

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

A. Dennis Adams, CPA, Treasurer

Annual Financial Statements Audit

For the Year Ended December 31, 2016



Contents

Report Distribution List	1
Internal Auditor's Report	2
Financial Statements	
Statements of Receipts, Disbursements and Changes in Cash Balance – Cash Basis	4
Notes to Financial Statements	9
Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	11

Report Distribution List

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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

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

Sandra M. Graffius, Controller
Tony Distasio, Esq., Solicitor

Internal Auditor's Report

Treasurer, Mr. A. Dennis Adams, CPA
Office of the Treasurer
Berks County Services Center, 2nd Floor
633 Court Street
Reading, PA 19601

Report on the Financial Statement

We have audited the accompanying Statements of Receipts, Disbursements and Changes in Cash Balance of the Office of the Treasurer for the year ending December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

Internal Auditor's Responsibility

Our responsibility is to annually audit the accounts of Row offices within the County and to report the results of such audits to the Berks County Commissioners, the Berks County Solicitor, and the Auditor General of Pennsylvania.

Our responsibility is to express an opinion on the 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 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 of material misstatement.

An audit involves performing procedures to obtain 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 opinion.

Opinion

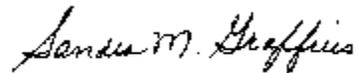
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts, disbursements and cash balance for the year ending December 31, 2016 in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

The Financial Statements of the Office of the Treasurer has been prepared on the cash-basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The cash-basis of accounting differs from GAAP primarily because revenues are recognized when received rather than when earned and expenses are recorded when paid rather than incurred. The financial statement presents only cash and changes therein in the form of cash receipts and disbursements

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated April 5, 2018 on our evaluation of the Office of the Treasurer's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of the audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of the audit.



Sandra M. Graffius, Controller
April 5, 2018

Office of the Treasurer
County of Berks, Pennsylvania
Hunting Licenses
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2016

Receipts

Hunting License Fees	\$ 183,761
Interest income	7
Total Receipts	183,768

Disbursements

Commonwealth of PA Hunting/Trapping Fees	157,087
County of Berks Commission license fees	25,960
Office Expense	99
Total Disbursements	183,146

Cash Increase (Decrease)	622
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Cash, Beginning of Year	69
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Cash, End of Year	\$ 691
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The accompanying notes are an integral part of the financial statements.

Office of the Treasurer
County of Berks, Pennsylvania
Fishing Licenses
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2016

Receipts

Fishing License Fees	\$ 2,899
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Disbursements

Commonwealth of PA Fishing Fees	2,670
County of Berks Commission license fees	266
Bank Fees	53
Total Disbursements	2,989

Cash Increase (Decrease)	(90)
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Cash, Beginning of Year	143
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Cash, End of Year	\$ 53
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The accompanying notes are an integral part of the financial statements.

Office of the Treasurer
County of Berks, Pennsylvania
Hotel Occupancy Tax
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2016

Receipts

Hotel Tax Collected	\$ 2,404,262
Interest income	270
Total Receipts	2,404,532

Disbursements

Convention Center Authority	1,918,201
Reading/Berks Visitors Bureau	462,361
County of Berks	41,533
Office Expense	43
Total Disbursements	2,422,138

Cash Increase (Decrease)	(17,606)
Cash, Beginning of Year	150,135
Cash, End of Year	\$ 132,529

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

Office of the Treasurer
County of Berks, Pennsylvania
Dog Licenses
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2016

Receipts

Dog License Fees	\$	250,607
Interest income		47
Total Receipts		250,654

Disbursements

Commonwealth of PA Department of Agriculture		207,027
County of Berks Commission license fees		29,621
Postage		4,085
Office Expense		113
Total Disbursements		240,846

Cash Increase (Decrease) 9,808

Cash, Beginning of Year 28,640

Cash, End of Year \$ 38,448

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

Office of the Treasurer
County of Berks, Pennsylvania
City Real Estate Taxes
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2016

Receipts

City Real Estate Taxes Collected	\$ 31,010,892
Interest income	16
Total Receipts	31,010,908

Disbursements

City of Reading Real Estate Taxes	21,852,281
County of Berks Real Estate Taxes	9,135,578
Escheated Checks	3,744
Prior Priod Overpayment Refunds	752
Bank Fees	210
Office Expense	91
Total Disbursements	30,992,656

Cash Increase (Decrease)	18,252
Cash, Beginning of Year	134,795
Cash, End of Year	\$ 153,047

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

**Office of the Treasurer
County of Berks, Pennsylvania
Notes to Financial Statements
For the Year Ended December 31, 2016**

Note 1: Nature of the Office and Significant Accounting Policies

Background and Reporting Entity:

The Office of the Treasurer is the custodian of all County monies. This office collects real estate taxes, fees and receipts, and disburses all funds after authorization by the Controller and the Commissioners. This office also 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; collects real estate taxes for the City of Reading; 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 escheat funds, 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 another comprehensive basis of accounting.

Cash and Cash Equivalents:

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

Cash Accounts:

The financial statements prepared for the Office of the Treasurer reflect primarily trust and agency account activity. The account is 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, 2016**

Note 2: Cash and Equivalents

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

Bank	Account Type	Bank Balance	Carrying Value
BB&T	Checking - Hunting	\$ 691	\$ 691
BB&T	Checking - Fishing	53	53
BB&T	Checking - Hotel Occupancy Tax	132,529	132,529
BB&T	Checking - Dog Licenses	38,453	38,448
BB&T	Checking - City Real Estate Tax	<u>153,185</u>	<u>153,047</u>
		<u>\$ 324,911</u>	<u>\$ 324,768</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: Legal Matters

Our audit disclosed no pending litigation involving the Office of the Treasurer or Mr. A. Dennis Adams, CPA, Treasurer that would affect the financial statements for the year ended December 31, 2016.

Note 4: Subsequent Events

Management has evaluated subsequent events through April 5, 2018, which is the date the financial statements were available to be issued.

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Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Treasurer, Mr. A. Dennis Adams, CPA
Office of the Treasurer
Berks County Services Center, 2nd Floor
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Reading, PA 19601

In planning and performing our audit of the financial statements of the Office of the Treasurer for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Office of the Treasurer's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Treasurer's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of the Treasurer's internal control.

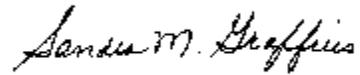
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether the Office of the Treasurer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect in the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to the management of the Office of the Treasurer in a separate letter dated April 5, 2018.

This report is intended solely for the information and use by the management of the Office of the Treasurer and other affected county offices, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Sandra M. Graffius". The signature is written in a cursive style with a large initial 'S'.

Sandra M. Graffius, Controller
April 5, 2018