

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



Services Center, 12th Floor
633 Court Street
Reading, PA 19601-4311

Phone: 610.478.6150
Fax: 610.478.6890

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

Sandra M. Graffius, Controller
Jack A. Linton, Esq., Solicitor

April 8, 2013

Mr. Nelson H. Long, CPA
Treasurer
Office of the Treasurer
County of Berks, Pennsylvania

Re: Internal Auditor's Report

Dear Mr. Long:

We have completed our compilation of the financial statements of the Office of the Treasurer for the year ended December 31, 2011, and have attached the report for your review and consideration.

Since there was no significant finding or instance of non-compliance noted, no response is required and the attached report is the final report.

This report is intended for the use of the Office of the Treasurer management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions concerning the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

**Office of the Treasurer
County of Berks, Pennsylvania**

Nelson H. Long, CPA, Treasurer

Annual Financial Report

As of December 31, 2011

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Report Distribution List

1. Nelson H. Long, CPA, Treasurer
2. Christian Y. Leinbach, County Commissioner Chair
3. Kevin S. Barnhardt, County Commissioner
4. Mark C. Scott, County Commissioner
5. Carl Geffken, Chief Operations Officer
6. Socrates Georgeadis, Solicitor for Treasurer
7. Berks County Convention Center Authority
8. Berks County Visitors Bureau
9. Eugene A. DePasquale, Pennsylvania Auditor General
10. Reinsel Kuntz Leshner LLP, Certified Public Accountants
11. Audit File

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Internal Auditor's Report

Mr. Nelson H. Long, CPA
Treasurer
Office of the Treasurer
County of Berks, Pennsylvania

We have compiled the accompanying statement of assets, liabilities and fund balance – cash basis as of December 31, 2011 for the Office of the Treasurer, a unit of the County of Berks, Pennsylvania, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements are the responsibility of the Office of the Treasurer management.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 1, the accounts of the Office of the Treasurer are maintained, and the accompanying financial statements are prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have included a report on our consideration of the Office of the Treasurer internal control structure and on its compliance with laws and regulations. We have reviewed compliance and internal control matters in accordance with the Commonwealth of Pennsylvania Third Class County Code and County of Berks ordinances and resolutions and have included applicable comments related thereto in the respective report.

Sandra M. Graffius, Controller
March 19, 2013

**Office of the Treasurer
 County of Berks, Pennsylvania
 Statement of Assets, Liabilities and Fund Balance – Cash Basis
 As of December 31, 2011**

Assets

Cash in bank	\$ 434,852
Cash on hand	<u>5,000</u>
Total assets	<u>\$ 439,852</u>

Liabilities and Fund Balance

Escheat property in escrow	343,311
Fees due the Berks County Convention Center	52,856
Fees due the Commonwealth of PA	13,923
Fees due Berks County Visitor's Bureau	13,214
Interest due County of Berks	8,623
Fees due County of Berks	2,492
Other amounts due County of Berks	<u>433</u>
Total liabilities	<u>434,852</u>
Fund balance	<u>5,000</u>
Total liabilities and fund balance	<u>\$ 439,852</u>

The accompanying notes are an integral part of these financial statements.

**Office of the Treasurer
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2011**

Receipts

Hotel room tax	\$ 1,538,783
Escheats	242,622
Hunting and pistol licenses	226,894
Dog licenses	167,822
Lifetime dog licenses	49,315
Fishing and boating licenses	3,581
Interest	823
Bank fee refunded	<u>168</u>
Total receipts	<u>2,230,008</u>

Disbursements

Berks County Convention Center Authority	1,256,729
Commonwealth of Pennsylvania	391,426
Berks Reading Visitor's Bureau	314,182
Escheat refunds	40,691
COB commission – hunting licenses	32,757
COB commission – dog licenses	19,457
Escheat refunds	4,424
Legal fees – delinquent hotel	2,950
Payments to satellites – dog licenses	2,089
COB commission - interest	1,396
Bank and other fees	511
COB commission – fishing licenses	<u>286</u>
Total disbursements	<u>2,066,898</u>

Cash receipts in excess of disbursements	163,110
Cash account balance as of January 1	<u>276,742</u>
Cash account balance as of December 31	<u><u>\$ 439,852</u></u>

The accompanying notes are an integral part of these financial statements.

**Office of the Treasurer
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2011**

Note 1: Nature of the Office and Significant Accounting Policies

Nature of the Office:

The Office of the Treasurer is the custodian of all County monies. He collects real estate taxes, fees and receipts, and disburses all funds after authorization by the Controller and the Commissioners. This office issues licenses for small games of chance and bingo. In addition, this office issues licenses for hunting, fishing, dogs, motorboats, and pistol permits only when used in conjunction with hunting and fishing; collects escheat funds from County Offices and disburses them to the Commonwealth of Pennsylvania and collects Berks County Hotel Room Rental Tax and disburses them to the Berks County Convention Center Authority and Greater Reading Convention Center and Visitor's Bureau. **Note:** The real estate taxes and small games of chance and bingo are not included in the scope of this Audit.

Basis of Accounting:

The books and records of the Office of the Treasurer are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is an other comprehensive basis of accounting.

Cash and cash equivalents:

The Office of the Treasurer considers cash and equivalents to be cash on hand, on deposit and investments with a maturity of three months or less when purchased.

Cash accounts:

The financial statements compiled for the Office of the Treasurer reflect primarily trust and agency account activity. These accounts are maintained and reconciled by the Office of the Treasurer. Administrative costs and expenses incurred by the Office of the Treasurer are reflected on the books and records of the County of Berks and not on these financial statements.

**Office of the Treasurer
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
December 31, 2011**

Note 2: Cash and Equivalents

The following cash accounts for 2011 are in the name of the County of Berks, Office of the Treasurer, and are reflected in the County of Berks financial statements:

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
National Penn	Checking - hotel	\$ 70,842	\$ 70,842
National Penn	Checking - escheats	350,106	347,278
National Penn	Checking - hunting	2,612	2,612
National Penn	Checking - dog	10,737	10,668
National Penn	Checking – lifetime dog	3,253	3,253
National Penn	Checking - fishing	145	199
Cash	cash on hand	<u>5,000</u>	<u>5,000</u>
		<u>\$ 442,695</u>	<u>\$ 439,852</u>

These accounts hold funds received by the Office of the Treasurer in a trust and agency capacity and use of these funds by the Office of the Treasurer is restricted.

Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

Note 3: Fees due PA and County of Berks

<u>Account</u>	<u>PA</u>	<u>County of Berks</u>
Hunting	\$ 1,197	\$ 1,473
Fishing	80	8
Dog	9,686	911
Lifetime Dog	<u>2,960</u>	<u>100</u>
	<u>\$ 13,923</u>	<u>\$ 2,492</u>

Note 4: Other amounts due County of Berks

The amount due County of Berks is the net effect of an accumulation of excess funds (not including interest earned) and shortages from prior periods. In addition, it also includes amounts held back to maintain a \$100 minimum balance in five of the deposit accounts.

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Internal Auditor's Report on Compliance and Internal Controls

Mr. Nelson H. Long, CPA
Treasurer
Office of the Treasurer
County of Berks, Pennsylvania

In completing our internal audit of the Office of the Treasurer for the year ended December 31, 2011, we performed tests for compliance with certain financial provisions of laws, regulations, contracts, grants, and applicable policies. Noncompliance is considered a significant finding when it could have a direct and material effect on related financial information. The results of our tests disclosed no instances of noncompliance.

We also performed tests of the Office of the Treasurer's internal control over financial information and noted no significant findings in internal controls. Significant findings involve matters coming to our attention relating to deficiencies in the design or operation of the internal control over financial information that, in our judgment, could adversely affect the Office of the Treasurer's ability to adequately and properly record, process, summarize and report financial data.

This report is intended for the information and use of the County of Berks Board of Commissioners and the Office of the Treasurer's management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
March 19, 2013

**Office of the Treasurer
County of Berks, Pennsylvania
Report on Internal Controls as of March 19, 2013
Status of Prior Year Results**

<u>Description of Condition</u>	<u>Corrective Action Implemented</u>
No prior year audit findings	N/A