

County of Berks
Friendly Understandable Financial Statement (FUFS)
For the Year Ended December 31, 2016



Prepared by the Office of the Controller- Scott S. Poch, CPA Editor

Sandy Graffius, Controller

2016 Friendly Understandable Financial Statement (FUFS)



CONTROLLER'S GREETING

I am proud to announce our accounting staff all are CPA's (Certified Public Accountants) or CGFM (Certified Government Financial Managers). On the audit side, all four of our Auditors have earned their CFE (Certified Fraud Examiner) designation. We encourage our folks to upgrade their educational status and two of our Auditors are studying for their CPA license. It is talent like this that has allowed us to become more proficient as we raise the standards of our department.

You will notice on the cover this year, we featured the new Buttonwood Street Bridge. Although it took several years to complete – the opening was an “event”!!! A 1932 model A Ford owned by Bryan Grube was the first car to travel the new span. The car was to honor the actual opening of the bridge back in 1931. It's hard to believe it stood that long without a complete overhaul. Standing in the middle of the bridge on hand to “cut the ribbon” was Valentin Rodriguez the Mayor of West Reading and Wally Scott the Mayor of the City of Reading. With the Penn Street Bridge now under construction, the Buttonwood Street Bridge provides an alternative entry into the city.

We have included a page on our Pension plan. We send the FUFS to our Pensioners every year and since they are directly impacted – we felt they should have a summary of the 2016 information. The financial health of the county as well as the Pension plan is robust. Thanks to our Budget director as well as our Elected Officials we continue to contain costs.

Sincerely,

Sandy Graffius



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*Commissioners (from left to right):
Kevin S. Barnhardt, Mark C. Scott
and Christian Y. Leinbach*

BERKS COUNTY SERVICES

General Government- Administration

Includes services provided by the Commissioners, Controller, Treasurer, Recorder of Deeds, Budget, Election Services, Information Systems, Human Resources, Maintenance and others.

General Government- Judicial

Includes the Courts, and services provided by the District Attorney, Public Defender, Clerk of Courts, Prothonotary, Sheriff, District Justices, Coroner, Register of Wills and others.

Berks Heim (610) 376-4841 www.co.berks.pa.us/dept/BerksHeim

Provides quality, individualized, long term residential healthcare for the elderly of the County with emphasis on the social, emotional and physical well-being of residents.

Children and Youth (610) 478-6700 www.co.berks.pa.us/dept/CYS

Provides services to protect children and assure their physical and emotional well-being, as provided by law, and to preserve, strengthen and empower their families.

Area Agency on Aging (610) 478-6500 www.co.berks.pa.us/dept/Aging

Provides comprehensive and coordinated services to meet the needs of county residents age 60 and older, or those eligible physically disabled age 18 to 59.

Library System (610) 378-5260 www.berks.lib.pa.us

Consists of 23 libraries spread throughout the county. Berks County government provides approximately 45% of the funding and the Commonwealth provides roughly 32%. The remaining 23% of the budget is raised through donations and fundraisers.

Council on Chemical Abuse (610) 376-8669 www.councilonchemicalabuse.org

Supports drug and alcohol prevention and intervention for all Berks County residents, and treatment services for persons of low and moderate income.

Employment and Training (610) 988-1300 www.co.berks.pa.us/dept/Careerlink

Provides work force resources for job seekers and employers through Berks Career Link.

Parks & Recreation (610) 372-8939 www.co.berks.pa.us/dept/Parks

Provides recreational opportunities and educational programs for its 11 county-owned parks.



Where We Get Ice Cream

Where We Get Sandwiches

Where We Get Pretzels



Way-Har Farms



V&S



Unique Pretzel



Oley Turnpike Dairy



Screpesi's



Tom Sturgis



Schell's



Mike's Sandwich Shop



Bell Alley



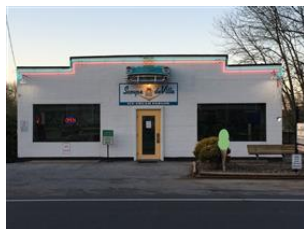
Kwik Shoppe



Hecky's



Fallers Pretzels



Scoupe DeVille



Mays Sandwich Shop



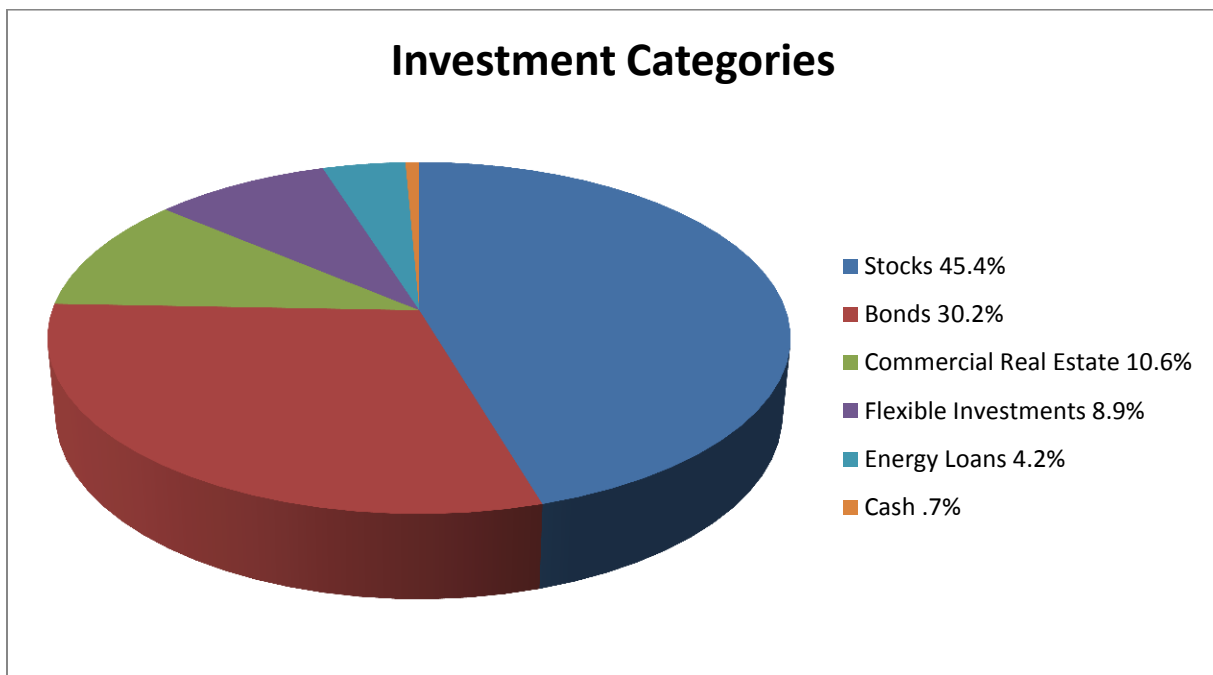
Uncle Henry's

Spotlight: Berks County Employee Pension Plan

Our Berks County Employee's Pension Plan came into existence during World War II in 1942. At the end of 2016, we had 1,189 retirees.

We have received questions on how our Pension Fund is doing. This year we are including information from our financial firm SEI Institutional Investor out of Oaks Pennsylvania.

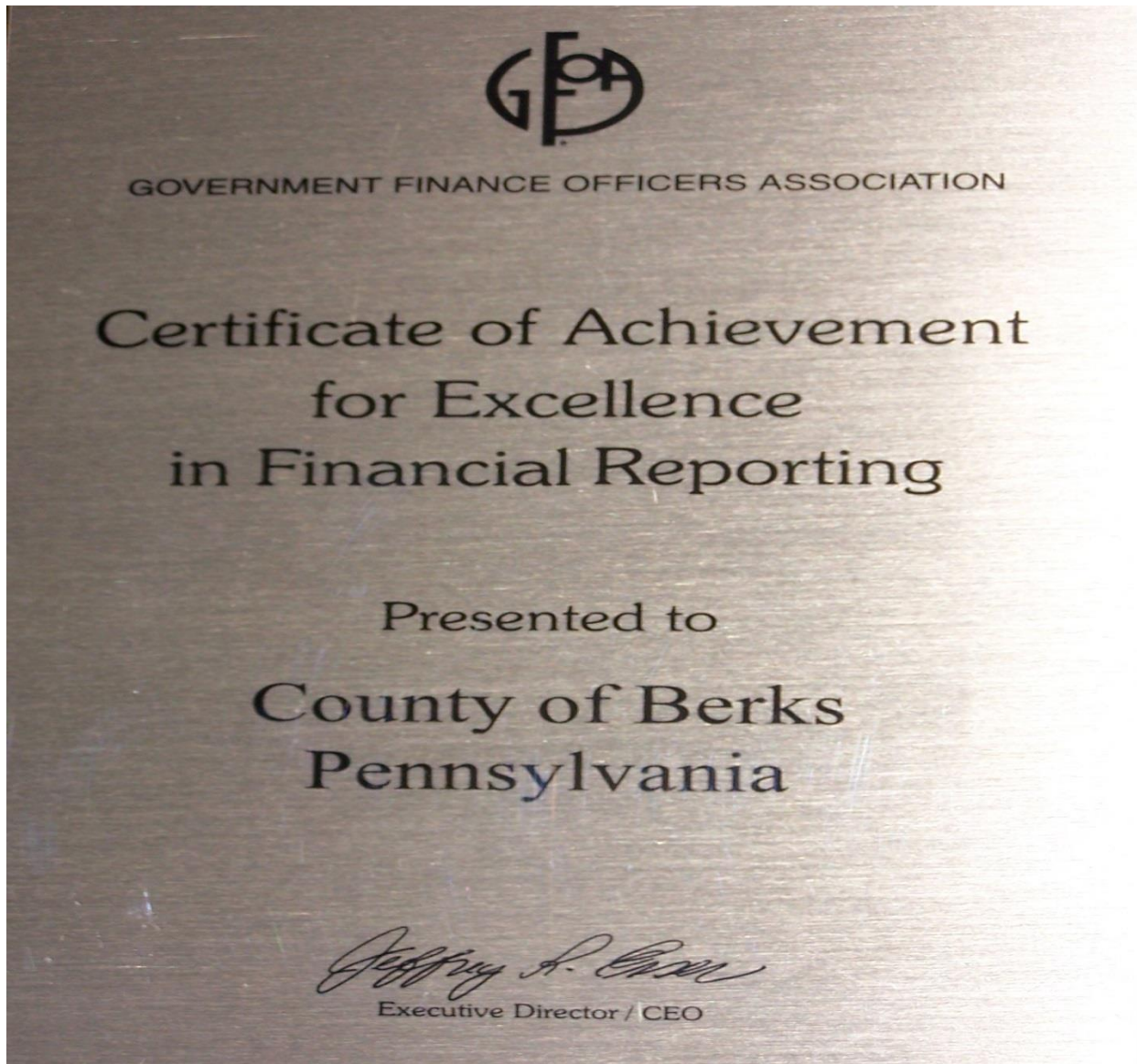
The opening balance at January 1, 2016 was \$402,698,695 and the closing balance at December 31, 2016 was \$417,429,562. Our pension plan is fully funded. Shown below is a breakdown of our investment categories with the percentages.



GFOA Award

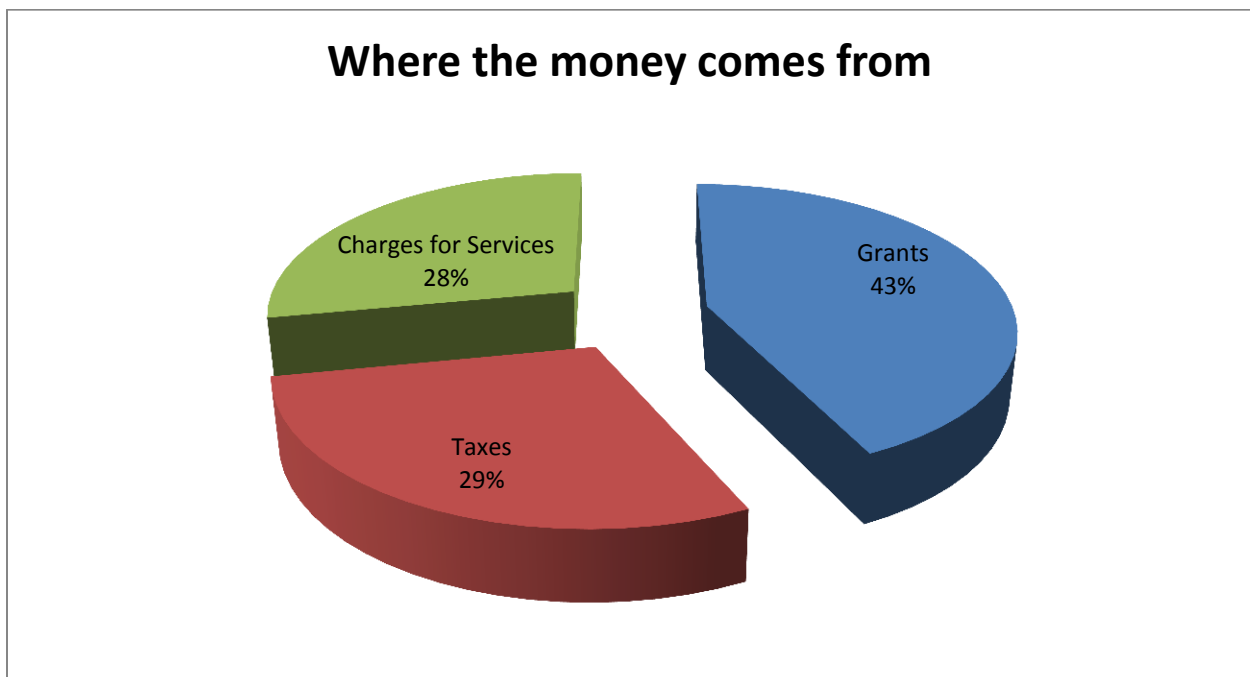
Government Finance Officers Association

Thanks to the outstanding efforts of our Accounting staff, the County of Berks Controller's Office received the GFOA award. This is only given to government entities for attaining the highest standards in government accounting and financial reporting. We appreciate the professionals working in our department and salute them on this award.



SOURCES OF REVENUES (where the money comes from)

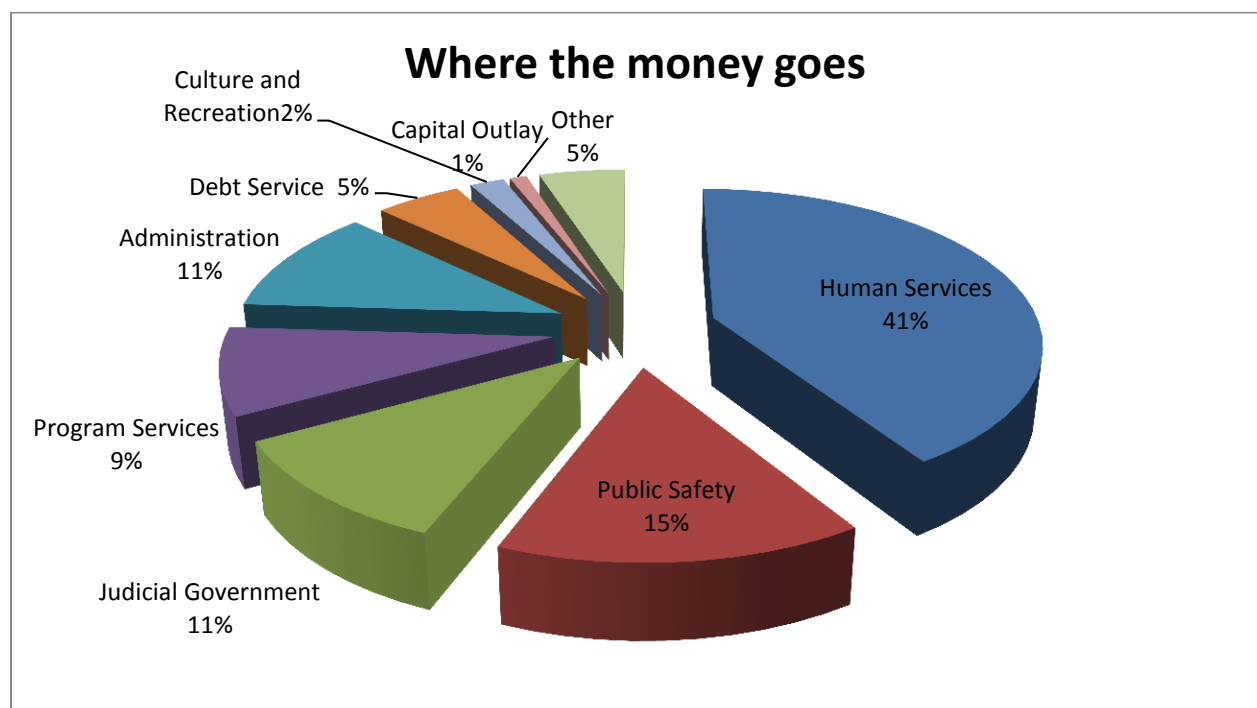
Revenues totaled \$488.2 million for 2016, while total expenses were \$477.3 million. Revenues were up \$36.3 million over the prior year, primarily due to increased managed care organization tax, increased usage, and increased grant revenue for several departments. The state and federal government gets billed by the Departments and pays back the County for paying these bills up front. Expenses were up by \$32.8 million primarily due to increased services and repair costs to various County-owned bridges. The County's money comes from federal and state program grants (the largest segment at 43% of revenues), property and hotel taxes (at 29% of the total) and charges for services performed by operating departments of the County (the remaining 28%). With such a large dependence on federal and state grants to fund social programs, it leaves the County very susceptible to budget cuts at the federal and state levels. When this happens, it would then be up to the Commissioners to decide whether to provide for these programs out of future saved funds, increase taxes to pay for the programs, downsize the programs or eliminate selected ones entirely.



COUNTY EXPENSES (where the money goes)

As with most counties in Pennsylvania, the Human Services function is by far the single largest area of expense for Berks County (41% of total expenses). Expenditures in the area include Children and Youth Services, Health Choices, Mental Health/ Developmental Disabilities, Area Agency on Aging, Domestic Relations, Employment & Training, and Drug and Alcohol Prevention. Many of these expenditures are dictated by mandates (demands) coming down from federal and state governments beyond the County's control. The problem is, when the federal and state budgets are cut the county must come up with the money to fund these mandates. Judicial, Courts and Public Safety functions account for another 26% of total expenditures.

The Board of Commissioners has actual "control" over no more than 25% of the discretionary County expense budget. It is with this in mind that elected officials must constantly monitor local activities as well as those in Harrisburg and Washington. Decisions made outside of Berks County affect us greatly. That's why the County's elected officials are in regular contact with state lawmakers and government associations to stay informed about pending legislation and present local views of importance to federal and state decision makers.



FINANCIAL OVERVIEW

Berks County is fortunate to be on a sound financial footing as we report the results of operations for the calendar year 2016. Property tax rates remain unchanged at 7.372 mills. The County's overall net position (total assets plus deferred outflows of resources less total liabilities less deferred inflows of resources) for 2016 increased by \$23.6 million to \$275.4 million. It is necessary to remember that included in net position are capital assets (buildings and bridges) and restricted funds (funds set aside for special projects) that are not available for spending on daily operations.

Assets	<u>2016 (as filed)</u>	<u>2015 (restated)</u>	<u>2014 (restated)</u>
Cash and investments	\$ 124,206,788	\$ 98,044,112	\$ 178,602,038
Other current assets	<u>54,717,763</u>	<u>93,072,376</u>	<u>45,305,408</u>
Total current assets	178,924,551	191,116,488	223,907,446
Noncurrent assets	<u>404,499,118</u>	<u>407,671,567</u>	<u>363,058,170</u>
Total assets	<u>583,423,669</u>	<u>598,788,055</u>	<u>586,965,616</u>
Deferred outflows of resources	<u>32,981,131</u>	<u>39,469,654</u>	<u>8,391,884</u>
Liabilities:			
Current liabilities	75,803,007	90,626,278	65,804,740
Noncurrent liabilities	<u>250,561,838</u>	<u>280,306,058</u>	<u>292,452,366</u>
Total liabilities	326,364,845	370,932,336	358,257,106
Deferred inflows of resources	<u>14,620,687</u>	<u>15,518,539</u>	<u>14,173,662</u>
Net position	<u>\$ 275,419,268</u>	<u>\$ 251,806,834</u>	<u>\$ 222,926,732</u>

COUNTY OFFICIALS AT YOUR FINGERTIPS:

<u>OFFICE</u>	<u>OFFICIAL</u>	<u>PHONE</u>
Commissioner, Chair	Christian Y. Leinbach	(610) 478-6136
Commissioner	Kevin S. Barnhardt	(610) 478-6136
Commissioner	Mark C. Scott	(610) 478-6136
Controller	Sandra M. Graffius	(610) 478-6150
Clerk of Courts	James P. Troutman	(610) 478-6550
Coroner	Dennis J. Hess	(610) 478-3280
District Attorney	John T. Adams	(610) 478-6000
Prothonotary	Jonathan K. DelCollo	(610) 478-6970
Recorder of Deeds	Frederick C. Sheeler	(610) 478-3380
Register of Wills	Lawrence J. Medaglia Jr.	(610) 478-6600
Sheriff	Eric J. Weaknecht	(610) 478-6240
Treasurer	A. Dennis Adams	(610) 478-6640

OTHER DEPARTMENTS:

Agricultural Coordinator	(610) 898-5482
CareerLink	(610) 988-1300
Election Services	(610) 478-6490
Emergency Services	(610) 374-4800
Library System	(610) 378-5260
Parks & Recreation	(610) 372-8939
Purchasing	(610) 478-6168
Veterans Affairs	(610) 378-5601
Solid Waste Authority	(610) 478-6362

PENNSYLVANIA STATE HOTLINES:

Child Abuse	(800) 932-0313
Crisis & Suicide (Berks)	(610) 236-0530
Elder Abuse	(800) 490-8505
Welfare Fraud	(800) 932-0582

Fraud, Waste, and Misuse Hotline



NOTICE TO ALL COUNTY EMPLOYEES and the GENERAL PUBLIC

- **Report Suspected Fraud and Theft**
 - **Information Is Confidential**
 - **Remain Anonymous**

(610) 478-6118 Ext. 5111

(Secured and Monitored by The County of Berks Human Resources Department)

For additional information, please contact:



Sandy Graffius, Controller
County of Berks

610-478-6150 Ext. 6155

sgraffius@countyofberks.com

