

County of Berks
Friendly Understandable Financial Statement (FUFS)
For the Year Ended December 31, 2017



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

Sandy Graffius, Controller

2017 Friendly Understandable Financial Statement (FUFs)



CONTROLLER'S GREETING

There are major projects we are working on in our office and Ron Rutkowski, our Chief Deputy, is involved in anything connected with computer programs. We have reorganized and eliminated one of our accounting positions which will cut \$110,000 per year from the department's expenses. Cross training is taking place and in addition, two of our folks are studying for their CPA designations.

By 2022 – the cost saving projects we're planning for Accounts Payable will bring an additional \$100,000 per year into the County revenue. We are working on a Debit Card program to offer this type of payment to Jurors and Election workers. We are implementing a new report writing program. This will be rolled out in January 2019, and will save time and money preparing our yearly financial statement. Many hours of manual posting will be saved with these computer generated reports. We're looking at a new jury donation program which will be rolled out within the next year. Things are hopping.

Ron Rutkowski will continue to complete some of these initiatives while I continue to administer the department. He has extensive experience with the county. He joined our staff in 2005 when Agere closed their doors in Muhlenberg Township. He was instrumental in 2009 getting our Oracle Financial Package up and running. He has the respect of the financial officers from the other county departments.

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.berkslibraries.org

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.careerlinkberks.com

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.



Our Festivals



Reading Fair



Kutztown Folk Festival



Taste of Hamburg-er



Community Days



Apple Dumping

Our Parades



Reading Christmas



King Frost- Hamburg



Wyomissing Fourth of July



Berks Armed Forces Day



Wyomissing Memorial Day

Berks Jazzfest



Gerald Albright



Rick Braun



Eric Darius



Jeff Hamilton Trio



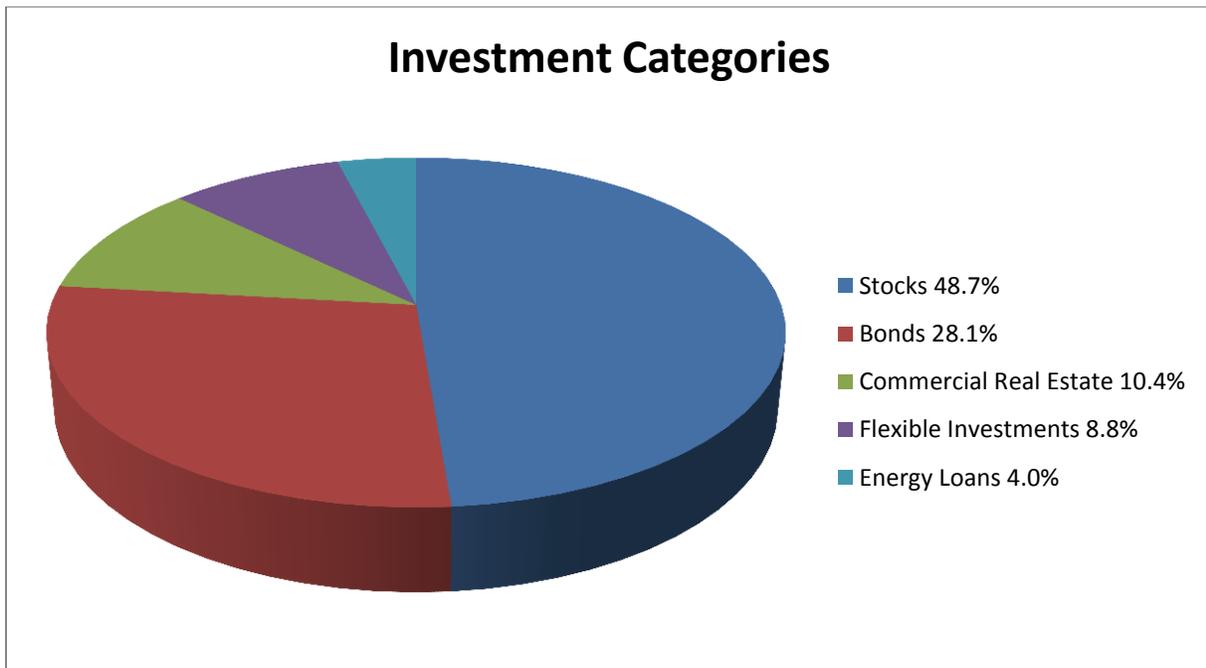
Patti Austin

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 2017, we had 1,241 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, 2017 was \$417,429,562 and the closing balance at December 31, 2017 was \$464,928,377. Our pension plan is fully funded. Shown below is a breakdown of our investment categories with the percentages.



Editor Spotlight

Scott Poch CPA has been with the county since October 2011. He originally worked for Penske Truck Leasing in the corporate tax department. He has become the Editor of our FUFs and takes all the pictures for the publication. He volunteers for Big Brothers and Big Sisters and sits on the board of Adopt An Acre, Inc. This is a nonprofit organization dedicated to preserving farmland in Berks County. He was the star bowler when the Budget Department and Controller's office had a "bowl off". He is married to Pam and together they are avid Reading Fightin Phils' fans.



Scott Poch, Editor and
Senior Governmental Accountant



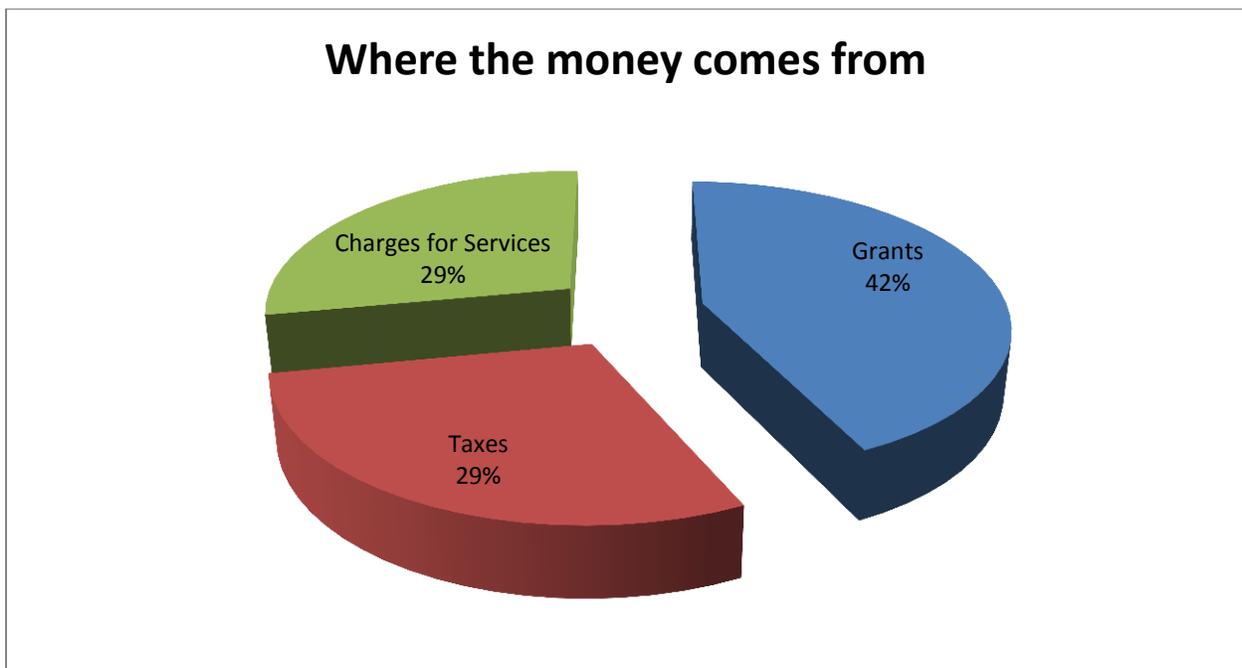
Suzanne Baer
Pension Coordinator

Pension Coordinator Spotlight

Suzanne Baer has been with the county since 1984. She originally worked in the Prothonotary's office and Adult Probation. She served in the Controller's office as Administrative Assistant to the Controller and was promoted to Pension Coordinator in 2005. Her interests include her two Portuguese Water Dogs (Gracie and Tugger) as well as two Grandchildren in New Mexico (Caroline and Benjamin). Her husband is an excellent marksman and Suzanne takes part in competitive shooting with him. They go on motor cycle trips in the nice weather. She calls her Pensioners her "Peeps" and is always willing to explain the many options available to them at retirement. Now she will be joining the ranks of the county retirees. We wish Suzanne well as she moves onto her next stage in life.

SOURCES OF REVENUES (where the money comes from)

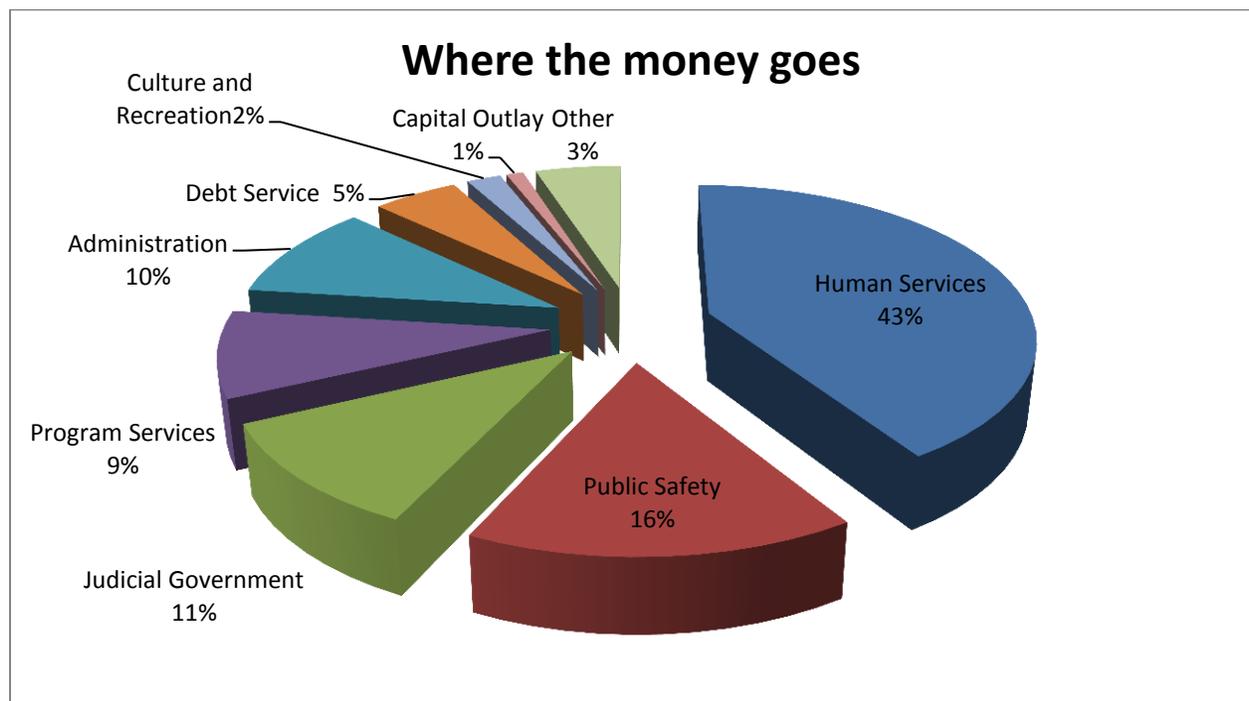
Revenues totaled \$494.1 million for 2017, while total expenses were \$478.1 million. Revenues were up \$5.9 million over the prior year, primarily due to increased managed care organization tax, increased usage, and increased grant revenue for several departments. The state and federal government gets billed by the Departments and pays back the County for paying these bills up front. Expenses were up by \$0.8 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 42% of revenues), property and hotel taxes (at 29% of the total) and charges for services performed by operating departments of the County (the remaining 29%). 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 (43% 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 27% 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 2017. 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 2017 increased by \$18.6 million to \$284.9 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>2017 (as filed)</u>	<u>2016 (restated)</u>	<u>2015 (restated)</u>
Cash and investments	\$ 115,020,542	\$ 124,206,788	\$ 98,044,112
Other current assets	<u>54,519,807</u>	<u>45,657,890</u>	<u>93,072,376</u>
Total current assets	169,540,349	169,864,678	191,116,488
Noncurrent assets	<u>433,660,303</u>	<u>404,499,118</u>	<u>407,671,567</u>
Total assets	<u>603,200,652</u>	<u>574,363,796</u>	<u>598,788,055</u>
Deferred outflows of resources	<u>24,418,164</u>	<u>32,981,131</u>	<u>39,469,654</u>
Liabilities:			
Current liabilities	77,530,238	75,803,007	90,626,278
Noncurrent liabilities	<u>235,561,483</u>	<u>250,561,838</u>	<u>280,306,058</u>
Total liabilities	313,091,721	326,364,845	370,932,336
Deferred inflows of resources	<u>29,588,107</u>	<u>14,620,687</u>	<u>15,518,539</u>
Net position	<u>\$ 284,938,988</u>	<u>\$ 266,359,395</u>	<u>\$ 251,806,834</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:

Agriculture Department	(610) 378-1844
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

