<u>428,895,325</u>	<u>4,420,840</u>
Total assets	<u>429,679,514</u>	<u>18,134,232</u>
Liabilities		
Accounts payable	333,652	-
Due to third parties	-	18,134,232
Total liabilities	<u>333,652</u>	<u>\$ 18,134,232</u>
Net position		
Net position restricted for pension	<u>\$ 429,345,862</u>	

See accompanying notes to the financial statements.

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Berks County Employees' Retirement
Additions	
Contributions:	
Member	\$ 7,119,321
County	3,648,063
Total contributions	<u>10,767,383</u>
Investment income:	
Net increase in fair value of investments	(31,121,658)
Interest and dividends	9,201,830
Less investment expenses	<u>(1,335,720)</u>
Net investment income	<u>(23,255,548)</u>
Total additions	<u>(12,488,165)</u>
Deductions	
Benefit payments, including refunds of member contributions	23,038,743
Administrative expense	71,124
Total deductions	<u>23,109,867</u>
Change in net position	(35,598,032)
Net position restricted for pension, beginning	<u>464,943,896</u>
Net position restricted for pension, ending	<u>\$ 429,345,862</u>

See accompanying notes to the financial statements.

	Reading Regional Airport Authority **	Reading Area Community College *	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,923,349	\$ 12,556,450	\$ 14,479,799
Cash and cash equivalents, restricted	512,612	-	512,612
Investments	-	21,187,928	21,187,928
Accounts receivable, net	149,469	7,122,945	7,272,414
Due from other governments	795,512	-	795,512
Inventories	-	22,447	22,447
Prepaid expenses	39,986	719,772	759,758
Deposits	9,378	-	9,378
Total current assets	<u>3,430,306</u>	<u>41,609,542</u>	<u>45,039,848</u>
Noncurrent assets:			
Investments	-	-	-
Beneficial interests in perpetual trusts held by others	-	7,125,464	7,125,464
Other receivables	-	524,732	524,732
Collections - works of art	-	909,433	909,433
Capital assets:			
Land and improvements	6,288,919	1,081,556	7,370,475
Air easement rights	103,002	-	103,002
Infrastructure, net	20,067,493	-	20,067,493
Buildings and improvements, net	5,699,511	37,953,815	43,653,326
Furniture, fixtures, equipment and vehicles, net	578,514	2,273,224	2,851,738
Leasehold improvements, net	641,287	-	641,287
Construction in progress	2,516,813	716,884	3,233,697
Total noncurrent assets	<u>35,895,539</u>	<u>50,585,108</u>	<u>86,480,647</u>
Deferred outflows of resources:			
Pension	-	721,612	721,612
Other postemployment benefits	-	186,859	186,859
Total deferred outflows of resources	<u>-</u>	<u>908,471</u>	<u>908,471</u>
Total assets and deferred outflows of resources	<u>39,325,845</u>	<u>93,103,121</u>	<u>132,428,966</u>
Liabilities			
Accounts payable	351,794	1,181,548	1,533,342
Accrued liabilities	6,540	1,111,895	1,118,435
Unearned revenue	23,092	4,673,744	4,696,836
Compensated absences	-	415,529	415,529
Deposits	43,227	-	43,227
Lease obligation	-	30,284	30,284
Bonds, loans and notes payable	140,000	1,437,109	1,577,109
Total current liabilities	<u>564,653</u>	<u>8,850,109</u>	<u>9,414,762</u>
Noncurrent liabilities:			
Compensated absences	-	410,154	410,154
Medical insurance liability	-	400,000	400,000
Other postemployment benefit liability	-	1,138,850	1,138,850
Lease obligation	-	22,465	22,465
Net pension liability	-	4,586,475	4,586,475
Bonds, loans and notes payable	4,280,000	12,717,737	16,997,737
Total noncurrent liabilities	<u>4,280,000</u>	<u>19,275,681</u>	<u>23,555,681</u>
Total liabilities	<u>4,844,653</u>	<u>28,125,790</u>	<u>32,970,443</u>
Deferred inflows of resources			
Deferred rent revenue	2,246,800	-	2,246,800
Deferred pension expense	-	449,656	449,656
Deferred other postemployment benefits expense	-	144,152	144,152
Total deferred inflows of resources	<u>2,246,800</u>	<u>593,808</u>	<u>2,840,608</u>
Net position:			
Net investment in capital assets	31,475,539	27,817,884	59,293,423
Restricted for:			
Debt service	512,612	-	512,612
Foundation for Reading Area Community College	-	18,853,450	18,853,450
Unrestricted net position	<u>246,241</u>	<u>17,712,189</u>	<u>17,958,430</u>
Total net position	<u>\$ 32,234,392</u>	<u>\$ 64,383,523</u>	<u>\$ 96,617,915</u>

* Presented as of June 30, 2018

** Presented as of September 30, 2018

See accompanying notes to the financial statements.

Statement of Activities/Revenues, Expenses and Changes in Net Position
Component Units
Year ended December 31, 2018

County of Berks
2018 Comprehensive Annual Financial Report

	Reading Regional Airport Authority **	Reading Area Community College *	Total
Operating revenues			
Charges for services	\$ 2,217,487	\$ 7,040,573	\$ 9,258,060
Operating grants and contributions	2,397,205	13,489,082	15,886,287
Investment earnings	-	905,245	905,245
Other revenues	-	2,395,311	2,395,311
Total operating revenues	<u>4,614,692</u>	<u>23,830,211</u>	<u>28,444,903</u>
Total operating expenses	<u>4,122,195</u>	<u>34,591,517</u>	<u>38,713,712</u>
Operating income (loss)	<u>492,497</u>	<u>(10,761,306)</u>	<u>(10,268,809)</u>
Nonoperating revenues (expenses)			
Payments from County of Berks	-	3,250,000	3,250,000
Payments from other governments	-	8,827,798	8,827,798
Investment income	5,546	55,575	61,121
Debt issuance costs	-	(59,100)	(59,100)
Interest expense	(119,280)	(490,028)	(609,308)
Gain (loss) on disposal of capital assets	5,268	(2,904)	2,364
Total nonoperating revenues (expenses)	<u>(108,466)</u>	<u>11,581,341</u>	<u>11,472,875</u>
Other revenues (expense):			
Payments from County of Berks	-	406,014	406,014
Payments from other governments	-	1,334,398	1,334,398
Long-term gifts and grants	-	669,064	669,064
Total other revenues (expense)	<u>-</u>	<u>2,409,476</u>	<u>2,409,476</u>
Change in net position	384,031	3,229,511	3,613,542
Net position - beginning (restated)	31,850,361	61,154,012	93,004,373
Total net position, ending	<u>\$ 32,234,392</u>	<u>\$ 64,383,523</u>	<u>\$ 96,617,915</u>

* Presented for the year ended June 30, 2018

** Presented for the year ended September 30, 2018

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 system, 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 (the “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 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
2385 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 resource's measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is 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 2018:

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 2018 property tax levy outstanding at December 31, 2018. The allowance for court fines, fees and costs is equal to 90 percent of the outstanding accounts receivable at December 31, 2018. The allowance for district justices' fines and court costs is equal to 40 percent of the outstanding accounts receivable at December 31, 2018. The allowance for liens for the closing cost assistance program is equal to 100 percent of the outstanding balance at December 31, 2018. 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, 2018.

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 more than \$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	5 – 40 years
Buildings and improvements	5 - 45 years
Machinery and equipment	5 – 11 years
Motor vehicles	5 years
Computer equipment	3 -5 years
Infrastructure	20 – 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, 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 refunding's and advance refunding's 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:

General Fund

Fund balance, beginning, as previously reported	\$ 141,146,424
Prior period adjustments	\$ 2,900,766
Fund balance, beginning, as restated	<u>\$ 144,047,190</u>

Prior period adjustment in the General Fund in order to correct errors and adjust for estimates made in CYS, JPO, District Attorney, MH/DD, Aging & County Capital Projects.

Non-Major Governmental Funds

Fund balance, beginning, as previously reported	\$ 16,933,697
Prior period adjustments	\$ (853)
Fund balance, beginning, as restated	<u>\$ 16,932,844</u>

Prior period adjustment in the Domestic Relations Special Revenue Fund, included in Nonmajor Governmental Funds to agree the fund balance to external grant reporting.

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:

Governmental Funds

Fund balance, beginning, as previously reported	\$ 268,724,234
Prior period adjustments	\$ 2,899,913
Fund balance, beginning, as restated	<u>\$ 271,624,147</u>

Prior period adjustment in the Entity Wide Governmental Funds due to reasons and amounts stated above under governmental funds.

Component Unit - Reading Area Community College

Restatement of Beginning Net Position

Effective July 1, 2017, the College adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, to be in conformity with generally accepted accounting principles.

Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenditures in order to improve accounting and financial reporting by governments for other postemployment benefit plans. The statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to actuarial present value, and attribute that present value to periods of employee service. The Statement also enhances note disclosure and required supplementary information for these plans.

The adoption of this standard resulted in the College restating beginning net position as of July 1, 2017, as follows:

Net Position at June 30, 2017	<u>\$ 41,961,544</u>
Restatement for:	
Deferred Outflow – HIPAP contributions made subsequent to the measurement date	9,892
Other postemployment benefit obligation – HIPAP	(200,000)
Other postemployment benefit obligation – College Plan	<u>(659,475)</u>
Net Position at July 1, 2017 - restated	<u><u>\$ 41,111,961</u></u>

W. Pending and Adopted Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, “*Certain Asset Retirement Obligations.*” The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. The County is currently evaluating the effect of implementation of this Statement.

In January 2017, the GASB issued Statement No. 84, “*Fiduciary Activities.*” The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The County is currently evaluating the effect of implementation of this Statement.

In March 2017, the GASB issued Statement No. 85, “*Omnibus 2017.*” The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The County has implemented the effects of this Statement for the reporting period ending December 31, 2018.

In May 2017, the GASB issued Statement No. 86, “*Certain Debt Extinguishment Issues.*” The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The County has implemented the effects of this Statement for the reporting period ending December 31, 2018.

In June 2017, the GASB issued Statement No. 87, “*Leases.*” The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. The County is currently evaluating the effect of implementation of this Statement.

In April 2018, the GASB issued Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*” The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. The County is currently evaluating the effect of implementation of this Statement.

In June 2018, the GASB issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period.*” The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. The County is currently evaluating the effect of implementation of this Statement.

In August 2018, the GASB issued Statement No. 90, “*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.*” The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The County is currently evaluating the effect of implementation of this Statement.

In May 2019, the GASB issued Statement No. 91, “*Conduit Debt Obligations.*” The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2020. The County is currently evaluating the effect of implementation of this Statement.

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 P.A.A. Ch. 7302b (relating to fiduciaries' investments).

The carrying amounts of the cash and investments at December 31, 2018 consist of the following:

Cash and cash equivalents	\$ 105,689,559
Petty cash	17,261
Investments	547,975,363
	<u>\$ 653,682,183</u>

Financial statement classification:

Statement of net position:

Current assets, cash and cash equivalents	\$ 47,363,059
Current assets, cash and cash equivalents, restricted	40,103,200
Current assets, investments	62,508,410
Current assets, investments, restricted	4,027,670
Noncurrent assets, investments	49,171,958
noncurrent assets, investments, restricted	3,372,000

Statement of fiduciary net position:

Berks County Employees' Retirement Trust Fund:

Cash and cash equivalents	106,329
Investments	428,895,325

Agency fund:

Cash and cash equivalents	18,134,232
	<u>\$ 653,682,183</u>

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, 2018, the carrying amounts of the County's bank deposits were \$105,689,559 and the bank balances were \$110,326,238, of which \$549,620 was covered by Federal Depository Insurance, \$67,179,596 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, \$27,171,718 was invested in an external investment pool, described in more detail below, \$4,689,444 was invested in money market funds, \$249,000 are certificates of deposit and investments considered cash and cash equivalents, and the remaining balance of \$10,486,860 was invested in U.S. Gov't Debt Securities.

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, 2018, 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 \$4,689,444, 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'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, 2018, the County had the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	< 1	1 - 5	6 - 10	> 10
Governmental Funds					
General Fund					
Negot. Certif. of deposit	\$ 36,045,384	\$ 26,292,054	\$ 9,753,330	\$ -	\$ -
U.S. Govt agency securities	75,117,099	35,988,864	39,131,235	-	-
Health Choices Fund					
Negot. Certif. of deposit	5,294,587	2,804,587	2,490,000	-	-
Other Governmental Funds					
Negot. Certif. of deposit	2,449,575	1,453,575	996,000	-	-
U.S. Govt agency securities	-	-	-	-	-
Total Governmental Funds	<u>\$ 118,906,645</u>	<u>\$ 66,539,080</u>	<u>\$ 52,370,565</u>	<u>\$ -</u>	<u>\$ -</u>
Enterprise Funds					
Berks Heim					
Negot. Certif. of deposit	<u>173,393</u>	<u>-</u>	<u>173,393</u>	<u>-</u>	<u>-</u>
Fiduciary Funds					
County Employees' Retirement:					
Collective Trusts					
Core Trust Property	\$ 52,578,893	\$ 52,578,893	\$ -	\$ -	\$ -
Energy Debt	18,674,451	18,674,451	-	-	-
Equity Mutual Funds					
Large Cap Disciplined	84,487,135	84,487,135	-	-	-
Small/Mid Cap	28,518,184	28,518,184	-	-	-
Emerging Markets	11,749,704	11,749,704	-	-	-
World Ex-US	59,885,711	59,885,711	-	-	-
Dynamic Asset Allocation	26,355,457	26,355,457	-	-	-
Fixed Income Mutual Funds					
Core Fixed Income	45,259,150	45,259,150	-	-	-
High Yield Bonds	20,310,565	20,310,565	-	-	-
Limited Duration Bonds	19,968,423	19,968,423	-	-	-
Opportunistic Income	28,033,823	28,033,823	-	-	-
Emerging Markets Debt	22,367,994	22,367,994	-	-	-
Multi-Asset Real Return	10,705,835	10,705,835	-	-	-
Agency Funds:					
Negot. Certif. of deposit	-	-	-	-	-
Total Fiduciary Funds	<u>428,895,325</u>	<u>428,895,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 547,975,363</u>	<u>\$ 495,434,405</u>	<u>\$ 52,543,958</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, 2018 were \$43,962,939. Of this total, \$43,727,480 was covered by Federal Depository Insurance, and \$235,459 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, 2018:

	<u>Fair Value</u>	<u>Rating</u>
U. S. Govt agency obligations	\$ 75,117,099	AAA
Negotiable certificates of deposit	\$ 43,962,939	Unrated
Mutual funds - Core fixed income	\$ 45,259,150	AA-
Mutual funds - High Yield Bonds	\$ 20,310,565	B+
Mutual funds - Limited Duration	\$ 19,968,423	A+
Mutual funds - Opportunistic Income	\$ 28,033,823	BBB
Mutual funds - Emerging Mkts Debt	\$ 22,367,994	BB+
Mutual funds - Multi-Asset Real Return	\$ 10,715,835	Unknown

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, 2018, 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, 2018, \$547,975,363 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, 2018.

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, 2018:

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	\$ 43,962,939	\$ -	\$ -	\$ 43,962,939
U.S. Govnment Agency notes	75,117,099	-	-	75,117,099
Fixed income mutual funds				
Core Fixed Income	45,259,150	-	-	45,259,150
High Yield Bond	20,310,565	-	-	20,310,565
Limited duration Bond	19,968,423	-	-	19,968,423
Opportunistic Income	28,033,823	-	-	28,033,823
Emerging Markets Debt	22,367,994	-	-	22,367,994
Multi-Asset Real Return	10,705,835	-	-	10,705,835
Total fixed income mutual funds	146,645,790	-	-	146,645,790
Equity mutual funds				
Large Cap Disciplined	84,487,135	-	-	84,487,135
Small Mid Cap	28,518,184	-	-	28,518,184
Emerging Markets	11,749,704	-	-	11,749,704
World Ex-US	59,885,711	-	-	59,885,711
Dynamic Asset Allocation	26,355,457	-	-	26,355,457
Total equity mutual funds	210,996,191	-	-	210,996,191
Total investments by fair value level	476,722,019	-	-	476,722,019
Measured at Net Asset Value (NAV)				
Collective Trust Funds				71,253,344
Total Investment measured at fair value				\$ 547,975,363
Investment derivative instruments				
Interest Rate Swap		1,020,624		1,020,624

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)	\$ 52,578,893	\$ -	Immediate	None
Energy Debt	(b)	<u>18,674,451</u>	<u>-</u>	Immediate	None
Total Collective Trust Funds		<u>\$ 71,253,344</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 is permitted to invest in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) 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.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the 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 Authority's cash and cash equivalents consist of the following at September 30, 2018:

	2018
Petty cash	\$ 250
Unrestricted cash	1,923,099
Restricted Cash:	
Debt service funds	512,612
Escrow deposits	9,378
	\$ 2,445,339

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, 2018, \$2,201,958 of the Authority's bank balance of \$2,451,958 was exposed to custodial credit risk, but covered by collateralization requirements 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 risk, 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, 2018 consist of the following:

Cash on hand	\$ 3,675
Cash	11,846,074
Investments	8,894,973
	\$ 20,744,722

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, 2018, the carrying amount of the College's deposits was \$11,846,074 and the bank balance was \$11,818,129. Of the bank balance, \$500,000 was covered by federal depository insurance and \$11,318,129 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, 2018, the cash and cash equivalents for the College Foundation was \$706,701. 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 fair value of \$8,894,973 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, 2018:

<u>Investment</u>	<u>Interest Rates</u>	<u>Total</u>	<u>< 1 year</u>	<u>> 1 year</u>
FHLB Notes	1.375% - 2.375%	\$ 743,735	\$ -	\$ 743,735
FNMA	1.375% - 2.000%	3,402,411	731,411	2,671,000
FHLMC	1.375% - 2.375%	1,473,525	492,243	981,282
US Treasury Note	1.000% - 2.000%	3,275,302	2,537,450	737,852
Total Investments		<u>\$8,894,973</u>	<u>\$3,761,104</u>	<u>\$5,133,869</u>

Interest rate risk: The College does have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy limits investments to no more than a maximum maturity of five years with a focus on ensuring cash flow demands are met beyond one year.

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, 2018, 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, 2018 are summarized as follows:

<u>Investment</u>	<u>Total</u>
Equity funds	\$ 5,053,745
Fixed income securities	3,545,283
Mutual funds	3,218,082
Cash and equivalents	<u>475,845</u>
 Total Investments	 <u><u>\$ 12,292,955</u></u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2018:

<u>Category</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest	\$ 47,863	\$ 224,384		\$ 272,247
Market gains	\$ 109,280	\$ 523,718	\$ -	\$ 632,998
 Total	 <u>\$ 157,143</u>	 <u>\$ 748,102</u>	 <u>\$ -</u>	 <u>\$ 905,245</u>

The Foundation has investments in mutual funds consisting primarily of bond and equity securities. Generally accepted accounting principles establishes 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, 2018.

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, 2018:

Category	Level 1	Level 2	Level 3	Total
Equity	\$ 5,053,745	\$ -	\$ -	\$ 5,053,745
Fixed income	3,545,283	-	-	3,545,283
Mutual funds	3,218,082	-	-	3,218,082
	<u>11,817,110</u>	<u>-</u>	<u>-</u>	<u>11,817,110</u>
Beneficial interest in perpetual trusts	-	-	7,125,464	7,125,464
Beneficial interest in CRAT	-	-	125,000	125,000
Total assets at fair value	<u>\$11,817,110</u>	<u>\$ -</u>	<u>\$ 7,250,464</u>	<u>\$19,067,574</u>

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, 2018:

Balance, beginning of year	\$ 7,001,176
Contributions/purchases	-
Realized and unrealized gains (losses)	<u>249,288</u>
Balance, end of year	<u>\$ 7,250,464</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 \$55,405 for the year ended June 30, 2018. The value of the trusts recorded is \$7,125,464 at June 30, 2018.

NOTE 3: RESTRICTED ASSETS

Cash and Investments whose use is limited to a specific purpose have been classified as "restricted" in the State Statement of Net Assets/Balance Sheet. Restricted assets at December 31, 2018 are composed of the following:

Governmental funds	Cash and Cash equivalents	Investments
General Funds		
Act 198 Fund		
E & T	-	657
Environmental Litigation	-	100
Hazmat Response Fund	501,090	1,014,407
MCT Trust	293,866	-
Inmate Pay	560,000	-
PLGIT	25,844,434	-
Worker's Compensation Trust	5,770	210,607
Children and Youth Services		
Gift Fund		
Department of Emergency Services		
Hazmat Response Fund	-	498,000
Health Choices special revenue		
Appendix V-Jumbo Auto Renew CD	-	812,587
Reinvestment	1,803,014	-
Risk and Contingency	2,351,400	4,482,000
Liquid Fuels		
Liquid Fuels - Act 89	1,026,278	207,918
Liquid Fuels - Local Use Fund	3,132,514	-
Special Legislation Fund		
Adult Probation Supervision Fund	2,466,569	-
Coroner Record Improvement Fund	158,267	-
Courts Automation Fund	228,020	-
Hotel Tax Fund	175,198	-
Prothonotary Automation Fund	70,538	-
Recorder of Deeds Record Improvement Fund		-
Register of Wills Record Improvement Fund	154,209	-
Treasurer Record Improvement Fund		-
Capital Projects Fund		
Unspent bond proceeds series B of 2009	-	-
Unspent bond proceeds series A of 2010	-	-
Unspent bond proceeds series B of 2010	104,367	-
Unspent bond proceeds series C of 2010	502,203	-
Unspent bond proceeds series D of 2010	-	-
Unspent bond proceeds series of 2012 Tax Exempt	539	-
Unspent bond proceeds series A of 2012	-	-
Unspent Bond Proceeds Series of 2013	720,175	-
Total governmental funds	<u>40,098,450</u>	<u>7,226,276</u>
Business Type Activities		
Berks Heim		
Worker's Compensation Trust	<u>4,750</u>	<u>173,393</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 2018 adopted rate of taxation was 7.657 mills.

County property tax revenues were reduced by approximately \$773,000 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 \$592,000 for the year ended December 31, 2018.

Keystone Opportunity Zone Program (KOZ) Program

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

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

The County has forgone real estate tax revenue as a result of KOZ tax abatement agreements entered into by the Commonwealth of Pennsylvania was approximately \$181,000 for the year ended December 31, 2018.

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, 2018 are as follows:

	Due from other funds	Due to other funds
Governmental funds:		
General fund	\$ -	\$ 5,350,528
Children and Youth Services	-	913,486
Health Choices	97,640	-
Nonmajor	1,056,142	-
	<u>1,153,782</u>	<u>6,264,014</u>
Proprietary funds:		
Berks County Residential Center	1,753,915	-
Berks Heim	3,356,317	-
	<u>5,110,232</u>	<u>-</u>
Total	<u>6,264,014</u>	<u>6,264,014</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 2018 are as follows:

	Transfers In	Transfers Out
Governmental funds:		
General fund	\$ 3,965,426	\$ 11,471,634
Children and Youth Services	7,059,738	324,498
Health Choices	-	14,246
Nonmajor	4,311,897	2,437,704
	<u>15,337,061</u>	<u>14,248,082</u>
Proprietary funds:		
Berks County Residential Center	-	1,088,979
Berks Heim	-	-
	<u>-</u>	<u>1,088,979</u>
Total	<u>15,337,061</u>	<u>15,337,061</u>

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

- Transfers of \$9,645,688 were made from the General Fund to several funds during 2018 to cover deficits in several special revenue funds.
- Transfers of \$1,971,454 were made from the Special Legislation Special Revenue Fund to the General Fund for Adult Probation Office wage reimbursements.
- Transfers of \$1,730,211 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 \$1,088,979 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, 2018 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	\$ -	\$ -	\$ 43,870	\$ 13,525,728
Historical Treasures	2,279,644	-	-	-	2,279,644
Agricultural Easements	80,229,316	1,209,001	-	-	81,438,317
Software In Progress	4,427,469	1,247,803	-	-	5,675,272
Construction In Progress	4,399,097	8,203,049	-	(5,640,790)	6,961,356
Total capital assets, not being depreciated	<u>104,817,384</u>	<u>10,659,853</u>	<u>-</u>	<u>(5,596,920)</u>	<u>109,880,317</u>
Capital assets, being depreciated:					
Land and Improvements	3,764,671	-	-	-	3,764,671
Bldgs and Improvements	212,304,341	403,897	-	683,805	213,392,043
Furniture, Fixtures, Equip & Vehicles	82,324,454	1,016,720	(1,821,665)	1,368,399	82,887,908
Infrastructure	28,067,998	201,969	-	3,544,716	31,814,683
Total capital assets, being depreciated	<u>326,461,464</u>	<u>1,622,586</u>	<u>(1,821,665)</u>	<u>5,596,920</u>	<u>331,859,305</u>
Total capital assets, historical cost	<u>431,278,848</u>	<u>12,282,439</u>	<u>(1,821,665)</u>	<u>-</u>	<u>441,739,622</u>
Less accumulated depreciation for:					
Land and Improvements	1,633,191	165,221	-	-	1,798,412
Bldgs and Improvements	116,572,503	5,904,958	-	-	122,477,461
Furniture, Fixtures, Equip & Vehicles	27,128,719	4,440,415	(1,540,252)	-	30,028,882
Infrastructure	3,276,135	808,148	-	-	4,084,283
Total accumulated depreciation	<u>148,610,548</u>	<u>11,318,742</u>	<u>(1,540,252)</u>	<u>-</u>	<u>158,389,038</u>
Net capital assets, being depreciated	<u>177,850,916</u>	<u>(9,696,156)</u>	<u>(281,413)</u>	<u>5,596,920</u>	<u>173,470,267</u>
Total capital assets, net of accumulated depreciation	<u>\$ 282,668,300</u>	<u>\$ 963,697</u>	<u>\$ (281,413)</u>	<u>\$ -</u>	<u>\$ 283,350,584</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	\$ 29,945	\$ 5,453	\$ -	\$ -	\$ 35,398
Capital assets, being depreciated:					
Buildings and improvements	48,305,108	42,438	-	-	48,347,546
Furniture, fixtures, equipment, and vehicle:	4,995,817	27,331	(138,500)	-	4,884,648
Total capital assets, being depreciated	53,300,925	69,769	(138,500)	-	53,232,194
Total capital assets, historical cost	53,330,870	75,222	(138,500)	-	53,267,592
Less accumulated depreciation for:					
Building and improvements	14,671,953	1,271,562	-	-	15,943,515
Furniture, fixtures, equipment, and vehicle:	4,342,344	139,957	(138,500)	-	4,343,801
Total accumulated depreciation	19,014,297	1,411,519	(138,500)	-	20,287,316
Net capital assets, being depreciated	34,286,628	(1,341,750)	-	-	32,944,878
Total capital assets, net of accumulated depreciation	\$ 34,316,573	\$ (1,336,297)	\$ -	\$ -	\$ 32,980,276

2. Depreciation expense

Depreciation expense was charged to functions/programs of the primary government during 2018 as follows:

- **Governmental activities:**

Judicial	\$ 311,071
Public safety	4,238,068
Public works	996,341
General government	5,188,140
Human services	77,506
Community and economic development	52,000
Culture and recreation	455,616
Total	\$ 11,318,742

- **Business-type activities:**

Berks County Residential Center	\$ 327,898
Berks Heim	1,083,621
Total	\$ 1,411,519

3. Capital projects commitments

The County Security project is in the initial phase with expenditures to date totaling \$16,500. The project is scheduled to go out for bid in late spring or early summer 2019. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$2.8 million.

The Waste Water Treatment Plant Renovation project is in the construction phase with expenditures to date totaling \$430,579. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$2.9 million.

The Voting System project has been awarded to a vendor for a projected final cost of approximately \$4.2 million. Management anticipates this project to be completed by December 31, 2019.

The Blandon Bridge project is in the construction phase with expenditures to date totaling \$2,223,130. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$2.4 million.

The Dreibelbis Station Bridge project is in the design phase with expenditures to date totaling \$587,248. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$5.2 million.

The Zettlemoyer's Bridge project is in the design phase with expenditures to date totaling \$179,771. Management anticipates this project to be completed by December 31, 2019 with a projected final cost of approximately \$1.2 million.

The Althouse Mill Bridge project is in the design phase with expenditures to date totaling \$7,890. Management anticipates this project to be completed by December 31, 2021 with a projected final cost of approximately \$3.4 million.

The Ebling Memorial Bridge project is in the design phase with expenditures to date totaling \$90,940. Management anticipates this project to be completed by December 31, 2021 with a projected final cost of approximately \$1.7 million.

The Parks Department is undertaking several projects at various locations throughout the County with expenditures to date totaling \$171,532. Management anticipates these projects to be completed by December 31, 2023 with a projected final cost of approximately \$1.7 million.

B. Component units

1. Reading Regional Airport Authority

Capital asset activity for the year ended September 30, 2018 was as follows:

Depreciation expense for the Authority for the year ended September 30, 2018 was \$2,266,923.

	Balance October 1 2018	Additions	Deletions (Reclass)	Balance September 30 2018
Capital assets not being depreciated:				
Land	\$ 4,636,399	\$ -	\$ -	\$ 4,636,399
Air easement rights	103,002	-	-	103,002
Construction in progress	207,891	2,308,922	-	2,516,813
Total not being depreciated	4,947,292	2,308,922	-	7,256,214
Capital assets being depreciated:				
Terminal building	8,191,642	-	-	8,191,642
Sanitary sewer system	5,025,489	-	-	5,025,489
Runway improvements	36,977,307	-	-	36,977,307
Other buildings and related improvements	20,766,164	-	-	20,766,164
Machinery and equipment	3,783,289	27,050	-	3,810,339
Total being depreciated	74,743,891	27,050	-	74,770,941
Less accumulated depreciation:				
Terminal building	3,656,021	137,720	-	3,793,741
Sanitary sewer system	1,350,600	125,637	-	1,476,237
Runway improvements	19,113,040	1,346,026	-	20,459,066
Other buildings and related improvements	16,617,218	553,529	-	17,170,747
Machinery and equipment	3,127,814	104,011	-	3,231,825
Total accumulated depreciation	43,864,693	2,266,923	-	46,131,616
Total capital assets being depreciated, net	30,879,198	(2,239,873)	-	28,639,325
Total Capital Assets, Net	\$ 35,826,490	\$ 69,049	\$ -	\$ 35,895,539

B. Component units (continued)

1. Reading Regional Airport Authority (Continued)

Construction in progress/commitments

Construction projects in progress at September 30, 2018 consist of the following:

Airport Security Fence	\$ 2,244,528
Rehab West/North Apron	84,662
Runway 13-31 Surface Sensors Upgrade	42,646
Terminal HVAC Upgrade	69,883
Wastewater Treatment Plant SCADA Upgrade	<u>75,094</u>
	<u>\$ 2,516,813</u>

At September 30, 2018, the Authority has \$377,208 in contracts relating to the Runway 13-31 surface sensors upgrade and wastewater treatment plant SCADA upgrade projects, with \$317,926 of outstanding commitments remaining.

Related to the construction in progress and operations, the Authority has been awarded grants to fund approved outstanding capital improvement projects. The following are the amounts remaining on the grants and the local match commitment at September 30, 2018:

	Federal Grant	State Grant	Local Match	Totals
Airport Security Fence	\$ 10,863	\$ 603	\$ 603	\$ 12,069
Obstruction Removal	13,196	-	1,466	14,662
Rehab West/North Apron	142,649	-	15,850	158,499
Runway 13-31 Surface Sensors Upgrade	288,206	-	32,023	320,229
Terminal HVAC Upgrade	<u>-</u>	<u>446,870</u>	<u>446,870</u>	<u>893,740</u>
Total grants	<u>\$ 454,914</u>	<u>\$ 447,473</u>	<u>\$ 496,812</u>	<u>\$ 1,399,199</u>

2. Reading Area Community College

Capital asset activity for the year ended June 30, 2018 is as follows:

Depreciation expense for the College for the year ended June 30, 2018 was \$2,145,104.

	July 1, <u>2017</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	June 30, <u>2018</u>
Capital assets, not being depreciated:				
Land	\$ 1,081,556	\$ -	\$ -	\$ 1,081,556
Construction in progress	<u>3,259,581</u>	<u>2,501,001</u>	<u>(5,043,698)</u>	<u>716,884</u>
Total capital assets, not being depreciated	<u>4,341,137</u>	<u>2,501,001</u>	<u>(5,043,698)</u>	<u>1,798,440</u>
Capital assets, being depreciated:				
Buildings and improvements	64,939,365	4,460,490	(438,906)	68,960,949
Equipment, furnishings and library books	<u>9,751,168</u>	<u>751,886</u>	<u>(6,326)</u>	<u>10,496,728</u>
Total capital assets, being depreciated	<u>74,690,533</u>	<u>5,212,376</u>	<u>(445,232)</u>	<u>79,457,677</u>
Total capital assets, historical cost	<u>79,031,670</u>	<u>7,713,377</u>	<u>(5,488,930)</u>	<u>81,256,117</u>
Less accumulated depreciation for:				
Buildings and improvements	29,825,832	1,617,304	(436,002)	31,007,134
Equipment, furnishings and library books	<u>7,702,030</u>	<u>527,800</u>	<u>(6,326)</u>	<u>8,223,504</u>
Total accumulated depreciation	<u>37,527,862</u>	<u>2,145,104</u>	<u>(442,328)</u>	<u>39,230,638</u>
Total capital assets being depreciated, net	<u>37,162,671</u>	<u>3,067,272</u>	<u>(2,904)</u>	<u>40,227,039</u>
Total capital assets, net of accumulated depreciation	<u>\$ 41,503,808</u>	<u>\$ 5,568,273</u>	<u>\$ (5,046,602)</u>	<u>\$ 42,025,479</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, 2018, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	1,241
Inactive plan members entitled to but not yet receiving benefits	253
Active plan members	<u>2,017</u>
Total members	<u><u>3,511</u></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 2018 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 3.35 percent of annual payroll.

2. Net Pension (Asset) Liability

The County's net pension (asset) liability was measured as of December 31, 2018, 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, 2018 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 2013 RP Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvement.

The actuarial assumptions used in the valuation for the 2018 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 2018 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	Plan Fiduciary	Net Pension
	Liability	Net Position	Asset (Liability)
	(a)	(b)	(b)-(a)
Balance at December 31, 2017	\$ 425,879,612	\$ 464,928,377	\$ 39,048,765
Changes for the year:			
Service cost	9,849,878	-	(9,849,878)
Interest cost	32,446,090	-	(32,446,090)
Difference between expected and actual experience	2,596,591	-	(2,596,591)
Changes of Assumptions (1)	5,599,573	-	(5,599,573)
Contributions - County	-	3,648,063	3,648,063
Contributions - member	-	7,119,321	7,119,321
Net investment income	-	(23,240,032)	(23,240,032)
Benefit payments, including refunds of member contributions	(23,038,743)	(23,038,743)	-
Administrative expense	-	(71,124)	(71,124)
Net changes	<u>27,453,389</u>	<u>(35,582,515)</u>	<u>(63,035,904)</u>
Balance at December 31, 2018	<u>\$ 453,333,001</u>	<u>\$ 429,345,862</u>	<u>\$ (23,987,139)</u>

(1) 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 \$5,599,573. The increase in the actuarially determined contribution is \$634,360

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	pension asset (liability)
1% decrease (6.5%)	\$ (80,356,543)
Current discount rate (7.5%)	\$ (23,987,139)
1% increase (8.5%)	\$ 6,139,638

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, 2018, 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		Assumptions	Total
	(Outflow)	Inflow	(Outflow)	Inflow	(Outflow)	
Deferred Inflow/(Outflow) of Resources as of December 31, 2017	\$ (2,293,551)	\$ 6,223,950	\$ (14,800,159)	\$ 21,959,490		\$ 11,089,730
2018 Differences between expected and actual experience	(2,596,591)	-	(57,656,392)	-	(5,599,573)	(65,852,556)
2018 portion recognized as pension expense	<u>(1,007,733)</u>	<u>1,498,138</u>	<u>(19,561,832)</u>	<u>5,489,873</u>	<u>(1,097,955)</u>	<u>(14,679,509)</u>
Deferred Inflow/(Outflow) of Resources as of December 31, 2018	\$ <u>(3,882,409)</u>	\$ <u>4,725,812</u>	\$ <u>(52,894,719)</u>	\$ <u>16,469,617</u>	\$ <u>(4,501,618)</u>	\$ <u>(40,083,317)</u>
Change in Deferred Inflow/(Outflow) of Resources during 2018						\$ <u>(51,173,047)</u>

* Determined as follows:

2018 Projected Earnings on Plan Investments	\$ 34,416,360
2018 Actual Earnings on Plan Investments	<u>(23,240,032)</u>
2018 Difference between Expected and Actual Experience	<u>\$ (57,656,392)</u>

For the 2018 year, the County recognized pension expense of \$15,510,920. Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ (13,369,824)
2020	(6,697,691)
2021	(6,742,348)
2022	(13,112,740)
2023	(160,714)
Thereafter	<u>-</u>
	<u>\$ (40,083,317)</u>

4. Payable to the Pension Plan

For the year ended December 31, 2018, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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 13 weeks. The collective bargaining agreement requires the Authority to contribute a fixed amount per employee each month; this contribution amount was \$481 at September 30, 2018. The Authority's contributions for each employee are fully vested when made. The pension contribution for the year ended September 30, 2018 was \$46,100.

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, 2018 was \$12,795.

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 new 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.gov.

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. According to the State Employees' Retirement Code (retirement code), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

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 Section 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 funding 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 2015-2016 was 4.5 percent and no longer applied effective July 1, 2017.

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, 2018 ranged between 27.55 percent and 34.44 percent of gross pay depending on the class of the employee. Contributions to the pension plan from the College were \$18,751 for the year ended June 30, 2018. The contribution policy is set by state statute and requires contributions by active members, employees and the Commonwealth of Pennsylvania.

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, 2018 was 31.74 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 actuarially determined as an amount that, when combined with 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 \$379,744 for the year ended June 30, 2018.

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, 2018, the College reported a liability of \$190,475 for its proportionate share of the SERS net pension liability. The SERS net pension liability was measured as of December 31, 2017, 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, 2016 to December 31, 2017. 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, 2017, the College's proportion was 0.0011 percent, which is unchanged from its proportion measured as of December 31, 2016.

At June 30, 2018, 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	\$4,396,000
Commonwealth's proportional share of the net pension liability	<u>4,396,000</u>
Total proportionate share of the net pension liability	<u><u>\$8,792,000</u></u>

The PSERS net pension liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. 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, 2018, the College's proportion was 0.0089 percent, which was a decrease of 0.0004 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the College recognized total pension expense from the two plans of \$377,998. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net difference between projected and actual investment earnings	\$ 102,000	\$ 7,572
Change of assumptions	128,536	-
Difference between expected and actual experience	49,220	30,616
Changes in proportions	54,704	408,971
Difference between employer contributions and proportionate share of total contributions	7,408	2,497
Contributions subsequent to the measurement date	<u>379,744</u>	<u>-</u>
	<u><u>\$ 721,612</u></u>	<u><u>\$ 449,656</u></u>

The \$379,744 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, 2019.

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:

2019	\$ (26,054)
2020	4,410
2021	(32,273)
2022	(53,948)
2023	77
	<u>\$ (107,788)</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 2.60 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, 2017 was determined by rolling forward the System's total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017 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 growth: Effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and merit or seniority increases
- 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.

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 weighting 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 arithmetic real rates of return for each major asset class as of December 31, 2017.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Private equity	16.0%	8.00%
Global public equity	43.0%	5.30%
Real estate	12.0%	5.44%
Multi-Strategy	12.0%	5.10%
Fixed income	14.0%	1.63%
Cash	3.0%	(0.25%)
	<u>100.0%</u>	

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, 2017.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.1%
Fixed income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLP's	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	6.0%
Financing (LIBOR)	-20.0%	1.1%
	<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>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
College's proportionate share of the SERS net pension liability	\$ 241,772	\$ 190,475	\$ 146,533
College's proportionate share of the PSERS net pension liability	5,411,000	4,396,000	3,539,000

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.gov.

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

Payable to the Pension Plan

At June 30, 2018, the College had an accrued balance due to PSERS of \$96,722. This amount represents the College's contractually obligated contributions for wages earned in April 2018 through June 2018. The balance was paid in September 2018.

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, 2018 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, 2018 was \$1,837,062, which consisted of \$1,067,119 from the College and \$769,943 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, 2018, future minimum lease payments receivable under significant noncancelable long-term operating leases are as follows for each year ending September 30:

2019	\$	1,112,754
2020		1,096,126
2021		969,389
2022		713,328
2023		625,960
2024-2028		2,651,933
2029-2033		<u>1,254,255</u>
	\$	<u><u>8,423,745</u></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 \$386,756 for 2018.

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, 2018, are summarized as follows:

Governmental activities	\$	1,582,024
Business-type activities		<u>1,071,553</u>
Total	\$	<u><u>2,653,577</u></u>

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2016, 2017 and 2018.

Year	January 1 Liability	Incurred Claims	Payments	December 31 Liability
2016	\$ 3,314,764	\$ 850,336	\$ 1,001,526	\$ 3,163,574
2017	\$ 3,163,574	\$ 695,122	\$ 955,395	\$ 2,903,301
2018	\$ 2,903,301	\$ 605,241	\$ 972,281	\$ 2,974,139

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 2018, the County has incurred and processed healthcare claims of \$32.0 million.

All accrued incurred but not recorded (IBNR) healthcare claims liabilities at December 31, 2018, are summarized as follows:

Governmental activities	\$ 1,452,365
Business-type activities	355,757
Total	<u>\$ 1,808,122</u>

The following summary provides aggregate information on healthcare self-insurance liabilities, incurred claims and payments during the years ended December 31, 2016, 2017 and 2018.

Year	January 1 liability	Incurred Claims	Payments	December 31 liability
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
2018	\$ 1,798,965	\$ 32,020,106	\$ 32,010,949	\$ 1,808,122

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, 2018 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, 2018, is \$7,667,967, 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, 2016, 2017 and 2018.

Year	January 1 liability	Incurred Claims	Payments	December 31 liability
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
2018	\$ 8,314,607	\$ 84,650,922	\$ 85,297,562	\$ 7,667,967

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 2017/2018 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, 2018. 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, 2018. 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, 2018:

Balance at July 1	\$ 400,000
Claims incurred	3,225,215
Claims paid	<u>(3,225,215)</u>
Balance at June 30	<u>\$ 400,000</u>

NOTE 10: LONG-TERM DEBT

A. Primary government

1. General obligation bonds

Governmental activities

During 2018, the County did not issue or refund any bonds. At December 31, 2018, general obligation bonds consisted of the following:

	Balance outstanding January 1, 2018	Additions/ Transfers	Accretion in capital appreciation bonds	Reductions	Balance outstanding December 31, 2018	Due within one year
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.	41,327,868	-	1,941,658	14,960,000	28,309,526	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.	5,090,000	-	-	1,165,000	3,925,000	1,235,000
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.	13,289,560	-	-	220,500	13,069,060	230,300
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.	6,980,000	-	-	795,000	6,185,000	785,000
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.	42,365,000	-	-	5,000	42,360,000	40,000
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.	2,200,000	-	-	710,000	1,490,000	730,000
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.	9,320,000	-	-	85,000	9,235,000	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.	26,383,880	-	-	1,002,506	25,381,374	1,019,284
2013 General Obligation Bonds, \$17,785,000, varying interest rates ranging from 1% to 5% through 2033, to fund County Capital Projects.	14,565,000	-	-	655,000	13,910,000	665,000
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.	9,985,000	-	-	5,000	9,980,000	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.	23,531,200	-	-	291,200	23,240,000	302,400
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.	<u>8,530,000</u>	-	-	<u>610,000</u>	<u>7,920,000</u>	<u>630,000</u>
	\$ 203,567,508	\$ -	\$ 1,941,658	\$ 20,504,206	\$ 185,004,960	\$ 20,686,984
Unamortized discount 2012	(61,915)	-	-	(5,054)	(56,861)	
Unamortized premium 2013	2,179,627	-	-	136,226	2,043,401	
Unamortized premium 2014	61,658	-	-	5,138	56,520	
Unamortized premium 2015	2,944,492	-	-	267,681	2,676,811	
Unamortized premium 2016	<u>179,957</u>	-	-	<u>14,997</u>	<u>164,960</u>	
Total	<u>\$ 208,871,327</u>	<u>\$ -</u>	<u>\$ 1,941,658</u>	<u>\$ 20,923,194</u>	<u>\$ 189,889,791</u>	
Less: Current Maturities					<u>(20,686,984)</u>	
					<u>\$ 169,202,807</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
2019	\$ 20,686,984	\$ 6,981,305	\$ 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	13,570,168	5,422,297	18,992,465
2024-2028	66,813,582	18,643,639	85,457,221
2029-2033	33,276,646	4,381,684	37,658,330
2034-2037	<u>6,832,962</u>	<u>685,499</u>	<u>7,518,461</u>
	\$ 186,615,435	\$ 55,330,016	\$ 241,945,451
Unaccrued principal	(1,610,475)		
Unamortized premium	4,941,692		
Unamortized discount	<u>(56,861)</u>		
Bonds and notes payable at December 31, 2018	<u>\$ 189,889,791</u>		

Business-type activities

	Balance outstanding January 1, 2018	Additions/ Transfers	Accretion in capital appreciation bonds	Reductions	Balance outstanding December 31, 2018	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.	\$ 210,440	\$ -	\$ -	\$ 4,500	\$ 205,940	\$ 4,700
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.	5,066,122	-	-	192,494	4,873,628	195,716
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.	<u>18,488,800</u>	<u>-</u>	<u>-</u>	<u>228,800</u>	<u>18,260,000</u>	<u>237,600</u>
	\$ 23,765,362	\$ -	\$ -	\$ 425,794	\$ 23,339,568	\$ 438,016
Unamortized premium 2015	<u>2,313,529</u>	<u>-</u>	<u>-</u>	<u>210,321</u>	<u>2,103,208</u>	
Total	<u>\$ 26,078,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 636,115</u>	\$ 25,442,776	
Less: Current Maturities					<u>(438,016)</u>	
					<u>\$ 25,004,760</u>	

Debt service requirements to maturity are as follows:

Years ending	Principal	Interest	Total Debt Service
2019	\$ 438,016	\$ 1,019,920	\$ 1,457,936
2020	443,740	1,006,717	1,450,457
2021	3,052,767	997,417	4,050,184
2022	3,713,402	850,081	4,563,483
2023	774,832	669,423	1,444,255
2024-2028	12,206,418	2,012,951	14,219,369
2029-2033	1,398,357	427,569	1,825,926
2034-2037	<u>1,312,036</u>	<u>131,626</u>	<u>1,443,662</u>
	\$ 23,339,568	\$ 7,115,704	\$ 30,455,272
Unamortized premium	<u>2,103,208</u>		
Bonds and notes payable at December 31, 2018	<u>\$ 25,442,776</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.

The County entered into an agreement to terminate the swap on May 10, 2018 and received a termination payment in the amount of \$569,000.

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.

The County entered into an agreement to terminate the swap on May 10, 2018 and received a termination payment in the amount of \$499,000.

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 automatically on the same date.

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2018, classified by individual derivative, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2018 financial statements are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental activities					
Cash flow hedges:					
Interest rate swap	Deferred inflow	174,746	Debt	1,020,624	38,305,000

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, 2018, 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.

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

3. Letter of Credit

The County has a standby letter of credit in the amount of \$65,000 at December 31, 2018. 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, 2018, \$65,030,000 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, 2018, \$18,770,000 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, 2018.

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, 2018.

7. Other changes in long term liabilities

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

	Balance October 1 2018	Additions	Reductions	Balance September 30 2018	Due within one year
Governmental activities:					
Agricultural easement installment purchases	\$ 144,407	\$ 110,597	\$ 63,625	\$ 191,379	\$ 117,408
Workers compensation accrued liabilities	1,680,184	455,734	553,894	\$ 1,582,024	\$ 212,308
Compensated absences payable	6,151,112	8,597,855	8,152,726	\$ 6,596,241	\$ 1,405,365
Total governmental activities	<u>\$ 7,975,703</u>	<u>\$ 9,164,186</u>	<u>\$ 8,770,245</u>	<u>\$ 25,910,134</u>	<u>\$ 1,735,081</u>
Business-type activities:					
Workers compensation accrued liabilities	\$ 1,223,117	\$ 249,507	\$ 401,071	\$ 1,071,553	\$ 143,802
Compensated absences payable	1,183,781	2,102,827	2,224,299	\$ 1,063,289	\$ 363,133
Total business-type activities	<u>\$ 2,406,898</u>	<u>\$ 2,352,334</u>	<u>\$ 2,625,370</u>	<u>\$ 2,133,862</u>	<u>\$ 506,935</u>

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

A. Component units

Revenue bonds payable and notes payable

- Reading Area Community College

Bonds and notes payable on June 30, 2018 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 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, 2018, was as follows:

	Balance outstanding July 1, 2017	Bonds Issued	Redeemed/ Refunded	Balance outstanding June 30, 2018	Current Portion
College Revenue Bonds, Series of 2003, original issue \$12,490,000, interest rate 4.38%.	\$ 185,000	\$ -	\$ 185,000	\$ -	\$ -
College Revenue Note, Series of 2004, original issue \$2,500,000, interest rate 1.79%, final maturity April 2020.	1,027,000	-	329,000	698,000	342,000
College Revenue Bonds, Series of 2012, original issue \$9,995,000, interest rate 2.00% - 3.35%, final maturity April 2029.	9,730,000	-	8,260,000	1,470,000	725,000
College Revenue Note, Series A of 2016, original issue \$3,355,738, interest rate 2.30%, final maturity April 2036.	1,091,710	2,264,028	-	3,355,738	5,738
College Revenue Note, Series B of 2016, original issue \$934,262, interest rate 2.05%, final maturity April 2022.	517,116	417,146	934,262	-	-
College Revenue Note, Series B of 2017, original issue \$8,066,000, interest rate 2.50%, final maturity April 2029.	-	8,066,000	-	8,066,000	38,000
	<u>\$ 12,550,826</u>	<u>\$ 10,747,174</u>	<u>\$ 9,708,262</u>	<u>\$ 13,589,738</u>	<u>\$ 1,110,738</u>
Less: Current maturities				(1,110,738)	
				<u>\$ 12,479,000</u>	

Principal and interest requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2019	\$ 1,110,738	\$ 340,505	\$ 1,451,243
2020	1,316,000	310,198	\$ 1,626,198
2021	985,000	272,727	\$ 1,257,727
2022	1,009,000	248,462	\$ 1,257,462
2023	1,032,000	223,607	\$ 1,255,607
2024-2028	5,487,000	787,251	\$ 6,274,251
2029-2033	1,953,000	316,815	\$ 2,269,815
2034-2036	697,000	63,675	\$ 760,675
	<u>\$13,589,738</u>	<u>\$ 2,563,240</u>	<u>\$16,152,978</u>

The County's guarantee of the College's Revenue Bonds, Series of 2012

The County of Berks has entered into a Guaranty Agreement in April 2012 in accordance with an Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, 53 Pa.C.S. Chapters 80-82, as amended and supplemented from time to time whereas the County guarantees full and prompt payment of the College's debt service on their College Revenue Bonds, Series of 2012. The Guaranty Agreement was entered into by the County with the Redevelopment Authority of the County of Berks ("Redevelopment Authority") and Reading Area Community College ("College"). In 2012, the Authority authorized and issued its County Guaranteed College Revenue Bonds (Reading Area Community College Project) Series of 2012 in the aggregate principal amount of \$9,995,000. The Redevelopment Authority is a related organization to the County. The College is a discretely-presented component unit of the County. The obligations of the County under this Guaranty Agreement are absolute, irrevocable and unconditional and shall remain in full force and effect until all Debt Service during each fiscal year in which the 2012 Bonds remain outstanding shall have been paid.

The County and the College entered into a Reimbursement Agreement in April 2012. This agreement requires the College to pay to the County, on demand, an amount equal to any amount paid by the County plus an additional amount equal to any and all reasonable charges and expenses which the County may pay or incur in connection with making payments under the Guaranty Agreement or enforcing reimbursement hereunder plus interest on any such amounts from the date which such amounts accrue until payment in full, at an interest rate of 10% per annum. The College's outstanding balance on the 2012 Bonds is \$1,470,000 as of June 30, 2018 (the College's most recent financial statements). The College paid \$725,000 in April 2019 and is scheduled to pay the remaining \$745,000 in April 2020. The County has not been called upon to make any payments on behalf of the College on the 2012 Bonds.

• Reading Regional Airport Authority

Notes

September 30,
2018

<p>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 has made prepayments in the amount of \$1,855,000, which satisfied principal payments through October 2018.</p>	<p>\$ 1,850,000</p>
<p>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 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 5.50% per annum. Principal and interest are payable semi-annually. The Authority has made prepayments in the amount of \$1,280,000, which satisfied principal payments through October 2025.</p>	<p><u>2,570,000</u></p>
	<p>Total \$ 4,420,000</p>
<p>Less: Amount due within one year and classified as current</p>	<p>(140,000)</p>
	<p><u>\$ 4,280,000</u></p>

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

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	\$ 140,000
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>\$ 140,000</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:

Year ending September 30	Revenue Notes, Series A and B of 2008		Total Debt service
	Principal	Interest	
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	225,000	94,640	319,640
2024-2028	1,315,000	370,090	1,685,090
2029-2033	1,700,000	163,100	1,863,100
2034	195,000	2,730	197,730
	<u>\$ 4,420,000</u>	<u>\$ 1,083,180</u>	<u>\$ 5,503,180</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, 2019. There was no balance on the line of credit at September 30, 2018.

- **Reading Area Community College**

At June 30, 2018, the College has an unsecured bank line of credit with maximum borrowings 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 prime rate minus 0.50 percent and expires on February 28, 2019. There is no outstanding balance on this line of credit at June 30, 2018.

B. Loans Payable and long-term liabilities

- **Reading Area Community College**

	Balance outstanding June 30, 2018
The College entered into loan agreements with the Pennsylvania State Public School Building Authority (SPSBA):	230,361
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.	230,361
On January 1, 2018, the College entered into an agreement to borrow up to \$500,000 to finance the Card Access System Project to the buildings of the College. The agreement requires semiannual payments of \$52,795, including interest at 2.25% per annum. Final payment is due in December 2022. The College has pledged its full faith and credit for the repayment of the loan.	334,747
	\$ 565,108
Portion payable within one year and classified as current	(326,371)
Total long term debt	\$ 238,737

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

	Principal	Interest
2019	\$ 326,371	\$ 12,991
2020	98,163	7,427
2021	100,403	5,187
2022	40,171	2,915
	\$ 565,108	\$ 28,520

Accrued compensated absences for the year ending June 30, 2018 was \$825,683, with \$415,529 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, 2018 consist of the following:

	General Fund	Children and Youth Services	Health Choices	Nonmajor	Total Governmental
Nonspendable:					
Employee pay advance	\$ 45,948	\$ 3,724	\$ -	\$ 1,861	51,533
Inventories and prepaid expenses	1,714,416	-	-	2,766,540	4,480,956
Total Nonspendable	<u>1,760,364</u>	<u>3,724</u>	<u>-</u>	<u>2,768,401</u>	<u>4,532,489</u>
Restricted:					
Gift fund	-	18,841	-	-	18,841
Hazmat response	1,945,638	-	-	-	1,945,638
Act 198 - Courts	323,406	-	-	-	323,406
Workers' compensation	216,377	-	-	-	216,377
Special revenue funds	-	44,617	-	11,246,560	11,291,177
Waste Water Treatment Plant	760,221	-	-	-	760,221
Act 13 Marcellus Shale	831,468	-	-	-	831,468
Total Restricted	<u>4,077,110</u>	<u>63,458</u>	<u>-</u>	<u>11,246,560</u>	<u>15,387,128</u>
Committed:					
Farmland preservation	606,696	-	-	-	606,696
Services Center Parking Garage	298,309	-	-	-	298,309
2019 Capital Projects	17,416,583	-	-	-	17,416,583
Defeasement of 2013 Bond Issue	12,550,000	-	-	-	12,550,000
Total Committed	<u>30,871,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,871,588</u>
Assigned:					
Divorce Masters	12,877	-	-	-	12,877
Health care self insurance	4,000,000	-	-	-	4,000,000
Total Assigned	<u>4,012,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,012,877</u>
Unassigned	<u>113,706,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,706,622</u>
Total Governmental Fund Balance	<u>\$ 154,428,561</u>	<u>\$ 67,182</u>	<u>\$ -</u>	<u>\$ 14,014,961</u>	<u>\$ 168,510,704</u>

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.
- 2019 Capital Projects – this commitment represents amounts to be used for 2018 capital projects.
- Defeasement of 2013 Bond Issue – this commitment represents amounts to be used to satisfy the 2013 bond issue.
- Waste Water Treatment Plant – this commitment represents the funds assigned to the Waste Water Treatment Plant.
- 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, 2018:

Computer equipment and copiers	\$ 104,417
Less: Accumulated depreciation	(45,644)
	<u>\$ 58,773</u>

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

2019	\$ 32,227
2020	22,244
Less: amount representing interest	(1,722)
Present value of lease payments	<u>\$ 52,749</u>

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

NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Primary government

Approximately 79.3% of the County’s employees are covered by collective bargaining agreements as of December 31, 2018. 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 ongoing. 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 2023. Total expenses for all operating leases were \$1,385,076 for the year ended December 31, 2018.

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

2019	\$ 457,652
2020	332,603
2021	314,118
2022	720,067
2023	528,282
Total	<u>\$ 2,352,722</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, 2018 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, with the exception of one matter, depending on the outcome of the trial, could have a substantial impact on the County if the plaintiff is successful. 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 2017/2018 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.

The Authority is involved in routine litigation incidental to the conduct of its business. The results, in the opinion of management, are not likely to affect the Authority's financial condition, results of operations, or cash flows.

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, 2018 approximated \$651,000. Minimum future rental payments under noncancelable operating leases as of June 30 are as follows:

2019	\$	401,217
2020		326,201
2021		<u>46,350</u>
Total	\$	<u><u>773,768</u></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 \$29,034 as of June 30, 2017.

The College did not renew the Follett contract at expiration in November 2017, and opted to enter into a five-year contract with Barnes & Noble College Booksellers, LLC, effective December 2017 to operate the College's bookstore. Terms of the contract require Barnes & Noble to pay the College 14 percent of sales up to \$2,500,000, 15.5 percent of sales from \$2,500,000 to \$3,000,000 and 17 percent of sales over \$3,000,000.

In addition, the contract stated that Barnes & Noble will renovate and move the bookstore facility for a cost up to \$165,000. The actual total cost of renovations at June 30, 2018 was \$107,604. Per the agreement, any early termination of the contract before the five years have been reached will result in the College paying Barnes & Noble the book value of the renovations put in service by Barnes & Noble depreciated over the contract life. The College recognized the building improvement for the renovations and is recognizing the contribution from Barnes & Noble over the life of the contract. Unearned revenue from the renovations is \$95,051 as of June 30, 2018.

Total revenues from these agreements, including the amortization of the bookstore renovations, was \$320,655 for the year ended June 30, 2018 and is included in other revenues on the statement of revenues, expenses and changes in net position.

NOTE 15: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

A. Component units

Reading Area Community College

Health Insurance Premium Assistance Program

Plan description

Reading Area Community College administers the Health Insurance Premium Assistance Program (HIPAP) Plan which is a cost-sharing, multiple employer, employee defined benefit and other postemployment benefits plan administered by PSERS.

Summary of Significant Accounting Policies

Other Postemployment Benefits

For purposes of measuring the net OPEB obligation, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information About the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the HIPAP if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. 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.pa.gov.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

Contributions

The College's contractually required contribution rate for the fiscal year ended June 30, 2018, was 0.83% of covered payroll, actuarially determined as an amount that, when combined with 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. Contributions to the OPEB plan from the College were \$9,930 for the year ended June 30, 2018.

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 other postemployment benefit liabilities and related other postemployment benefit expense represent 50 percent of the College's share of these amounts.

HIPAP OPEB Obligation, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the College reported an obligation of \$181,000 for its proportionate share of the net OPEB obligation. The net OPEB obligation was measured as of June 30, 2017, and the total OPEB obligation used to calculate the net OPEB obligation was determined by rolling forward the System's total OPEB obligation as of June 30, 2016 to June 30, 2017. The College's proportion of the net OPEB obligation 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, 2018, the College's proportion was 0.0089 percent, which was a decrease of 0.0004 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the College recognized OPEB expense of \$6,892. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
-----------------------------------	----------------------------------

Changes in assumptions	\$	-	\$	8,000
Changes in proportion		-		8,000
Contributions made subsequent to the measurement date		9,930		-
	\$	9,930	\$	16,000

The \$9,930 reported as deferred outflows of resources related to OPEB resulting from College contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB obligation in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2019	\$	3,000
2020		3,000
2021		3,000
2022		3,000
2023		3,000
Thereafter		1,000
	\$	16,000

Actuarial Assumptions

The total OPEB obligation as of June 30, 2017, was determined by rolling forward the System's total OPEB obligation as of June 30, 2016 to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment return – 3.13 percent – S&P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 5 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit of seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- 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
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015, determined the employer contribution rate for fiscal year 2017.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market value
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Actuarial Assumptions - Continued

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	76.4%	0.6%
Fixed Income	<u>23.6%</u>	1.5%
	<u>100.0%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB obligation was 3.13 percent. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 3.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the College’s Proportionate Share of the Net OPEB Obligation to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2017, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2016, 91,797 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2016, 1,354 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the College's proportionate share of the net OPEB obligation for the June 30, 2017 measurement date, calculated using current Healthcare cost trends as well as what the College's proportionate share of the net OPEB obligation would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
College's proportionate share of the net OPEB obligation	\$ 181,000	\$ 181,000	\$ 181,000

Sensitivity of the College's Proportionate Share of the Net OPEB Obligation to Changes in Discount Rate

The following presents the net OPEB obligation, calculated using the discount rate of 3.13 percent, as well as what the net OPEB obligation would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage point higher (4.13%) than the current rate:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
College's proportionate share of the net OPEB obligation	\$ 206,000	\$ 181,000	\$ 161,000

OPEB 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.pa.gov.

Payables Related to the Plan

At June 30, 2018, the College had an accrued balance due to PSERS for OPEB of \$2,529, including balances related to pension and healthcare. This amount represents the College's contractually obligated contributions for wages earned in April 2018 through June 2018. The balance was paid in September 2018.

Employee Defined Benefit Other Postemployment Benefits

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 OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

Benefits Provided

Benefit A – Life Insurance

Retirees are provided with life insurance policies as follows: \$5,000 for individuals who retired before 2003, \$6,250 for individuals who retired before July 1, 2008, \$7,500 for individuals who retired before July 1, 2012, and \$10,000 for individuals retired after July 1, 2012. Employees hired on or after July 1, 2017 are not eligible for this benefit.

Benefit B – Medical, Prescription Drug, Vision and Dental

Eligible retirees may elect to remain in the College's self-insured plans based on the following options: B1 – Medical, Prescription Drug, and Vision; B2 – Dental; B3 – Medical, Prescription Drug, Vision, and Dental. The medical and prescription drug PPO plan is administered by Loomis. The vision plan is administered by Vision Benefits of America. The dental plan is administered by United Concordia. Benefits provided for the retiree only and will be provided for life or until the retiree opts out. The retiree is responsible for paying 102% of the premium rate for this coverage.

Benefit C – Early Retirement Lump Sum Payment

Eligible retirees are provided with one-time lump-sum payment of \$12,500 (option C1) or \$6,250 (option C2). The lump-sum payment may be divided into three installments.

Benefit D – COBRA Reimbursement

Retirees have the option of purchasing their own health insurance policy or participating in the benefits provided by the College. Eligible retirees will be reimbursed up to 100% (option D1) or 50% (option D2) of the College's COBRA rate for individual coverage. As of July 1, 2017, the new contract states that the benefit is to be provided to eligible retirees for two years, regardless of age.

Eligibility

The eligibility for retiree medical benefits differs by service and age. Below is a summary of the eligibility levels and the benefits provided within each level:

Retirement Level 1

A retiree is eligible for postretirement benefits offered under Retirement Level 1 provided they have completed at least 10 years of continuous full-time service with the College and have reached age 55. Retirees who are eligible for Retirement Level 1 are provided with Benefit A.

Retirement Level 2

A retiree is eligible for postretirement benefits offered under Retirement Level 2 provided they have completed at least 15 years of continuous full-time service with the College and have reached age 55. Retirees who are eligible for Retirement Level 2 are provided with Benefit A, a choice between Benefits B1, B2 and B3, and either Benefit C2 or D2.

Retirement Level 3

A retiree is eligible for postretirement benefits offered under Retirement Level 3 provided they have completed at least 20 years of continuous full-time service with the College and have reached age 59.5. Retirees who are eligible for Retirement Level 3 are provided with Benefit A, a choice between Benefits B1, B2 and B3, and either Benefit C1 or D1.

Employees Covered by Benefit Terms

At July 1, 2017, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	185
Retired participants	<u>117</u>
	<u><u>302</u></u>

OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB obligation as of July 1, 2017, was determined by rolling forward the College's total OPEB obligation as of July 1, 2016 to July 1, 2017, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method – Entry Age Normal as a level percentage of pay
- Inflation rate – 3 percent
- Salary increases –2.50 percent
- Discount rate – 3.58 percent, based on the Bond Buyers 20-Bond Index
- Mortality rates were based on the RPH-2014 Total Dataset Mortality Table projected using Scale MP-2017
- Healthcare cost trend rates – 7 percent for 2018, decreasing between .25 percent and .50 percent per year to an ultimate rate of 4.50 percent for years ending June 30, 2025 and later

The actuarial assumptions were selected using input from the College based on actual experience:

Changes in the Total OPEB Obligation

	Total OPEB Obligation
Balance at July 1, 2017	<u>\$ 952,515</u>
Changes for the year:	
Service cost	27,177

Interest	38,101
Changes of benefit terms	18,119
Differences between expected and actual experience	(146,460)
Changes of assumptions or other inputs	178,636
Benefit payments	(110,238)
Net changes	<u>5,335</u>
Balance at June 30, 2018	<u>\$ 957,850</u>

Changes of assumptions or other inputs reflect the following changes:

- The reduction in the discount rate from 4.00 percent in 2017 to 3.58 percent in 2018
- A change in the Mortality Improvement Projection Scale from MP-2016 tables to MP-2017 tables

Changes in benefit terms:

- As of July 1, 2017, eligible retirees are able to continue medical coverage for two years regardless of their age.
- As of July 1, 2017, employees hired after July 1, 2017, will not be eligible for retiree life insurance coverage.

Sensitivity of the Total OPEB Obligation to Changes in the Discount Rate

The following presents the total OPEB obligation of the College, as well as what the College's total OPEB obligation would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current discount rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
OPEB Plan – Total OPEB Obligation	\$ 1,121,639	\$ 957,850	\$ 825,862

Sensitivity of the Total OPEB Obligation to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB obligation of the College, as well as what the College's total OPEB obligation would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
OPEB Plan – Total OPEB obligation	\$ 949,581	\$ 957,850	\$ 967,221

At June 30, 2018, the College reported an OPEB obligation of \$957,850 related to the OPEB Plan. The net OPEB obligation was measured as of July 1, 2017, and was determined by rolling forward an actuarial valuation performed as of July 1, 2016 to July 1, 2017.

For the year ended June 30, 2018, the College recognized OPEB expense of \$87,419. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 156,306	\$ -
Net difference between projected and actual experience	-	128,152
Benefit payments made subsequent to the measurement date	20,623	-
	<u>\$ 176,929</u>	<u>\$ 128,152</u>

The \$20,623 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB obligation in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2019	\$ 4,022
2020	4,022
2021	4,022
2022	4,022
2023	4,022
Thereafter	<u>8,044</u>
	<u>\$ 28,154</u>

NOTE 16: SUBSEQUENT EVENTS

A. Primary government

The County has evaluated subsequent events through March 4, 2020. This date is the date that the financial statements were available to be issued. No material events subsequent to December 31, 2018 were noted as a result of this evaluation, except as follows:

The County issued \$57,335,000 in bonds through RBC Capital Markets as an advance refunding in May 2019, satisfying the obligations owed by the County for the 2009 General Obligation Bonds Series B and the 2010 General Obligation Bonds Series C, and also as a current refunding for the 2012 General Obligation Bonds. The County received a net wire transfer of \$68,133,147, including original issue premium less underwriter’s discount. The County contributed \$900,000 to the refinancing to reduce the amount of refinanced debt. The maturity date of these bonds is November 15, 2030.

Debt service requirements are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	1,085,000	1,465,266	2,550,266
2020	5,000	2,697,350	2,702,350
2021	3,040,000	2,697,250	5,737,250
2022	3,200,000	2,545,250	5,745,250
2023	8,335,000	2,385,250	10,720,250
2024-2028	28,495,000	7,400,750	35,895,750
2029-2030	13,175,000	899,500	14,074,500
	<u>57,335,000</u>	<u>20,090,616</u>	<u>77,425,616</u>

B. Reading Regional Airport Authority

The Authority has evaluated subsequent events through January 11, 2019. This date is the date that the Authority’s financial statements were available to be issued. The following events subsequent to September 30, 2018 were noted as a result of this evaluation:

The Authority awarded a construction contract for the terminal HVAC upgrade project in the amount of \$876,000.

The Authority is realizing cash flow concerns. Due to pending cash flow concerns, the Authority is continuously looking for additional sources of revenue to help facilitate airport operations. Ongoing efforts include outsourcing water management, review of tenant leases and evaluation of sewer rate structures. In addition, the Authority continues to negotiate tenant agreements that, not only support aviation and local business, but also generate additional operating revenue going forward.



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, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Property taxes	\$ 142,553,356	\$ 142,553,356	\$ 143,705,841	\$ 1,152,485
Court costs, fines and forfeitures	2,868,770	2,868,770	2,673,976	(194,794)
Investment earnings	1,919,126	1,919,126	2,884,604	965,478
Intergovernmental revenue	12,228,632	12,173,292	11,442,647	(730,645)
Departmental charges and reimbursements	55,879,687	56,048,847	56,863,663	
Payments in lieu of taxes	240,001	240,001	221,485	(18,516)
Rentals	404,551	404,551	374,858	(29,693)
Sale of property, supplies and equipment	-	3,540	12,040	8,500
Miscellaneous	9,042,640	9,042,640	9,110,171	67,531
Total revenues	<u>225,136,763</u>	<u>225,254,123</u>	<u>227,289,285</u>	<u>2,035,162</u>
Expenditures				
General government, administrative:				
Commissioners	1,485,634	1,501,837	1,410,579	91,258
Solicitors	1,831,439	2,450,459	2,365,758	84,701
Facilities	13,527,323	17,486,046	10,410,931	7,075,115
Courthouse Security	1,240,936	1,243,254	1,208,987	34,267
Election Services	3,443,410	3,465,126	1,894,950	1,570,176
Real Estate Assessment	3,432,126	3,576,380	2,661,372	915,008
Treasurer	886,847	911,335	869,377	41,958
Tax Collectors	488,099	488,099	476,870	11,229
Tax Claim Bureau	887,344	897,918	745,650	152,268
Controller	2,367,543	2,418,011	2,338,278	79,733
Recorder of Deeds	1,184,587	1,207,098	1,158,737	48,361
Mailroom/Printing	510,102	515,948	496,857	19,091
Information Systems	8,846,111	8,099,492	6,415,282	1,684,210
Purchasing	817,364	836,283	652,647	183,636
Archives	276,083	280,862	269,876	10,986
Budget	1,610,866	1,695,004	1,594,699	100,305
Human Resources	3,512,542	3,561,317	3,004,388	556,929
Insurance	2,010,420	2,004,148	1,553,771	450,377
Telecommunications	253,233	250,363	171,717	78,646
Veterans Affairs	633,929	643,944	638,027	5,917
Total general government, administrative	<u>49,245,938</u>	<u>53,532,924</u>	<u>40,338,753</u>	<u>13,194,171</u>
General government, judicial:				
Register of Wills	1,083,197	1,095,355	982,946	112,409
Sheriff	9,884,999	10,054,522	10,439,796	(385,274)
Coroner	1,617,797	1,637,401	1,630,683	6,718
Prothonotary	2,517,002	2,572,316	2,408,104	164,212
Clerk of Courts	2,703,955	2,726,001	2,596,206	129,795
Public Defender	3,490,145	3,529,799	3,328,655	201,144
District Attorney	11,211,721	11,487,355	11,443,959	43,396
Law Library	645,560	656,366	649,658	6,708
Court Administration	9,788,487	10,187,843	9,885,385	302,458
District Justices	9,332,347	9,565,741	8,982,243	583,498
Court Reporters	2,393,825	2,409,877	2,505,628	(95,751)
Total general government, judicial	<u>54,669,035</u>	<u>55,922,576</u>	<u>54,853,263</u>	<u>1,069,313</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 General Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Public Safety:				
Adult Probation	\$ 8,456,594	\$ 8,608,462	\$ 8,460,922	147,540
Juvenile Probation	14,939,084	14,600,295	13,739,427	860,868
Prison	38,832,958	39,553,491	39,485,308	68,183
Community Corrections	2,329,599	2,288,333	2,935,413	(647,080)
Emergency Services Non Communications	1,873,702	2,040,983	1,619,949	421,034
Total public safety	<u>66,431,937</u>	<u>67,091,564</u>	<u>66,241,019</u>	<u>850,545</u>
Culture and Recreation:				
Berks County Public Libraries	3,594,519	3,635,117	3,530,808	104,309
Parks	3,820,612	4,470,379	3,433,210	1,037,169
Total culture and recreation	<u>7,415,131</u>	<u>8,105,496</u>	<u>6,964,018</u>	<u>1,141,478</u>
Community and Economic Development:				
Planning	1,799,961	1,839,675	1,756,122	83,553
Agricultural Extension Service	556,921	556,921	560,028	(3,107)
Agland Preservation	1,382,361	1,550,550	1,035,510	515,040
Total community and economic development	<u>3,739,243</u>	<u>3,947,146</u>	<u>3,351,660</u>	<u>595,486</u>
Public Works:				
Recycling	<u>20,737</u>	<u>21,261</u>	<u>21,096</u>	<u>165</u>
Community Support:				
Contributions:				
Community Bail Program	665,639	679,113	678,624	489
Berks Economic Partnership	300,000	500,000	500,000	-
Libraries	900,000	900,000	900,000	-
Miscellaneous Contributions	229,880	699,163	688,680	10,483
Berks Heim	7,438,642	7,438,642	7,438,642	-
Reading Area Community College	3,250,000	3,250,000	3,250,000	-
Total community support	<u>12,784,161</u>	<u>13,466,918</u>	<u>13,455,946</u>	<u>10,972</u>
Contingency:				
Contingency general	<u>4,329,604</u>	<u>1,521,365</u>	<u>-</u>	<u>1,521,365</u>
Debt Service:				
Principal, interest and fiscal charges	15,902,214	24,220,349	23,923,985	296,364
Debt issuance costs				-
Administrative expenses	25,362	32,075	31,096	979
Total debt service	<u>15,927,576</u>	<u>24,252,424</u>	<u>23,955,081</u>	<u>297,343</u>
Intergovernmental:				
Solid Waste debt service	<u>220,829</u>	<u>220,871</u>	<u>220,870</u>	<u>1</u>
Total expenditures for general fund	<u>214,784,191</u>	<u>228,082,545</u>	<u>209,401,706</u>	<u>18,680,839</u>
Excess (deficiency) of revenue over (under) expenditures	<u>10,352,572</u>	<u>(2,828,422)</u>	<u>17,887,579</u>	<u>20,716,001</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 General Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Other financing sources (uses):				
Transfers in	3,708,488	3,754,850	3,965,426	210,576
Transfers out	<u>(14,776,329)</u>	<u>(15,013,173)</u>	<u>(11,471,634)</u>	<u>3,541,539</u>
Total other financing sources (uses)	<u>(11,067,841)</u>	<u>(11,258,323)</u>	<u>(7,506,208)</u>	<u>3,752,115</u>
Net change in fund balances	10,352,572	(2,828,422)	10,381,371	24,468,116
Fund balances, beginning, as restated	<u>144,047,190</u>	<u>144,047,190</u>	<u>144,047,190</u>	<u>-</u>
Fund balances, ending	<u>\$ 154,399,762</u>	<u>\$ 141,218,768</u>	<u>\$ 154,428,561</u>	<u>\$ 24,468,116</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Children and Youth Services Special Revenue Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 38,902,756	\$ 39,760,613	\$ 37,946,514	\$ (1,814,099)
Departmental charges and reimbursements	925,900	925,900	785,073	(140,827)
Investment earnings	-	-	27,639	27,639
Miscellaneous	4,000	4,000	1,195	(2,805)
Total revenues	<u>39,832,656</u>	<u>40,690,513</u>	<u>38,760,421</u>	<u>(1,930,092)</u>
Expenditures				
Current:				
Human services	47,009,314	47,992,360	45,467,025	2,525,335
Total expenditures	<u>47,009,314</u>	<u>47,992,360</u>	<u>45,467,025</u>	<u>2,525,335</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(7,176,658)</u>	<u>(7,301,847)</u>	<u>(6,706,604)</u>	<u>595,243</u>
Other financing sources (uses):				
Transfers in	7,522,452	7,657,151	7,059,738	(597,413)
Transfers out	(345,794)	(355,304)	(324,498)	30,806
Total other financing sources (uses)	<u>7,176,658</u>	<u>7,301,847</u>	<u>6,735,240</u>	<u>(566,607)</u>
Net change in fund balances	-	-	28,636	28,636
Fund balances, beginning	38,546	38,546	38,546	-
Fund balances, ending	<u>\$ 38,546</u>	<u>\$ 38,546</u>	<u>\$ 67,182</u>	<u>\$ 28,636</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Health Choices Special Revenue Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 118,800,000	\$ 124,143,228	\$ 122,490,421	\$ (1,652,807)
Investment earnings	90,007	194,774	231,265	36,491
Total revenues	<u>118,890,007</u>	<u>124,338,002</u>	<u>122,721,686</u>	
Expenditures				
Current:				
Human services	118,875,433	124,323,428	122,707,440	1,615,988
Total expenditures	<u>118,875,433</u>	<u>124,323,428</u>	<u>122,707,440</u>	<u>1,615,988</u>
Excess (deficiency) of revenue over (under) expenditures	<u>14,574</u>	<u>14,574</u>	<u>14,246</u>	<u>(328)</u>
Other financing uses:				
Transfers out	(14,574)	(14,574)	(14,246)	328
Total other financing sources (uses)	<u>(14,574)</u>	<u>(14,574)</u>	<u>(14,246)</u>	<u>328</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
 2018 Comprehensive Annual Financial Report

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 9,849,878	\$ 11,027,621	\$ 10,623,914	\$ 10,332,061	\$ 10,035,976
Interest	32,446,090	30,192,609	29,071,529	27,673,435	25,973,019
Differences between expected and actual experience	2,596,591	(5,056,232)	(501,667)	3,789,345	(3,642,225)
Changes of Assumptions (1)	5,599,573				
Benefit payments, including refunds of employee contributions	<u>(23,038,743)</u>	<u>(20,418,548)</u>	<u>(19,382,776)</u>	<u>(18,690,853)</u>	<u>(16,016,484)</u>
Net change in total pension liability	27,453,389	15,745,450	19,811,000	23,103,988	16,350,286
Total pension liability, beginning	<u>425,879,612</u>	<u>410,134,162</u>	<u>390,323,162</u>	<u>367,219,174</u>	<u>350,868,888</u>
Total pension liability, ending	<u>\$ 453,333,001</u>	<u>\$ 425,879,612</u>	<u>\$ 410,134,162</u>	<u>\$ 390,323,162</u>	<u>\$ 367,219,174</u>
Plan fiduciary net position					
Contributions-employer	\$ 3,648,063	\$ 2,601,477	\$ 2,088,776	\$ 1,408,537	\$ 233,518
Contributions-member	7,119,321	6,900,703	6,500,174	6,256,829	6,074,679
Net investment income	(23,240,032)	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	(23,038,743)	(20,418,548)	(19,382,777)	(18,690,853)	(16,016,484)
Administrative expense	<u>(71,124)</u>	<u>(67,535)</u>	<u>(71,068)</u>	<u>(72,490)</u>	<u>(63,898)</u>
Net change in plan fiduciary net position	(35,582,515)	47,378,348	18,426,701	(13,890,207)	13,299,203
Plan fiduciary net position, beginning	<u>464,928,377</u>	<u>417,550,029</u>	<u>399,123,328</u>	<u>413,013,535</u>	<u>399,714,332</u>
Plan fiduciary net position, ending	<u>\$ 429,345,862</u>	<u>\$ 464,928,377</u>	<u>\$ 417,550,029</u>	<u>\$ 399,123,328</u>	<u>\$ 413,013,535</u>
County of Berks' net pension (liability) asset	<u>\$ (23,987,139)</u>	<u>\$ 39,048,765</u>	<u>\$ 7,415,867</u>	<u>\$ 8,800,166</u>	<u>\$ 45,794,361</u>
Plan fiduciary net position as a percentage of total pension (liability) asset	94.71%	109.17%	101.81%	102.25%	112.47%
Covered-employee payroll	\$ 108,798,581	\$ 104,729,710	\$ 103,847,803	\$ 100,988,654	\$ 98,776,314
County of Berks' net pension (liability) asset as a percentage of covered-employee payroll	-22.0%	37.3%	7.1%	8.7%	46.4%

(1) 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 \$5,599,573. The increase in the actuarially determined contribution is \$634,360

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
2018 Comprehensive Annual Financial Report

	<u>2018</u>	<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>
Actuarially determined contributions	\$ 3,648,063	\$ 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
Pension prefunding	-	-	-	-	-	-	63,144,061	-	-	-
Contributions in relation to the actuarially determined contribution	<u>3,648,063</u>	<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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (63,144,061)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 108,798,581	\$ 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
Contributions as a percentage of covered-employee payroll	3.35%	2.48%	2.01%	1.39%	0.24%	2.69%	9.93%	8.27%	12.38%	12.08%
Annual money-weighted rate of return, net of investment expense	-4.75%	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.

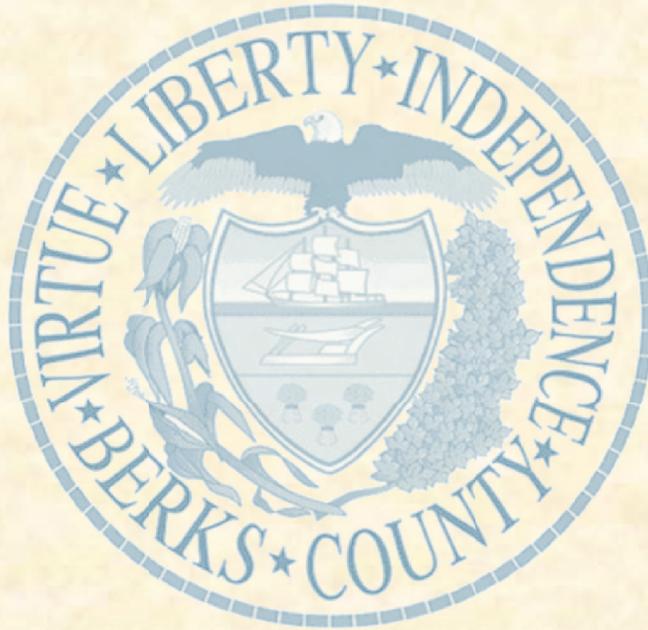
Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	The Method that is prescribed by Pennsylvania State Law, Act 44
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	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

Other information:

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

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



OTHER SUPPLEMENTAL INFORMATION

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



	Special Revenue			
	Liquid Fuels	Domestic Relations	Employment & Training	Office of Aging
Assets				
Cash and cash equivalents	\$ 5,869,147	\$ 250	\$ 100	\$ 225
Cash and cash equivalents, restricted	4,366,710	-	657	-
Investments	1,245,000	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	-	19,539	44,347	6,905
Accrued interest receivable	-	-	-	-
Due from other governments	1,676,523	1,605,764	550,630	271,490
Due from other funds	-	-	1,054,619	2,955,189
Prepaid expenses	5,152	-	21,794	-
Loans receivable	-	-	-	-
Investments, non-current	996,000	-	-	-
Total assets	<u>\$ 14,158,532</u>	<u>\$ 1,625,553</u>	<u>\$ 1,672,147</u>	<u>\$ 3,233,809</u>
Liabilities				
Accounts payable	2,226,348	\$ 11,370	\$ 311,191	\$ 451,566
Accrued liabilities	1,437	291,059	24,717	118,685
Unearned revenue	5,319,805	-	9,744	2,459,263
Due to other funds	992,858	1,321,263	-	-
Due to third parties	-	-	-	-
Payable from restricted assets	-	-	-	-
Total liabilities	<u>8,540,448</u>	<u>1,623,692</u>	<u>345,652</u>	<u>3,029,514</u>
Deferred inflows of resources				
Other unavailable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	1,861	21,002	-
Restricted	5,618,084	-	1,305,493	204,295
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>5,618,084</u>	<u>1,861</u>	<u>1,326,495</u>	<u>204,295</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,158,532</u>	<u>\$ 1,625,553</u>	<u>\$ 1,672,147</u>	<u>\$ 3,233,809</u>

	Special Revenue			
	Special Legislation	Mental Health/ Developmental Disabilities	Human Services	Drug and Alcohol
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents, restricted	\$ 3,250,251	-	-	-
Investments	\$ -	-	-	-
Taxes receivable	\$ 186,144	-	-	-
Accounts receivable	\$ 17,355	-	-	-
Accrued interest receivable	\$ -	-	-	-
Due from other governments	\$ 510,784	484,995	27,040	-
Due from other funds	\$ 499,163	2,087,639	51,240	-
Prepaid expenses	\$ 61,924	-	-	-
Loans receivable	\$ -	-	-	-
Investments, non-current	\$ -	-	-	-
Total assets	<u>\$ 4,525,621</u>	<u>\$ 2,572,634</u>	<u>\$ 78,280</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 1,754,147	\$ 1,121,137	\$ 55,861	\$ -
Accrued liabilities	-	32,010	1,315	-
Unearned revenue	-	1,419,487	3,968	-
Due to other funds	-	-	-	-
Due to third parties	-	-	-	-
Payable from restricted assets	-	-	-	-
Total liabilities	<u>1,754,147</u>	<u>2,572,634</u>	<u>61,144</u>	<u>-</u>
Deferred inflows of resources				
Other unavailable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	61,924	-	-	-
Restricted	2,709,550	-	17,136	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,771,474</u>	<u>-</u>	<u>17,136</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,525,621</u>	<u>\$ 2,572,634</u>	<u>\$ 78,280</u>	<u>\$ -</u>

	Special Revenue			
	Department of Emergency Services	Community Development	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 2,533,438	\$ -	\$ -	\$ 4,119,113
Cash and cash equivalents, restricted	-	-	1,327,284	8,944,902
Investments	-	-	-	6,525,047
Taxes receivable	-	-	-	186,144
Accounts receivable	1,984,543	108,546	-	2,181,235
Accrued interest receivable	-	589,284	-	589,284
Due from other governments	-	4,790	-	5,132,016
Due from other funds	-	-	-	6,647,850
Prepaid expenses	2,452,025	-	-	2,540,895
Loans receivable	-	3,282,818	-	3,282,818
Investments, non-current	-	-	-	-
Total assets	<u>\$ 6,970,006</u>	<u>\$ 3,985,438</u>	<u>\$ 1,327,284</u>	<u>\$ 40,149,304</u>
Liabilities				
Accounts payable	\$ 288,094	\$ 42,724	\$ 384,701	6,647,139
Accrued liabilities	341,223	-	-	810,446
Unearned revenue	-	-	-	9,212,267
Due to other funds	2,565,854	70,612	641,118	5,591,705
Due to third parties	-	3,872,102	-	3,872,102
Payable from restricted assets	-	-	-	-
Total liabilities	<u>3,195,171</u>	<u>3,985,438</u>	<u>1,025,819</u>	<u>26,133,659</u>
Deferred inflows of resources				
Other unavailable	684	-	-	684
Total deferred inflows of resources	<u>684</u>	<u>-</u>	<u>-</u>	<u>684</u>
Fund balances				
Nonspendable	2,683,614	-	-	2,768,401
Restricted	1,090,537	-	301,465	11,246,560
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>3,774,151</u>	<u>-</u>	<u>301,465</u>	<u>14,014,961</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,970,006</u>	<u>\$ 3,985,438</u>	<u>\$ 1,327,284</u>	<u>\$ 40,149,304</u>

	Special Revenue			
	Liquid Fuels	Domestic Relations	Employment & Training	Office of Aging
Revenues				
Intergovernmental revenue	\$ 4,765,895	\$ 4,794,917	\$ 5,416,033	\$ 8,520,343
Hotel tax	-	-	-	-
Departmental charges and reimbursements	1,822,805	\$ 275,338	-	\$ 213,621
Investment earnings	93,260	-	-	\$ 8,361
Rental	11,100	-	-	-
Miscellaneous	12,834	-	\$ 219,821	\$ 1,875
Total revenues	<u>6,705,894</u>	<u>5,070,255</u>	<u>5,635,854</u>	<u>8,744,200</u>
Expenditures				
Current:				
General government, administrative	-	\$ -	\$ -	\$ -
General government, judicial	-	-	-	-
Public safety	-	-	-	-
Human services	-	\$ 6,679,450	\$ 5,283,864	\$ 8,584,689
Capital outlay	-	-	-	-
Community and economic development	-	-	-	-
Public works	6,255,197	-	-	-
Total expenditures	<u>6,255,197</u>	<u>6,679,450</u>	<u>5,283,864</u>	<u>8,584,689</u>
Excess (deficiency) of revenues over (under) expenditures	<u>450,697</u>	<u>(1,609,195)</u>	<u>351,990</u>	<u>159,511</u>
Other financing sources (uses)				
Transfers in	-	\$ 1,738,256	\$ -	\$ -
Transfers out	(4,139)	\$ (129,061)	\$ (14,014)	\$ (84,182)
Total other financing sources (uses)	<u>(4,139)</u>	<u>1,609,195</u>	<u>(14,014)</u>	<u>(84,182)</u>
Net changes in fund balances	446,558	-	337,976	75,329
Fund balances, beginning, as restated	5,171,526	\$ 1,861	\$ 988,519	\$ 128,966
Fund balances, ending	<u>\$ 5,618,084</u>	<u>\$ 1,861</u>	<u>\$ 1,326,495</u>	<u>\$ 204,295</u>

	Special Revenue			
	Special Legislation	Mental Health/ Development Disabilities	Human Services	Drug and Alcohol
Revenues				
Intergovernmental revenue	\$ 891,395	\$ 16,805,547	\$ 984,501	\$ 6,246,127
Hotel tax	2,735,849	-	-	-
Departmental charges and reimbursements	1,156,518	500	-	-
Investment earnings	21,406	15,429	2,750	-
Rental	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>4,805,168</u>	<u>16,821,476</u>	<u>987,251</u>	<u>6,246,127</u>
Expenditures				
Current:				
General government, administrative	2,945,628	-	-	-
General government, judicial	134,032	-	-	-
Public safety	-	-	-	-
Human services	-	17,649,193	987,014	7,976,338
Capital outlay	-	-	-	-
Community and economic development	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>3,079,660</u>	<u>17,649,193</u>	<u>987,014</u>	<u>7,976,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,725,508</u>	<u>(827,717)</u>	<u>237</u>	<u>(1,730,211)</u>
Other financing sources (uses)				
Transfers in	-	843,430	-	1,730,211
Transfers out	(1,988,245)	(15,713)	(877)	-
Total other financing sources (uses)	<u>(1,988,245)</u>	<u>827,717</u>	<u>(877)</u>	<u>1,730,211</u>
Net changes in fund balances	(262,738)	-	(639)	-
Fund balances, beginning	3,034,212	-	17,775	-
Fund balances, ending	<u>\$ 2,771,474</u>	<u>\$ -</u>	<u>\$ 17,136</u>	<u>\$ -</u>

	Special Revenue			Total
	Department of Emergency Services	Community Development	Capital Projects	
Revenues				
Intergovernmental revenue	\$ -	\$ 1,861,417	\$ -	\$ 50,286,175
Hotel tax	-	-	-	2,735,849
Departmental charges and reimbursements	11,178,530	528,562	-	15,175,874
Investment earnings	16,612	-	30,167	187,985
Rental	54,135	-	-	65,235
Miscellaneous	525,591	-	-	760,121
Total revenues	<u>11,774,869</u>	<u>2,389,979</u>	<u>30,167</u>	<u>69,211,239</u>
Expenditures				
Current:				
General government, administrative	-	-	-	2,945,628
General government, judicial	-	-	-	134,032
Public Safety	14,526,041	-	-	14,526,041
Human services	-	-	-	47,160,549
Capital outlay	-	-	591,891	591,891
Community and economic development	-	2,389,979	-	2,389,979
Public works	-	-	-	6,255,197
Total expenditures	<u>14,526,041</u>	<u>2,389,979</u>	<u>591,891</u>	<u>74,003,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,751,172)</u>	<u>-</u>	<u>(561,724)</u>	<u>(4,792,078)</u>
Other financing sources (uses)				
Transfers in	-	-	-	4,311,897
Transfers out	(201,473)	-	-	(2,437,704)
Total other financing sources (uses)	<u>(201,473)</u>	<u>-</u>	<u>-</u>	<u>1,874,193</u>
Net changes in fund balances	(2,952,645)	-	(561,724)	(2,917,883)
Fund balances, beginning	6,726,796	-	863,189	16,932,844
Fund balances, ending	<u>\$ 3,774,151</u>	<u>\$ -</u>	<u>\$ 301,465</u>	<u>\$ 14,014,961</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Liquid Fuels Special Revenue Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 6,173,451	\$ 7,917,433	\$ 4,765,895	\$ (3,151,538)
Departmental charges and reimbursements	1,600,000	1,600,000	1,822,805	222,805
Investment earnings	43,500	43,500	93,260	49,760
Rental	11,100	11,100	11,100	-
Miscellaneous	-	-	12,834	12,834
Total revenues	<u>7,828,051</u>	<u>9,572,033</u>	<u>6,705,894</u>	<u>(2,866,139)</u>
Expenditures				
Current:				
Public works	<u>7,835,543</u>	<u>10,920,193</u>	<u>6,255,197</u>	<u>4,664,996</u>
Total expenditures	<u>7,835,543</u>	<u>10,920,193</u>	<u>6,255,197</u>	<u>4,664,996</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(7,492)</u>	<u>(1,348,160)</u>	<u>450,697</u>	<u>1,798,857</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(4,692)</u>	<u>(4,692)</u>	<u>(4,139)</u>	<u>553</u>
Total other financing sources (uses)	<u>(4,692)</u>	<u>(4,692)</u>	<u>(4,139)</u>	<u>553</u>
Net change in fund balances (deficits)	(12,184)	(1,352,852)	446,558	1,799,410
Fund balances, beginning	<u>5,171,526</u>	<u>5,171,526</u>	<u>5,171,526</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,159,342</u>	<u>\$ 3,818,674</u>	<u>\$ 5,618,084</u>	<u>\$ 1,799,410</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Domestic Relations Special Revenue Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 4,769,447	\$ 4,769,447	\$ 4,794,917	\$ 25,470
Departmental charges and reimbursements	249,763	249,763	275,338	25,575
Investment earnings	-	-	-	-
Total revenues	<u>5,019,210</u>	<u>5,019,210</u>	<u>5,070,255</u>	<u>51,045</u>
Expenditures				
Current:				
Human Services	<u>6,922,135</u>	<u>6,922,135</u>	<u>6,679,450</u>	<u>242,685</u>
Total expenditures	<u>6,922,135</u>	<u>6,922,135</u>	<u>6,679,450</u>	<u>242,685</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,902,925)</u>	<u>(1,902,925)</u>	<u>(1,609,195)</u>	<u>293,730</u>
Other financing sources (uses):				
Transfers in	2,042,411	2,042,411	1,738,256	(304,155)
Transfers out	<u>(139,486)</u>	<u>(139,486)</u>	<u>(129,061)</u>	<u>10,425</u>
Total other financing sources (uses)	<u>1,902,925</u>	<u>1,902,925</u>	<u>1,609,195</u>	<u>(293,730)</u>
Net change in fund balances (deficits)	-	-	-	-
Fund balances, beginning, as restated	<u>1,861</u>	<u>1,861</u>	<u>1,861</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,861</u>	<u>\$ 1,861</u>	<u>\$ 1,861</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Employment and Training Special Revenue Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 4,605,704	\$ 6,016,784	\$ 5,416,033	\$ (600,751)
Departmental charges and reimbursements	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	168,475	223,819	219,821	(3,998)
Total revenues	<u>4,774,179</u>	<u>6,240,603</u>	<u>5,635,854</u>	<u>(604,749)</u>
Expenditures				
Current:				
Human services	4,757,698	6,242,262	5,283,864	958,398
Total expenditures	<u>4,757,698</u>	<u>6,242,262</u>	<u>5,283,864</u>	<u>958,398</u>
Excess (deficiency) of revenue over (under) expenditures	<u>16,481</u>	<u>(1,659)</u>	<u>351,990</u>	<u>353,649</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(16,481)	(16,481)	(14,014)	2,467
Total other financing sources (uses)	<u>(16,481)</u>	<u>(16,481)</u>	<u>(14,014)</u>	<u>2,467</u>
Net change in fund balances (deficits)	-	(18,140)	337,976	356,116
Fund balances, beginning	988,519	988,519	988,519	-
Fund balances, ending	<u>\$ 988,519</u>	<u>\$ 970,379</u>	<u>\$ 1,326,495</u>	<u>\$ 356,116</u>

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 7,859,451	\$ 9,401,763	\$ 8,520,343	\$ (881,420)
Departmental charges and reimbursements	224,000	\$ 224,000	\$ 213,621	(10,379)
Investment earnings	3,000	\$ 3,000	\$ 8,361	5,361
Miscellaneous	2,800	\$ 2,800	\$ 1,875	(925)
Total revenues	<u>8,089,251</u>	<u>9,631,563.00</u>	<u>8,744,200</u>	<u>(887,363)</u>
Expenditures				
Current:				
Human services	8,002,676	\$ 9,258,491	\$ 8,584,689	673,802
Total expenditures	<u>8,002,676</u>	<u>9,258,491</u>	<u>8,584,689</u>	<u>673,802</u>
Excess (deficiency) of revenue over (under) expenditures	<u>86,575</u>	<u>373,072.00</u>	<u>159,511</u>	<u>(213,561)</u>
Other financing sources (uses):				
Transfers in	565,457	\$ 282,756	\$ -	(282,756)
Transfers out	(652,032)	\$ (655,828)	\$ (84,182)	571,646
Total other financing sources (uses)	<u>(86,575)</u>	<u>(373,072.00)</u>	<u>(84,182)</u>	<u>288,890</u>
Net change in fund balances (deficits)	-	-	75,329	75,329
Fund balances, beginning	128,966	\$ 128,966	\$ 128,966	
Fund balances, ending	<u>\$ 128,966</u>	<u>\$ 128,966</u>	<u>\$ 204,295</u>	<u>\$ 75,329</u>

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 787,957	\$ 787,957	\$ 891,395	\$ 103,438
Hotel tax	2,500,000	2,500,000	2,735,849	235,849
Departmental charges and reimbursements	1,098,656	1,098,656	1,156,518	57,862
Investment earnings	3,843	3,843	21,406	17,563
Total revenues	<u>4,390,456</u>	<u>4,390,456</u>	<u>4,805,168</u>	<u>414,712</u>
Expenditures				
Current:				
General government, administrative	2,891,261	2,891,261	3,050,242	(158,981)
General government, judicial	23,570	23,570	29,419	(5,849)
Total expenditures	<u>2,914,831</u>	<u>2,914,831</u>	<u>3,079,661</u>	<u>(164,830)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,475,625</u>	<u>1,475,625</u>	<u>1,725,507</u>	<u>249,882</u>
Other financing uses:				
Transfers out	<u>(1,677,889)</u>	<u>(1,746,751)</u>	<u>(1,988,245)</u>	<u>(241,494)</u>
Total other financing sources (uses)	<u>(1,677,889)</u>	<u>(1,746,751)</u>	<u>(1,988,245)</u>	<u>(241,494)</u>
Net change in fund balances (deficits)	<u>(202,264)</u>	<u>(271,126)</u>	<u>(262,738)</u>	<u>8,388</u>
Fund balances, beginning	3,034,212	3,034,212	3,034,212	-
Fund balances, ending	<u>\$ 2,831,948</u>	<u>\$ 2,763,086</u>	<u>\$ 2,771,474</u>	<u>\$ 8,388</u>

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 16,067,683	\$ 17,938,070	\$ 16,805,547	\$ (1,132,523)
Departmental charges and reimbursements	-	-	500	500
Investment earnings	15,400	15,400	15,429	29
Miscellaneous	-	-	-	-
Total revenues	<u>16,083,083</u>	<u>17,953,470</u>	<u>16,821,476</u>	<u>(1,131,994)</u>
Expenditures				
Current:				
Human services	<u>16,846,444</u>	<u>18,818,905</u>	<u>17,649,193</u>	<u>1,169,712</u>
Total expenditures	<u>16,846,444</u>	<u>18,818,905</u>	<u>17,649,193</u>	<u>1,169,712</u>
Excess (deficiency) of revenue over (under) expenditures	(763,361)	(865,435)	(827,717)	37,718
Other financing sources (uses):				
Transfers in	779,556	881,701	843,430	(38,271)
Transfers out	<u>(16,195)</u>	<u>(16,266)</u>	<u>(15,713)</u>	<u>553</u>
Total other financing sources (uses)	<u>763,361</u>	<u>865,435</u>	<u>827,717</u>	<u>(37,718)</u>
Net change in fund balances (deficits)	-	-	-	-
Fund balances, beginning	-	-	-	-
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, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 944,767	\$ 989,361	\$ 984,501	\$ (4,860)
Investment earnings	2,300	2,300	2,750	450
Miscellaneous	-	-	-	-
Total revenues	<u>947,067</u>	<u>991,661</u>	<u>987,251</u>	<u>(4,410)</u>
Expenditures				
Current:				
Human services	946,186	993,738	987,014	6,724
Total expenditures	<u>946,186</u>	<u>993,738</u>	<u>987,014</u>	<u>6,724</u>
Excess (deficiency) of revenue over (under) expenditures	<u>881</u>	<u>(2,077)</u>	<u>237</u>	<u>2,314</u>
Other financing sources (uses):				
Transfers out	(881)	(881)	(877)	4
Total other financing sources (uses)	<u>(881)</u>	<u>(881)</u>	<u>(877)</u>	<u>4</u>
Net change in fund balances (deficits)	-	(2,958)	(639)	2,318
Fund balances, beginning	17,775	17,775	17,775	-
Fund balances, ending	<u>\$ 17,775</u>	<u>\$ 14,817</u>	<u>\$ 17,136</u>	<u>\$ 2,318</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Drug and Alcohol Special Revenue Fund - Budget and Actual
Year ended December 31, 2018

County of Berks
2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenue				
Intergovernmental revenue	\$ 4,412,158	\$ 6,246,128	\$ 6,246,127	\$ (1)
Total revenue	<u>4,412,158</u>	<u>6,246,128</u>	<u>6,246,127</u>	<u>(1)</u>
Expenditures				
Current:				
Human services	6,142,369	7,976,339	7,976,338	1
Total expenditures	<u>6,142,369</u>	<u>7,976,339</u>	<u>7,976,338</u>	<u>1</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,730,211)</u>	<u>(1,730,211)</u>	<u>(1,730,211)</u>	<u>-</u>
Other financing sources:				
Transfers in	1,730,211	1,730,211	1,730,211	-
Total other financing sources (uses)	<u>1,730,211</u>	<u>1,730,211</u>	<u>1,730,211</u>	<u>-</u>
Net change in fund balances (deficits)	-	-	-	-
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, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Investment earnings	10,875	16,612	16,612	-
Rental	60,695	60,695	54,135	(6,560)
Miscellaneous	520,594	520,594	525,591	4,997
Total revenues	<u>11,680,826</u>	<u>11,758,427</u>	<u>11,774,869</u>	<u>16,441</u>
Expenditures				
Current:				
Public Safety	15,981,202	17,834,849	14,526,041	3,308,808
Total expenditures	<u>15,981,202</u>	<u>17,834,849</u>	<u>14,526,041</u>	<u>3,308,808</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,300,376)</u>	<u>(6,076,422)</u>	<u>(2,751,172)</u>	<u>3,325,249</u>
Other financing uses:				
Transfers in	4,057,174	4,057,174	-	(4,057,174)
Transfers out	<u>(1,672,419)</u>	<u>(1,529,089)</u>	<u>(201,473)</u>	<u>1,327,616</u>
Total other financing sources (uses)	<u>2,384,755</u>	<u>2,528,085</u>	<u>(201,473)</u>	<u>(2,729,558)</u>
Net change in fund balances (deficits)	<u>(1,915,621)</u>	<u>(3,548,337)</u>	<u>(2,952,645)</u>	<u>595,691</u>
Fund balances, beginning	6,726,796	6,726,796	6,726,796	-
Fund balances, ending	<u>\$ 4,811,175</u>	<u>\$ 3,178,459</u>	<u>\$ 3,774,151</u>	<u>\$ 595,691</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Community Development Special Revenue Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$ 3,101,488	\$ 3,101,488	\$ 1,861,417	\$ (1,240,071)
Departmental charges and reimbursements	<u>519,876</u>	<u>528,563</u>	<u>528,562</u>	<u>(1)</u>
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,621,364</u>	<u>3,630,051</u>	<u>2,389,979</u>	<u>(1,240,072)</u>
Expenditures				
Current:				
Community and economic development	<u>3,621,364</u>	<u>3,630,051</u>	<u>2,389,979</u>	<u>1,240,072</u>
Total expenditures	<u>3,621,364</u>	<u>3,630,051</u>	<u>2,389,979</u>	<u>1,240,072</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	<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, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 30,167	\$ 30,167
Expenditures				
Current:				
Capital outlay	332,516	591,893	591,891	2
Total expenditures	<u>332,516</u>	<u>591,893</u>	<u>591,891</u>	<u>2</u>
Excess (deficiency) of revenue over (under) expenditures and net change in fund balances	<u>(332,516)</u>	<u>(591,893)</u>	<u>(561,724)</u>	<u>30,169</u>
Fund balances, beginning	863,189	863,189	863,189	-
Fund balances, ending	<u>\$ 530,673</u>	<u>\$ 271,296</u>	<u>\$ 301,465</u>	<u>\$ 30,169</u>

Schedule of Revenues, Expenses and Changes in Net Position
 Berks County Residential Center Enterprise Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Operating revenues				
Charges for services	\$ 7,348,399	\$ 8,315,372	\$ 8,109,252	\$ (206,120)
Other operating revenues	2,259,034	1,327,175	1,077,845	(249,330)
Total operating revenues	<u>9,607,433</u>	<u>9,642,547</u>	<u>9,187,097</u>	<u>(455,450)</u>
Operating expenses				
Shelter care - Immigration and naturalizations	8,112,312	8,147,426	7,717,311	430,115
Depreciation	344,411	344,411	327,898	16,513
Total operating expenses	<u>8,456,723</u>	<u>8,491,837</u>	<u>8,045,209</u>	<u>446,628</u>
Operating income (loss)	<u>1,150,710</u>	<u>1,150,710</u>	<u>1,141,888</u>	<u>(8,822)</u>
Nonoperating revenues (expenses)				
Investment earnings	-	-	-	-
Change in fair value of interest rate swaps	-	-	(19,714)	(19,714)
Interest expense	(135,836)	(135,836)	(125,631)	10,205
Total nonoperating revenues (expenses)	<u>(135,836)</u>	<u>(135,836)</u>	<u>(145,345)</u>	<u>(9,509)</u>
Income before transfers	1,014,874	1,014,874	996,543	(18,331)
Transfers in	-	-	-	-
Transfers out	(1,088,977)	(1,088,977)	(1,088,977)	-
Change in net position	(74,103)	(74,103)	(92,434)	(18,331)
Total net position, beginning, as restated	6,757,163	6,757,163	6,757,163	-
Total net position, ending	<u>\$ 6,683,060</u>	<u>\$ 6,683,060</u>	<u>\$ 6,664,729</u>	<u>\$ (18,331)</u>

Schedule of Revenues, Expenditures and Changes in Net Position
 Berks Heim Enterprise Fund - Budget and Actual
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Operating expenses				
Operating revenues				
Charges for services	\$ 39,402,355	\$ 39,402,355	\$ 39,663,123	\$ 260,768
Other operating revenues	12,272,408	12,272,408	12,002,370	(270,038)
Total operating revenues	<u>51,674,763</u>	<u>51,674,763</u>	<u>51,665,493</u>	<u>(9,270)</u>
Operating expenses				
Financial administration	3,314,674	3,314,112	3,079,178	234,934
Administrative expenses	2,073,927	2,118,754	3,841,824	(1,723,070)
Special services	175,429	175,454	164,817	10,637
Dietary	3,946,787	3,996,787	3,685,911	310,876
Laundry	777,146	777,146	514,103	263,043
Environmental services	2,113,639	2,117,472	1,941,391	176,081
Plant operations	1,451,982	1,772,741	1,411,503	361,238
Nursing	21,463,566	21,337,223	19,930,863	1,406,360
Physician services	83,086	83,086	74,616	8,470
Pharmacy services	812,000	660,536	659,456	1,080
Medical services	315,490	315,582	291,187	24,395
Therapeutic activity	542,420	542,570	495,720	46,850
Social service	309,382	309,382	284,155	25,227
Physical therapy service	2,011,170	2,168,512	2,160,505	8,007
Staff development	448,867	448,867	420,109	28,758
Materials management	180,304	180,304	174,798	5,506
Personnel	142,420	144,032	136,613	7,419
Security	246,407	246,407	247,304	(897)
Volunteers	78,046	78,046	77,533	513
Nursing administration	1,658,931	1,694,821	1,630,830	63,991
Admissions	235,255	235,255	210,661	24,594
Depreciation	876,073	876,073	1,083,621	(207,548)
Total operating expenses	<u>43,257,001</u>	<u>43,593,162</u>	<u>42,516,698</u>	<u>1,076,464</u>
Operating income (loss)	<u>8,417,762</u>	<u>8,081,601</u>	<u>9,148,795</u>	<u>1,067,194</u>
Nonoperating revenues (expenses)				
Grants	-	-	7,463	7,463
Investment earnings	1,930	1,930	4,448	2,518
Change in fair value of interest rate swaps	-	-	(113,114)	(113,114)
Interest Expense	(858,828)	(858,828)	(800,153)	58,675
Contribution to General Fund	(7,439,000)	(7,439,000)	(7,439,000)	-
Total nonoperating revenues (expenses)	<u>(8,295,898)</u>	<u>(8,295,898)</u>	<u>(8,340,356)</u>	<u>(44,458)</u>
Income before transfers	121,864	(214,297)	808,439	1,022,736
Transfers in	-	-	-	-
Change in net position	121,864	(214,297)	808,439	1,022,736
Total net position, beginning	9,457,175	9,457,175	9,457,175	-
Total net position, ending	<u>\$ 9,579,039</u>	<u>\$ 9,242,878</u>	<u>\$ 10,265,614</u>	<u>\$ 1,022,736</u>

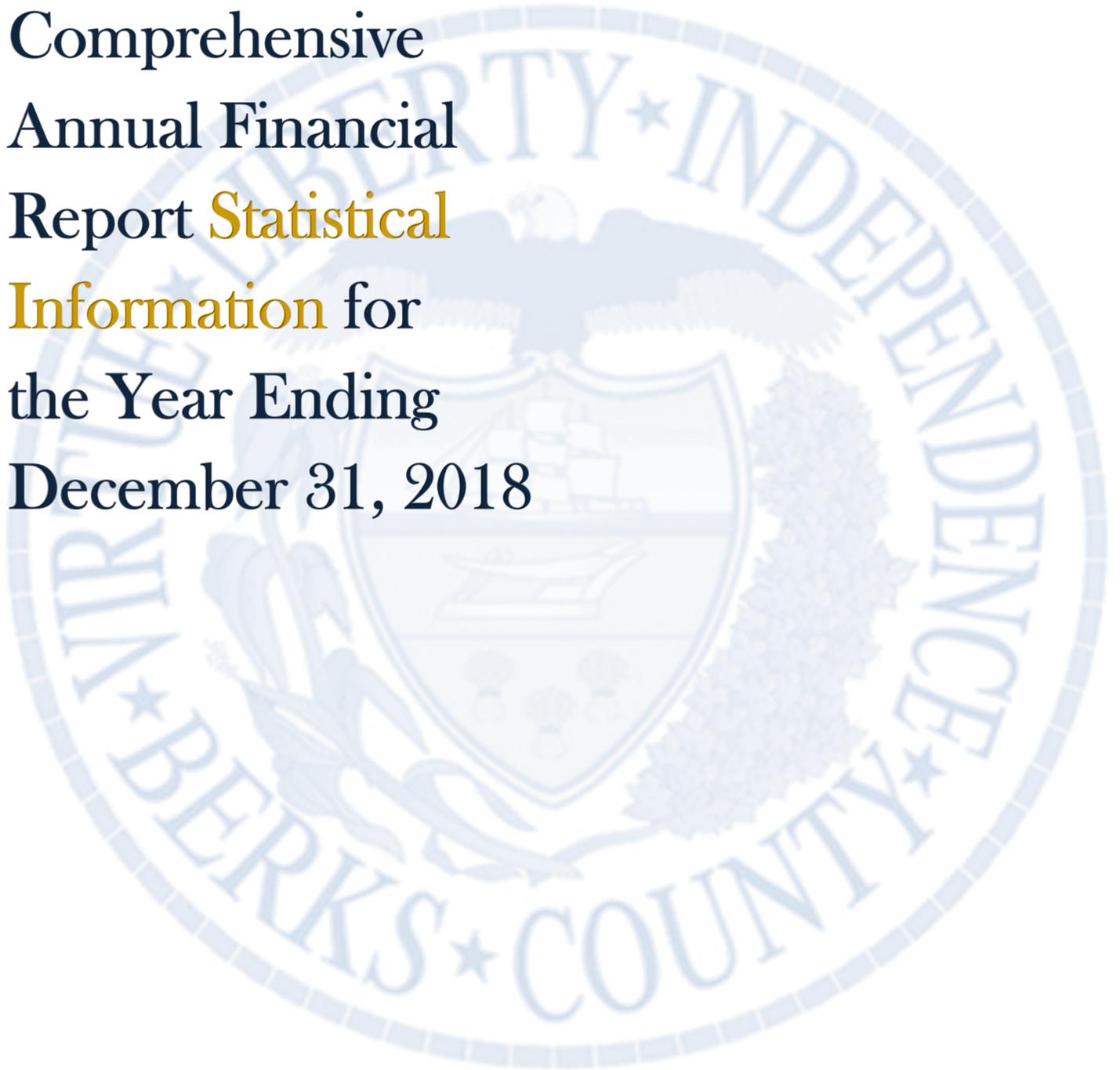
Statement of Changes in Net Position
 Agency Fund
 Year ended December 31, 2018

County of Berks
 2018 Comprehensive Annual Financial Report

	Balance January 1, 2018	Additions Increase (Decrease)	Reductions (Decrease) Increase	Balance December 31, 2018
Assets				
Cash, cash equivalents, and investments	\$ 14,581,547	\$ 132,533,866	\$ (128,981,181)	\$ 18,134,232
Total assets	<u>14,581,547</u>	<u>132,533,866</u>	<u>(128,981,181)</u>	<u>18,134,232</u>
Liabilities				
Due to third parties by department:				
Berks County Residential Center	\$ 1,871	\$ 119,460	\$ (116,655)	\$ 4,676
Berks Heim	276,707	292,256	(283,445)	285,518
Clerk of Courts	1,936,414	7,982,281	(7,907,180)	2,011,515
Controller	95,832	581,603	(618,506)	58,929
District Attorney	6,703,770	6,257,659	(6,052,575)	6,908,854
Domestic Relations	26,066	1,880,634	(1,878,281)	28,419
Jail System	143,034	3,024,257	(3,011,097)	156,194
Juvenile Probation	12,996	49,770	(38,920)	23,846
Prothonotary	1,128,572	5,730,851	(4,163,156)	2,696,267
Recorder of Deeds	1,950,369	47,445,254	(47,015,142)	2,380,481
Register of Wills	170,882	1,289,687	(1,295,574)	164,995
Sheriff	1,611,261	24,805,321	(23,803,904)	2,612,678
Treasurer	523,773	32,805,113	(32,527,026)	801,860
Total liabilities	<u>\$ 14,581,547</u>	<u>\$ 132,264,146</u>	<u>\$ (128,711,461)</u>	<u>\$ 18,134,232</u>



County of Berks,
Pennsylvania
Comprehensive
Annual Financial
Report **Statistical
Information** for
the Year Ending
December 31, 2018



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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)**

	<u>2018</u>	<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>
Governmental activities										
Net Investment in Capital Assets	\$ 114,240,905	\$ 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)
Restricted	\$ 79,108,581	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
Unrestricted	<u>86,292,539</u>	<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>
Total governmental activities net position	<u>\$ 279,642,025</u>	<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>
Business-type activities										
Net Investment in Capital Assets	\$ 12,114,745	\$ 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
Restricted	\$ -	-	-	-	-	-	-	-	-	-
Unrestricted deficit	<u>4,815,598</u>	<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>
Total business-type activities net position	<u>\$ 16,930,343</u>	<u>\$ 14,165,042</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>
Primary government										
Net Investment in Capital Assets	\$ 126,355,650	\$ 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
Restricted	79,108,581	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
Unrestricted	<u>91,108,137</u>	<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>
Total primary government net position	<u>\$ 296,572,368</u>	<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>

(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)**

	<u>2018</u>	<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>
Expenses										
Governmental activities:										
General government	\$ 48,039,250	\$ 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
Judicial	\$ 52,034,508	\$ 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
Public safety	\$ 81,282,114	\$ 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
Human services	\$ 203,987,908	\$ 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
Culture and recreation	\$ 7,731,438	\$ 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
Community and economic development	\$ 4,809,666	\$ 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
Public works	\$ 1,979,939	\$ 1,241,733	\$ 1,108,162	\$ 2,212,561	\$ 1,518,619	\$ 1,143,574	\$ 997,263	\$ 948,645	\$ 523,018	\$ 500,943
Community support	\$ 2,770,282	\$ 626,679	\$ 601,605	\$ 564,489	\$ 1,825,423	\$ 5,706,515	\$ 5,308,083	\$ 6,858,598	\$ 6,659,295	\$ 4,349,754
Debt service administrative expenses	\$ 6,904,771	\$ 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
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647,030
Solid waste	\$ 191,695	\$ 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
Total governmental activities expenses	<u>\$ 409,731,571</u>	<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>
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
Berks County Residential Center	\$ 8,170,840	\$ 7,701,449	\$ 7,877,438	\$ 6,999,440	\$ 5,667,274	\$ 6,088,570	\$ 6,047,116	\$ 5,464,568	-	-
Berks Heim	\$ 50,755,851	\$ 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
Youth Center	-	-	-	-	-	-	4,416,787	5,885,897	12,778,024	12,804,773
Total business-type activities expenses	<u>\$ 58,926,691</u>	<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>
Total primary government expenses	<u>\$ 468,658,262</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services :										
General government	\$ 8,944,575	\$ 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
Judicial	\$ 9,962,280	\$ 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
Public safety	\$ 16,434,063	\$ 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
Human services	\$ 1,274,856	\$ 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
Culture and recreation	\$ 216,108	\$ 201,503	\$ 575,744	\$ 135,187	\$ 112,481	\$ 75,756	\$ 124,492	\$ 116,685	\$ 133,154	\$ 92,750
Community and economic development	\$ (4,916,987)	\$ 861,287	\$ 2,035,597	\$ 940,375	\$ 672,165	\$ 749,067	\$ 1,053,516	\$ 573,080	\$ 1,417,454	\$ 1,108,273
Public works	\$ 1,822,805	\$ 1,043,790	\$ 1,178,078	\$ 2,021,583	\$ 22,902	-	-	\$ 346	\$ 3,225	\$ 11,995
Solid waste	\$ 4,594,787	\$ 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
Other activities	\$ 1,471,216	\$ 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	\$ 215,507,157	\$ 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
Capital grants and contributions	\$ 6,058,810	\$ 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
Total governmental activities program revenues	<u>\$ 261,369,670</u>	<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>
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
Berks County Residential Center	\$ 9,187,097	\$ 8,703,124	\$ 8,836,182	\$ 8,861,784	\$ 7,664,164	\$ 6,985,278	\$ 6,523,375	\$ 6,018,136	-	-
Berks Heim	\$ 51,665,493	\$ 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
Youth Center	-	-	-	-	-	-	567,352	2,091,611	8,432,646	8,465,715
Operating grants and contributions	-	-	-	21,236	93,120	51,522	1,252,856	2,296,085	2,117,133	2,659,792
Capital grants and contributions	\$ 7,463	\$ 8,384	\$ 8,587	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>\$ 60,860,053</u>	<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>
Total primary government program revenues	<u>\$ 322,229,723</u>	<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>
Net (expense)/revenue										
Governmental activities	(148,361,901)	(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)
Business-type activities	1,933,362	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
Total primary government net expense	<u>\$ (146,428,539)</u>	<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>

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

	<u>2018</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 143,677,809	\$ 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
Hotel room	\$ 2,735,849	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
Payments in lieu of taxes	\$ 221,485	219,602	237,561	242,774	266,532	220,931	316,221	249,053	324,063	170,159
Investment earnings	\$ 3,331,494	1,616,192	1,474,025	1,134,503	639,352	550,091	833,259	1,049,014	850,893	3,438,690
Changes in fair value of investment rate swaps	\$ (2,273,517)	581,988	(1,109,819)	490,084	601,668	-	-	-	-	-
Rentals	\$ 440,093	489,566	464,950	389,756	328,094	356,407	202,812	-	-	-
Miscellaneous	\$ 7,439,000	6,068,787	4,945,007	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	\$ (281,413)	(690,319)	86,776	20,720	(245,199)	68,874	46,931	18,100	27,008	26,006
Conversion to special revenue fund	\$ -	-	-	6,089,996	-	-	-	-	-	-
Transfer of assets to related entity	\$ -	-	-	-	(5,746,011)	-	-	-	-	-
Swap termination fee	\$ -	-	-	-	-	-	-	-	-	(13,766,920)
Transfers	\$ 1,088,979	1,083,238	(146,980)	1,088,977	(436,774)	(10,196,998)	(4,816,823)	(14,158,452)	(401,900)	(396,908)
Total governmental activities	<u>\$ 156,379,779</u>	<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>
Business-type activities										
Investment earnings	4,448	14,667	1,986	8,088	7,349	5,962	5,248	8,658	25,828	66,604
Changes in fair value of investment rate swaps	(132,828)	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	(1,088,979)	(1,083,238)	146,980	(1,088,977)	436,774	10,196,997	4,816,823	14,158,452	401,900	396,908
Total business-type activities	<u>(1,217,359)</u>	<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>
Total primary government general revenue	<u>\$ 155,162,420</u>	<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>
Changes in Net Position										
Governmental activities	8,017,878	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
Business-type activities	716,005	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
Total primary government net revenue	<u>\$ 8,733,883</u>	<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>

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

	<u>2018</u>	<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>
General Fund										
Nonspendable	\$ 1,760,364	\$ 1,405,524	\$ 1,641,843	\$ 1,584,554	\$ 1,364,327	\$ 398,435	\$ 592,927	\$ 878,350	\$ -	\$ -
Restricted	\$ 4,077,110	4,012,464	2,859,389	4,125,006	4,201,282	4,869,238	2,299,603	1,865,358	-	-
Committed	\$ 30,871,588	19,322,610	7,327,174	-	-	-	-	-	-	-
Assigned	\$ 4,012,877	4,083,786	4,082,537	10,551,289	11,323,251	16,953,963	19,545,324	35,008,622	-	-
Unassigned	\$ 113,706,622	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
Unreserved	\$ -	-	-	-	-	-	-	-	135,857,859	123,004,381
Total General Fund	<u>\$ 154,428,561</u>	<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>
All other governmental funds										
Nonspendable	2,772,125	2,712,241	2,836,878	3,116,156	32,408	12,455	15,128	15,891	-	-
Restricted	11,310,018	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
Unreserved	-	-	-	-	-	-	-	-	89,703,186	13,709,145
Total all other governmental funds	<u>\$ 14,082,143</u>	<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>
Total governmental funds	<u>\$ 168,510,704</u>	<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>

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes:										
Property	\$ 143,705,841	\$ 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
Hotel	\$ 2,735,849	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
Court costs, fines and forfeitures	\$ 2,673,976	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
Intergovernmental revenue	\$ 222,165,757	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
Department charges and reimbursements	\$ 72,824,610	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
Payments in lieu of taxes	\$ 221,485	219,602	237,561	89,730	102,196	51,827	135,367	61,979	131,780	58,551
Rentals	\$ 440,093	489,566	464,950	389,756	328,094	356,407	202,812	224,206	216,663	223,811
Sales of property, supplies and equipment	\$ 12,040	(770)	86,776	20,720	18,250	68,874	46,931	18,100	27,008	26,006
Investment earnings	\$ 3,331,493	1,616,192	1,474,025	1,134,503	639,352	550,092	833,261	1,049,014	1,695,035	3,438,710
Other revenue	\$ 9,871,487	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
Total revenues	\$ 457,982,631	\$ 434,852,318	\$ 431,454,454	\$ 390,351,502	\$ 382,236,104	\$ 379,755,259	\$ 380,509,495	\$ 386,484,463	\$ 359,210,698	\$ 372,981,088
Expenditures										
Current:										
General government, administrative	\$ 43,284,381	\$ 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
General government, judicial	\$ 54,987,295	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
Public safety	\$ 80,767,060	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
Human services	\$ 215,335,012	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
Culture and recreation	\$ 6,964,018	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
Community and economic development	\$ 5,741,639	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
Public works	\$ 6,276,293	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
Community support	\$ 13,455,946	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
Intergovernmental expenditures- Solid waste	\$ 220,870	295,029	928,453	993,342	998,452	997,007	1,000,219	997,450	844,401	893,571
Debt service:										
Principal	\$ 15,605,850	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
Interest	\$ 8,318,135	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
Debt issuance costs	\$ -	-	119,123	178,668	118,742	141,629	430,673	-	691,302	407,689
Administrative expenditures	\$ 31,096	22,528	141,015	80,461	109,147	12,302	15,518	38,902	-	37,239
Capital outlay	591,891	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
Total expenditures	\$ 451,579,486	\$ 429,347,681	\$ 428,526,206	\$ 388,195,165	\$ 398,217,473	\$ 393,021,531	\$ 452,462,635	\$ 390,137,659	\$ 369,699,055	\$ 358,709,841
Excess (deficiency) of revenues over (under) expenditures	\$ 6,403,145	\$ 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
Other financing sources (uses)										
Transfers in	\$ 15,337,061	\$ 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
Transfers out	\$ (14,248,082)	(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)
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
Payments to refunded bond escrow agent	-	-	(24,943,412)	(27,211,227)	(9,963,468)	-	-	-	-	(26,258,174)
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	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 1,088,979	\$ 1,083,238	\$ (13,869,487)	\$ (5,148,286)	\$ 855,819	\$ 19,316,975	\$ 33,626,337	\$ (14,158,452)	\$ 86,343,100	\$ 23,133,317
Special Item										
Swap termination fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,876,000)	\$ -	\$ (13,766,920)
Net change in fund balances	\$ 7,492,124	\$ 6,587,875	\$ (10,941,239)	\$ (2,991,949)	\$ (15,125,550)	\$ 6,050,703	\$ (38,326,803)	\$ (20,687,648)	\$ 75,854,743	\$ 23,637,644
Debt Service										
Percentage of noncapital expenditures	2.2%	2.2%	5.9%	4.9%	10.0%	8.1%	7.9%	3.6%	6.3%	3.2%

Note:

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

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

Fiscal Year	Taxes	Court Costs, Fines & Forfeitures	Inter - Governmental Revenues	Department Charges & Reimbursements	Payments in Lieu of Taxes	Rentals	Sale of property, supplies, and equipment	Investment Earnings	Other Revenues	Totals
2018	\$ 146,441,690	\$ 2,673,976	\$ 222,165,757	\$ 72,824,610	\$ 221,485	\$ 440,093	\$ 12,040	\$ 3,331,493	\$ 9,871,487	\$ 457,982,631
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

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

Fiscal Year	Tax-Exempt Property	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Market Value	Assessed Value as a Percentage of Market Value	Common Level Ratio	Total Direct Tax Rate
2018	\$ 2,850,561,100	\$ 14,567,436,400	\$ 3,465,305,500	\$ 850,850,000	\$ 18,883,591,900	\$ 19,610,606,700	96.3%	68.50%	7.372%
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%	6.935%
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%

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>
2018	7.657	3.84	28.81	40.31
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

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	2018			2009		
		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	0.33%	\$ 75,500,000	1	0.41%
East Penn Manufacturing Co.	Battery Manufacturing	57,338,700	2	0.30%	38,303,300	3	0.21%
BRE RC Exeter PA LP	Shopping Mall	51,709,800	3	0.27%			
Reading Hospital	Healthcare	45,351,200	4	0.24%			
Green Hills Realty Association, LP	Leasing	42,348,100	5	0.22%	29,148,100	4	0.16%
GH Spring Ridge Associates LP	Shopping Mall	41,529,800	6	0.22%	40,131,600	2	0.22%
Highlands at Wyomissing	Intermediate Care	37,449,800	7	0.20%	28,055,000	5	0.15%
GM Berkshire Hills LLC	Housing	37,161,300	8	0.20%			
Ashley Furniture Industries	Furniture Manufacturing	34,594,800	9	0.18%	24,657,900	8	0.13%
Phoebe Berks Village Inc.	Intermediate Care	29,089,800	10	0.15%	24,934,600	7	0.14%
Morgantown Crossings	Furniture Manufacturing	-		-	25,923,500	6	0.14%
Carpenter Technology Corp.	Specialty Steel Manufacturing	-		-	23,903,200	9	0.13%
Sithe Pennsylvania Holdings		-		-	22,511,900	10	0.12%
Total		\$ 439,622,700		2.33%	\$ 333,069,100		1.82%

Note

Total County of Berks assessed valuation for 2018 and 2009: \$ 18,883,591,900 \$ 18,333,213,600

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
2018	\$144,441,118	\$139,455,986	96.55%	\$4,249,856	\$143,705,842	99.49%
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%

Notes:

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

Source:

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

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

Function/Program	<u>2018</u>	<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>
County Direct Rates										
Total direct rate	7.66	7.37	7.37	7.37	7.37	7.37	6.94	6.94	6.94	6.94
Municipalities										
City:										
City of Reading	17.69	17.69	17.69	15.69	15.69	15.69	14.33	14.33	11.95	10.90
Boroughs:										
Bally	5.00	5.00	5.00	5.00	4.70	4.50	4.50	4.30	4.10	4.10
Bechtelsville	5.00	5.00	4.50	4.50	4.50	4.50	4.00	3.60	3.60	3.60
Bernville	4.44	4.44	4.44	4.44	4.44	4.44	3.94	3.94	3.94	2.94
Birdsboro	6.86	6.86	6.86	6.66	6.66	6.16	6.16	6.16	6.16	4.36
Boyertown	6.34	6.14	5.64	5.14	5.14	5.14	5.14	5.14	4.99	4.84
Centerport	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Fleetwood	6.25	6.25	6.00	6.00	5.50	5.50	5.50	3.00	2.75	2.70
Hamburg	8.00	8.00	8.00	8.00	7.50	6.50	5.50	5.50	5.50	5.50
Kenhorst	5.60	5.60	5.60	5.60	5.60	4.60	3.60	3.60	3.60	3.10
Kutztown	4.10	4.10	4.10	4.10	3.35	3.10	3.10	2.85	2.85	2.85
Laureldale	6.05	6.05	5.90	5.90	5.90	4.90	4.90	4.90	4.90	4.90
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	5.13	5.10	4.55	4.30	4.30	3.80	3.80	3.80	3.60	3.60
Mt. Penn	10.50	9.50	8.50	7.40	7.40	7.40	7.40	7.40	7.40	7.40
New Morgan	1.86	1.50	1.56	1.56	4.50	4.50	2.99	2.99	1.83	1.83
Robesonia	4.90	4.65	4.65	4.65	4.40	4.40	4.40	4.15	4.15	4.15
St. Lawrence	6.64	6.64	6.64	6.00	5.70	5.70	5.30	5.30	5.30	3.84
Shillington	7.14	7.14	7.14	5.89	5.89	4.89	4.89	4.89	4.39	4.39
Shoemakersville	6.50	6.50	6.50	5.50	5.50	5.50	5.50	5.50	5.00	5.00
Sinking Spring	7.99	7.99	7.32	7.32	7.32	6.32	6.32	5.04	5.04	3.84
Topton	6.55	6.05	5.85	5.85	5.85	5.85	6.35	5.60	5.60	5.40
Wernersville	6.60	6.10	6.10	6.10	6.10	5.60	5.60	5.60	5.60	5.60
West Reading	8.85	8.10	7.60	7.10	7.10	7.10	7.10	7.10	7.10	6.85
Womelsdorf	4.50	4.50	4.50	3.50	3.50	3.00	3.00	3.00	3.00	3.06
Wyomissing	3.90	3.90	3.90	3.90	3.90	3.63	3.63	3.43	3.13	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	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amity	2.60	2.45	1.95	1.95	1.95	1.80	1.80	1.80	1.80	1.80
Bern	3.94	3.94	3.44	3.44	3.19	3.12	3.12	3.12	3.12	2.60
Bethel	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	2.12
Brecknock	2.33	2.33	2.33	1.95	1.95	1.95	1.95	1.75	1.75	1.75
Caernarvon	2.48	2.48	2.48	2.48	2.48	2.48	2.38	2.38	2.38	2.13
Centre	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Colebrookdale	4.00	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00
Cumru	6.20	6.18	6.18	6.18	5.68	5.28	5.28	4.78	4.78	3.78
District	0.45	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Douglass	4.30	3.30	3.30	2.30	2.30	2.00	2.00	2.00	2.00	2.00
Exeter	3.34	3.34	3.25	2.87	2.87	2.87	2.69	2.69	2.43	2.33
Greenwich	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.60	0.80	0.60
Heidelberg	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Hereford	1.20	1.20	1.20	0.96	0.96	0.96	0.96	0.96	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	3.05	2.80	2.80	2.80	2.80	2.85	2.32	2.32	2.32

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

Function/Program	<u>2018</u>	<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>
Townships (continued)										
Lower Alsace	8.68	8.68	7.95	7.18	7.18	6.68	6.68	6.68	6.68	6.68
Lower Heidelberg	5.19	4.79	4.79	4.79	4.79	4.80	4.85	4.85	2.55	0.68
Maidencreek	1.75	1.75	1.75	1.75	1.50	1.50	1.13	1.13	1.13	1.13
Marion	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.00	1.00
Maxatawny	2.36	2.36	2.36	2.36	2.36	3.36	3.36	3.36	3.36	2.68
Muhlenberg	5.00	5.00	5.00	5.00	4.80	4.80	4.50	4.25	4.25	4.25
North Heidelberg	1.00	1.00	1.00	1.00	0.40	0.40	0.40	0.40	0.20	0.20
Oley	4.10	3.20	2.80	2.80	2.80	2.80	2.59	2.50	2.50	3.10
Ontelaunee	4.05	4.05	4.05	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	0.80	0.25	0.25
Pike	1.50	1.50	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
Richmond	3.50	3.50	3.50	2.50	2.25	2.00	1.75	1.75	1.75	1.75
Robeson	2.75	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25
Rockland	1.00	1.00	1.00	1.00	1.00	1.00	0.60	0.60	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	4.10	3.35	3.35	3.05	2.55	2.55	2.25	2.25	1.75
Spring	4.01	4.01	3.25	3.25	3.25	3.25	3.25	3.00	2.65	2.75
Tilden	1.45	1.45	1.45	1.45	1.45	1.45	0.95	0.92	0.92	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	3.65	2.15	2.15	2.15	1.90
Upper Bern	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.20	1.20
Upper Tulpehocken	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Washington	2.70	2.70	2.70	2.70	2.70	4.32	4.32	2.32	2.32	1.70
Windsor	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
School Districts:										
Antietam	39.74	39.15	37.79	36.79	35.86	34.56	33.75	32.35	31.60	31.60
Boyertown	26.37	25.02	24.27	23.96	23.39	22.52	21.88	20.77	20.02	19.64
Brandywine Heights	33.24	32.78	32.30	32.30	32.30	32.30	31.25	30.00	29.70	29.00
Conrad Weiser	28.86	28.00	27.14	26.32	25.71	25.71	25.27	24.32	24.32	24.32
Daniel Boone	30.83	30.20	29.70	28.96	28.96	28.96	28.96	28.42	27.65	27.65
Exeter	32.62	32.62	32.22	31.25	31.25	30.80	30.10	29.62	28.62	27.78
Fleetwood	33.11	32.56	31.81	30.96	30.21	29.21	28.22	27.28	26.61	26.35
Governor Mifflin	28.10	27.60	27.10	26.60	26.00	25.30	24.50	23.20	22.60	22.50
Hamburg	26.96	26.96	26.71	26.46	26.21	25.96	25.71	25.21	24.96	24.71
Kutztown	29.95	29.95	29.95	29.95	29.95	29.25	28.76	28.28	28.28	27.17
Muhlenberg	29.81	29.06	28.56	27.81	27.56	26.81	26.31	25.56	25.06	24.31
Oley Valley	27.34	26.93	26.33	25.84	25.39	24.93	24.56	23.82	23.82	23.82
Reading	17.93	17.93	17.93	17.41	17.41	16.92	16.92	16.46	16.46	19.75
Schuylkill Valley	27.07	27.07	27.07	26.79	26.79	26.79	26.27	25.13	24.43	23.68
Tulpehocken	27.10	27.60	27.70	27.70	27.70	27.70	27.70	27.45	27.08	27.08
Twin Valley	27.55	27.55	26.77	25.74	24.54	23.88	22.60	21.70	21.40	20.30
Upper Perkiomen	24.54	24.35	24.95	24.60	24.25	24.00	23.66	23.66	20.75	22.76
Wilson	25.67	25.29	24.95	24.60	24.25	24.00	23.66	21.95	20.75	19.55
Wyomissing	30.67	30.07	30.07	29.78	29.49	29.05	28.57	27.89	27.11	26.41

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			
2018	\$ 169,202,807	\$ -	\$ 20,686,984	\$ 25,004,760	\$ -	\$ 438,016	\$ 215,332,567	1.10%	\$ 512.51
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

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>
2018	420,152 *	19,610,606,700	215,332,567	1.10%	512.51
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

Notes:

* Estimate used for 2018 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, 2018

<u>Direct Debt of County and Related Entities</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
County of Berks	\$ 189,889,791	100%	\$ 189,889,791
Overlapping Debt			
School Districts:			
Antietam	\$ 20,384,000	100%	\$ 20,384,000
Boyertown Area	89,635,000	100%	89,635,000
Brandywine Heights	13,330,000	100%	13,330,000
Conrad Weiser	28,646,166	100%	28,646,166
Daniel Boone Area	75,848,937	100%	75,848,937
Exeter Township	68,150,280	100%	68,150,280
Fleetwood Area	21,308,460	100%	21,308,460
Governor Mifflin Area	56,680,000	100%	56,680,000
Hamburg Area	47,370,000	100%	47,370,000
Kutztown Area	27,705,000	100%	27,705,000
Muhlenberg Area	41,110,000	100%	41,110,000
Oley Valley	23,653,302	100%	23,653,302
Reading School District	355,395,000	100%	355,395,000
Schuylkill Valley	18,555,000	100%	18,555,000
Tulpehocken Area	20,100,000	100%	20,100,000
Twin Valley	33,585,000	100%	33,585,000
Wilson Area	68,918,382	100%	68,918,382
Wyomissing Area	31,785,000	100%	31,785,000
Total School Districts	<u>\$ 1,042,159,527</u>		<u>\$ 1,042,159,527</u>
Municipalities			
City of Reading	\$ 310,053,291 (1)	100%	\$ 310,053,291
Albany Township	246,457	100%	246,457
Alsace Township	2,042,832	100%	2,042,832
Amity Township	5,113,654	100%	5,113,654
Bally Borough	3,086,099	100%	3,086,099
Bechtelsville Borough	100,000	100%	100,000
Bern Township	119,779	100%	119,779
Bernville Borough	589,995	100%	589,995
Bethel Township	1,333,113	100%	1,333,113
Birdsboro Borough	1,320,360	100%	1,320,360
Boyertown Borough	906,000	100%	906,000
Brecknock Township	17,184	100%	17,184
Caernarvon Township	1,325,953	100%	1,325,953
Colebrookdale Township	715,312	100%	715,312
Cumru Township	2,075,000	100%	2,075,000
Exeter Township	43,493,747	100%	43,493,747
Fleetwood Borough	1,550,877	100%	1,550,877
Greenwich Township	81,035	100%	81,035
Hamburg Borough	867,586	100%	867,586
Hereford Township	100,000	100%	100,000
Kutztown Borough	17,635,000	100%	17,635,000
Leesport Borough	343,556	100%	343,556
Lenhartsville Borough	357,757	100%	357,757
Longswamp Township	520,219	100%	520,219
Lower Alsace Township	1,723,306	100%	1,723,306
Lower Heidelberg Township	6,591,567	100%	6,591,567

Note

(1) Unavailable - used latest data available

County of Berks
Direct and Overlapping Governmental Activities Debt
December 31, 2018

<u>Direct Debt of County and Related Entities (continued)</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Maidencreek Township	120,730	100%	120,730
Maxatawny Township	363,048	100%	363,048
Mt. Penn Borough	285,116	100%	285,116
Mohnton Borough	296,642	100%	296,642
Muhlenberg Township	15,222,039	100%	15,222,039
Oley Township	22,254	100%	22,254
Ontelaunee Township	15,605,259	100%	15,605,259
Penn Township	59,549	100%	59,549
Richmond Township	2,400,615	100%	2,400,615
Robeson Township	920,937	100%	920,937
St. Lawrence Borough	502,982	100%	502,982
Shillington Borough	1,792,991	100%	1,792,991
Shoemakersville Borough	1,120,725	100%	1,120,725
Sinking Spring Borough	5,447,246	100%	5,447,246
South Heidelberg Township	1,584,415	100%	1,584,415
Spring Township	18,983,326	100%	18,983,326
Tilden Township	5,570,420	100%	5,570,420
Topton Borough	1,220,256	100%	1,220,256
Tulpehocken Township	2,321,591	100%	2,321,591
Union Township	818,180	100%	818,180
Upper Bern Township	2,593,870	100%	2,593,870
Upper Tulpehocken Township	2,394,569	100%	2,394,569
Washington Township	9,405,000	100%	9,405,000
Wernersville Borough	1,147,000	100%	1,147,000
West Reading Borough	9,310,275	100%	9,310,275
Womelsdorf Borough	52,386	100%	52,386
Total Municipalities	<u>\$ 501,871,100</u>		<u>\$ 501,871,100</u>
Total overlapping debt			<u>\$ 1,544,030,627</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 1,733,920,418</u>

Source

Annual Reports from individual School Districts and Municipalities

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

	Calendar Year									
	<u>2018</u>	<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>
Debt Limit at 300%	\$ 1,501,171,348	\$ 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
Total amount of debt applicable to debt limit net of discount on zero coupon bonds	<u>189,889,791</u>	<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>
Legal Debt Margin	<u>\$ 1,311,281,557</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	12.65%	14.57%	16.44%	19.32%	17.03%	18.85%	18.66%	18.75%	19.28%	22.14%
Total Revenues Received	\$ 518,835,221	\$ 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
Total net revenue	\$ 1,501,171,348	\$ 1,433,540,382	\$ 1,378,800,855							
Borrowing base = Total net revenues, divided by three	\$ 500,390,449	\$ 477,846,794	\$ 459,600,285							

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
2018	\$ 20,504,205	\$ 3,419,780	23,923,985	\$ 451,579,488	5.30%
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%

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
2018	420,152	*	\$61,058	39.8	*	*	4.2%	\$ 173,700
2017	417,854	29,041	59,580	39.9	26,590	69,871	4.2%	170,900
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

* 2018 data not available. Population estimated

Source:

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

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
East Penn Manufacturing Co. Inc.	7,807	1	3.65%	5,263	2	2.55%
Tower Health	7,219	2	3.38%	6,398	1	3.10%
Pennsylvania Government	3,223	3	1.51%	1,698	7	0.82%
County of Berks	2,330	4	1.09%	2,573	3	1.25%
Carpenter Technology Corp.	2,160	5	1.01%	1,991	5	0.96%
Reading School District	1,967	6	0.92%	2,416	4	1.17%
Penske	1,893	7	0.89%	(1)	(1)	
Wal-Mart Stores *	1,818	8	0.85%	1,886	6	0.91%
Imperium Management Services Inc.	1,470	9	0.69%	(1)	(1)	
Wilson School District	1,404	10	0.66%	(1)	(1)	
Boscovs Inc.	-	(1)		1,600	8	0.77%
Penn State St. Joseph Medical Center		(1)		1,585	9	0.77%
Santander Bank	-	(1)		1,555	10	0.75%
Total	31,291		14.64%	26,965		13.05%
 Total County Labor Force	 213,700			 206,656		

Note:

*- 2018 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

Function/Program	<u>2018</u>	<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>
Governmental activities:										
General government	184	200	197	196	193	205	203	209	200	181
Judicial	455	451	458	462	465	457	463	468	471	451
Public safety	492	505	487	412	398	397	390	391	404	380
Public works	-	-	-	-	-	-	-	-	-	2
Human services	291	288	294	293	297	302	307	315	313	298
Culture and recreation	39	32	34	35	35	35	35	30	31	36
Community and economic development	15	22	19	19	17	21	22	9	9	23
Total governmental activities	<u>1,476</u>	<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>
Business-type activities										
Berks Heim	381	396	399	402	398	399	398	403	415	384
Emergency Services	-	-	-	79	78	79	81	77	77	56
Berks County Residential Center	62	67	64	68	57	55	55	54	51	-
Youth Center	-	-	-	-	-	-	1	58	71	134
Total business-type activities expenses	<u>443</u>	<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>
Total primary government expenses	<u><u>1,919</u></u>	<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>

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>2018</u>	<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>
Function/Program										
Governmental activities:										
General government										
Elections										
New Registrations	10245	4,000	20,387 **	4,859	4,896	4,360	11,283 **	4,494	5,782	3,795 **
Absentee Ballots Processed	6392	1,500	9,358	2,177	2,830	1,962	7,396	2,814	5,282	3,034
Change of Address/Party	26371	18,000	62,101	25,057	20,178	18,954	22,397	22,405	21,063	21,679
Cancellations	17053	3,000	43,348	7,092	8,641	3,023	6,262	2,615	19,110	4,496
**2008, 2012 and 2016 were presidential election years, which accounts for higher voter turnout										
Real Estate										
Appeal summaries	573	713	950	1,485	1,657	1,075	1,517	1,720	2,070	2,421
Change Notices	3,577	2,616	3,190	2,964	4,299	3,205	3,840	2,002	3,907	7,517
Parcels Created	462	374	548	388	328	384	288	373	451	568
Acreage Changed	526	1,884	473	587	470	524	600	664	735	785
Judicial										
Coroner										
Total Cases	3,363	3,371	3,386	3,230	3,057	3,172	2,966	3,044	2,863	2,792
Cremations	2,043	2,028	2,004	1,865	1,699	1,695	1,518	1,367	1,291	1,294
District Attorney										
Criminal Case Prosecution										
Adult Cases	6,473	7,019	6,560	6,533	6,865	6,500	6,135	5,258	5,965	6,516
Juvenile Cases	3,024	736	804	890	2,074	2,371	2,454	1,967	1,958	2,247
Narcotics Enforcement Team	235	272	780	602	187	251	236	295	257	308
DUI Central Booking	802	735	658	602	665	620	587	522	492	567
Major Crimes	2,401	2,408	2,484	2,215	1,592	2,481	1,382	1,322	1,250	1,098
Fugitive/Warrants Unit		-	-	226	-	-	-	-	-	-
Register of Wills										
Estates Opened	1872	2,023	1,886	1,865	1,670	1,764	1,778	1,870	1,780	1,646
Marriage Licenses Issued	2380	2,462	2,396	2,403	2,349	2,268	2,410	2,253	2,268	2,286
Adoptions	243	82	227	190	214	207	215	235	215	238
Public Safety										
County Prison										
Inmates Committed	6,611	6,994	6,328	6,701	6,840	7,050	6,774	6,557	6,816	7,105
Average Daily Population	1,104	999	1,024	1,171	1,187	1,199	1,115	1,045	1,046	1,083
Inmate Counseling Sessions	1,317	1,607	1,690	1,568	1,547	2,582	1,630	1,687	1,579	1,900
Inmate Work Release Participants	146	117	92	83	110	114	108	114	116	113
Inmates Enrolled in Education	463	542	422	498	395	362	502	378	412	584
Public Works										
Recycling Center										
Tons Recycled Curbside	44133	45,759	51,597	55,291	51,757	52,250	51,708	44,069	40,650	56,220
Tons Recycled Drop-off	7529	1,492	1,625	1,585	1,660	1,662	1,547	1,450	1,804	1,290
Tons Recycled Commercial	184759	169,106	161,972	158,866	142,918	124,200	120,669	113,237	157,390	165,823
Tons Recycled by County	1273	1,209	1,472	1,510	1,659	1,600	1,881	1,413	2,009	1,856

Note

** Presidential election year, so more registrations processed.

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

Function/Program	<u>2018</u>	<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>
Human services										
CareerLink										
Companies Served	654	647	465	417	375	310	725	720	700	750
Adults Served	79	97	58	126	149	152	110	137	84	61
Youth Served	440	502	545	571	539	593	734	837	604	457
Dislocated Workers Served	135	324	265	304	434	451	472	605	553	386
JOBS Program (EARN)	359	327	340	442	342	356	609	1,848	1,426	1,910
Culture and recreation										
Ag Land Preservation										
Number of Farm Applicants	117	132	127	123	139	139	131	125	115	115
Number of Farms Selected	30	24	24	21	23	21	43	30	19	19
Funds Raised	10,000	4,375	100	-	147	-	2,349	145	40,000	149
Community and economic development										
Planning										
Act 247 Subdivision Reviews	153	180	151	134	152	142	143	143	180	159
Act 247 Ordinance Reviews	70	72	42	44	31	45	74	69	57	92
Act 537 Sewage Reviews	2	4	10	-	3	3	1	8	4	2
Act 97 Solid Waste Reviews	2	4	5	1	2	3	3	1	2	-
911										
Total 911 Calls	176,619	183,498	194,460	211,700	210,461	204,083	218,832	219,556	195,568	182,918
Average Daily Call Volume	484	503	533	580	577	560	600	602	536	501
Average Answer in < 10 seconds	93%	99%	99%	99%	99%	99%	99%	99%	99%	90%
Surcharge Funds Received	(1)	(1)	(1)	\$ 1,297,310	\$ 2,194,832	\$ 2,286,686	\$ 2,346,944	\$ 2,456,854	\$ 2,596,960	\$ 2,805,471
Surcharge Funds Disbursed	(1)	(1)	(1)	\$ 1,054,321	\$ 1,628,053	\$ 1,776,841	\$ 1,923,136	\$ 2,094,802	\$ 2,429,253	\$ 2,646,909
Business-type activities										
Berks Heim										
In-house Days										
Private Pay	18,957	20,178	22,090	20,866	19,983	21,790	21,535	21,681	21,766	21,780
Medical Assistance/Medicare A	128,701	127,894	127,110	127,593	129,382	127,730	130,110	129,520	127,634	127,403
Bedhold Days	751	742	556	554	500	742	574	725	705	693
Berks County Residential Center/Youth Center										
Average Daily Population										
Berks County Residential Center	51	61	80	80	67	74	80	56	64	69
Youth Center (2)	-	-	-	-	-	-	-	23	30	31

Note
(1) As of August 2015, no longer tracking because of change in funding regulations.
(2) Youth Center closed in 2011

Source:
Individual County Departments

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
General government										
Land and land improvements	\$ 2,221,983	\$ 2,221,983	\$ 2,221,983	\$ 2,221,983	\$ 2,221,983	\$ 3,499,090	\$ 1,664,570	\$ 149,143	\$ 149,143	\$ 149,143
Buildings and building improvements	144,173,026	143,483,130	137,923,541	138,719,289	112,252,678	111,790,776	126,923,789	120,179,203	113,359,988	109,873,007
Furniture, fixtures, and equipment	13,506,048	13,485,216	13,428,370	81,095,364	9,878,697	9,444,535	12,334,176	14,743,969	16,663,345	15,089,538
Construction in progress	6,689,024	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
Infrastructure	94,401	94,401	85,760	-	-	-	-	-	-	-
Agricultural easements	81,438,317	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
	<u>248,122,799</u>	<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>
Judicial										
Buildings and building improvements	1,005,804	1,005,804	1,005,804	907,096	757,634	1,128,901	1,128,901	1,036,828	1,029,921	808,116
Furniture, fixtures, and equipment	2,623,239	2,302,377	2,552,861	2,262,887	2,625,854	2,577,830	2,537,914	2,570,410	2,810,086	2,572,079
Construction in progress	223,792	-	-	-	-	-	87,621	-	-	17,201
	<u>3,852,835</u>	<u>3,308,181</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>
Public Safety										
Buildings and building improvements	50,195,720	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
Furniture, fixtures, and equipment	64,951,402	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
Construction in progress	2,285,848	763,784	102,128	-	-	-	-	-	-	1,857,450
Infrastructure	28,759	28,759	-	-	-	-	-	-	-	-
	<u>117,461,729</u>	<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>
Public Works										
Land and land improvements	41,516	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	208,286	225,836	225,836	225,836	176,726	176,726	192,317	179,409	179,409	179,409
Construction in progress	3,266,432	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	31,652,761	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
	<u>43,220,858</u>	<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>
Human services										
Buildings and building improvements	137,750	137,750	137,750	113,931	-	110,700	110,700	110,700	110,700	110,700
Furniture, fixtures, and equipment	499,961	455,048	482,406	500,446	500,493	569,902	550,415	672,658	693,168	636,117
	<u>637,711</u>	<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>
Culture and recreation										
Land and land improvements	15,026,900	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
Buildings and building improvements	7,984,180	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
Furniture, fixtures, and equipment	1,068,755	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
Construction in progress	171,532	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	2,279,644	2,166,153	1,915,631	873,000	873,000
Infrastructure	38,762	-	-	-	-	-	-	-	-	-
	<u>26,569,773</u>	<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>
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	30,217	43,254	23,359	23,359	23,359	23,359	48,648	144,457	144,457	144,457
	<u>1,873,917</u>	<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>
Total governmental - cost	<u>441,739,622</u>	<u>431,278,849</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>
Business-type activities										
Department of Emergency Services (1)										
Buildings and building improvements	-	-	-	-	486,846	486,845	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
Construction in progress	-	-	-	-	668,570	8,103,310	6,885,539	2,119,052	1,374,341	30,915
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<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>
Berks County Residential Center (2)										
Buildings and building improvements	10,187,060	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
Furniture, fixtures, and equipment	223,327	337,121	368,724	346,699	285,023	239,133	239,133	731,975	731,975	731,975
Construction in progress	-	-	-	-	126,822	-	412,450	-	-	-
	<u>10,410,387</u>	<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>
Berks Heim										
Buildings and building improvements	38,160,486	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
Furniture, fixtures, and equipment	4,661,321	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
Construction in progress	35,398	29,945	17,642	14,367	278,646	-	-	12,620	-	-
	<u>42,857,205</u>	<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>
Total business-type activities	<u>53,267,592</u>	<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>
Total primary government	<u>495,007,214</u>	<u>484,609,719</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>

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

