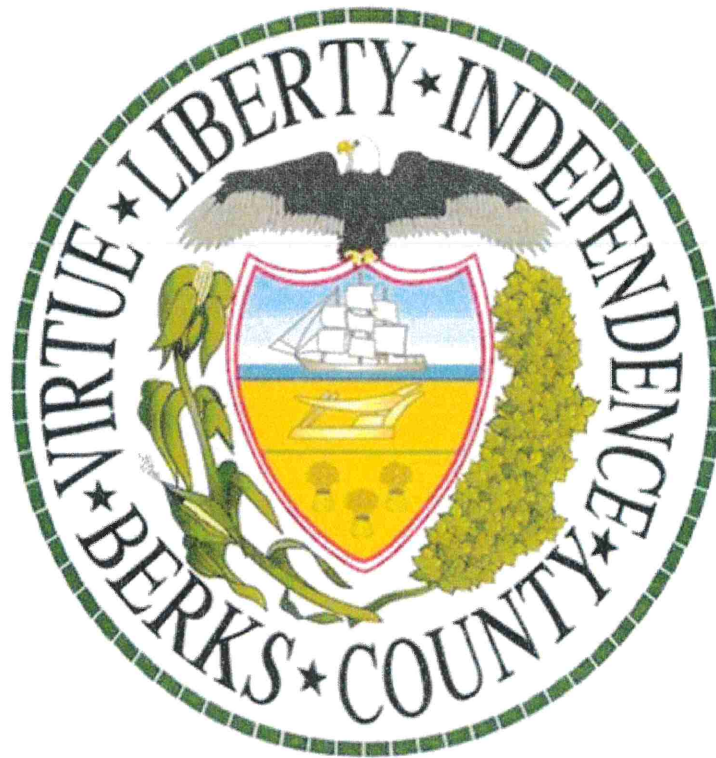


**Office of the Treasurer
County of Berks, Pennsylvania**

Mitchell R. Darcourt, Treasurer

Annual Financial Statements Audit

For the Year Ended December 31, 2023



COUNTY OF BERKS
OFFICE OF THE CONTROLLER
JOSEPH E. RUDDEROW III, CONTROLLER

REPORT 24-25

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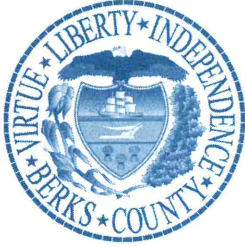
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COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



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Joseph E. Rudderow III, Controller

Eugene Orlando Jr., Esq., Solicitor

Internal Auditor's Report

Mr. Mitchell R. Darcourt, Treasurer
Office of the Treasurer
Berks County Services Center, 2nd Floor
633 Court Street
Reading, PA 19601

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Change in Cash Balance of the Office of the Treasurer as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Office of the Treasurer's basic financial statements as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, its cash receipts, disbursements and cash balance for the year ending December 31, 2023, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Office of the Treasurer and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office of the Treasurer's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Internal Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to annually audit the accounts of every elected official's office 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 objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Office of the Treasurer's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office of the Treasurer's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted the management's discussion and analysis. Such missing information, although not a part of the basic financial statement, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024, on our consideration of the Office of the Treasurer's 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 solely 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 the effectiveness of the Office of the Treasurer's 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 Office of the Treasurer's internal control over financial reporting and compliance.



Joseph E. Rudderow III, Controller
October 7, 2024

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, 2023

<u>Receipts</u>	<u>\$ 975</u>
<u>Disbursements</u>	
Commonwealth of PA Hunting/Trapping Fees	1,087
County of Berks Commission License Fees	<u>197</u>
Total Disbursements	<u>1,284</u>
Cash disbursements in excess of receipts	(309)
Cash, beginning of year	<u>2,257</u>
Cash, end of year	<u><u>\$ 1,948</u></u>

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, 2023

Receipts

Fishing License Fees	\$	384
Interest Income		-
Total Receipts		384

Disbursements

Commonwealth of PA Fishing Fees		339
County of Berks Commission License Fees		44
Total Disbursements		383

Cash receipts in excess of disbursements		1
Cash, beginning of year		1
Cash, end of year	\$	2

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, 2023

<u>Receipts</u>	
Hotel Tax Collected	\$ 3,092,158
Interest Income	7,200
Total Receipts	3,099,358
<u>Disbursements</u>	
Convention Center Authority	2,498,978
Reading/Berks Visitors Bureau	608,791
County of Berks	40,000
Total Disbursements	3,147,769
Cash disbursements in excess of receipts	(48,411)
Cash, beginning of year	236,176
Cash, end of year	<u><u>\$ 187,765</u></u>

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, 2023**

Dog License	
<u>Receipts</u>	
Dog License Fees	\$ 187,407
Interest Income	630
Total Receipts	188,037
<u>Disbursements</u>	
Commonwealth of PA Department of Agriculture	158,243
County of Berks Commission License Fees	29,006
Bank Fees	146
Total Disbursements	187,395
Cash receipts in excess of disbursements	642
Cash, beginning of year	28,277
Cash, end of year	28,919

Dog License 3	
<u>Receipts</u>	
Dog License Fees	102,874
Interest Income	174
Total Receipts	103,049
<u>Disbursements</u>	
Transfer to Dog License Account	105,022
Total Disbursements	105,022
Cash disbursements in excess of receipts	(1,973)
Cash, beginning of year	33,659
Cash, end of year	\$ 31,686

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, 2023

<u>Receipts</u>	
City Real Estate Taxes Collected	\$33,328,369
Interest Income	<u>13,564</u>
Total Receipts	33,341,933
<u>Disbursements</u>	
City of Reading Real Estate Taxes	23,425,809
County of Berks Real Estate Taxes	<u>9,877,837</u>
Total Disbursements	<u>33,303,646</u>
Cash receipts in excess of disbursements	38,287
Cash, beginning of year	<u>290,965</u>
Cash, end of year	<u>\$ 329,252</u>

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

Office of the Treasurer
County of Berks, Pennsylvania
City Real Estate Taxes – Credit Card
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2023

Receipts

City Real Estate Taxes Collected	\$	291,423
Interest Income		4
Total Receipts		<u>291,427</u>

Disbursements

Transfer to Main Tax Account		<u>285,305</u>
Total Disbursements		<u>285,305</u>

Cash receipts in excess of disbursements		6,122
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Cash, beginning of year		<u>-</u>
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Cash, end of year	\$	<u><u>6,122</u></u>
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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, 2023**

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 custodial 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
For the Year Ended December 31, 2023**

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
Truist	Checking - Hunting	\$ 1,948	\$ 1,948
Truist	Checking - Fishing	2	2
VIST	Checking - Hotel Occupancy Tax	187,765	187,765
Truist	Checking - Dog Licenses	60,605	60,605
Truist	Checking - City Real Estate Tax	329,285	329,252
Truist	Checking – CC City RE Tax	6,122	6,122
		<u>\$ 585,727</u>	<u>\$ 585,694</u>

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

Amounts on deposit more than FDIC limits are collateralized by the financial institution with securities held by that entity.

Note 3: Legal Matters

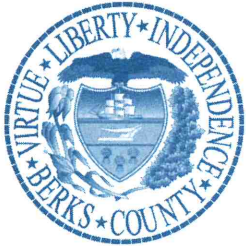
Our audit disclosed no pending litigation involving the Office of the Treasurer or Mr. Mitchell R. Darcourt, Treasurer, that would affect the financial statements for the year ended December 31, 2023.

Note 4: Subsequent Events

Management has evaluated subsequent events through October 7, 2024, which is the date the financial statement was available to be issued. The preceding Treasurer, Dennis Adams, left office on February 15, 2023. Socrates Georgeadis then became Acting Treasurer, and his position in that capacity ended December 31, 2023. Mitchell R. Darcourt, current Treasurer, was sworn in on January 2, 2024.

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



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Joseph E. Rudderow III, Controller

Eugene Orlando Jr., Esq., Solicitor

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

Mr. Mitchell R. Darcourt, Treasurer
Office of the Treasurer
Berks County Services Center, 2nd Floor
633 Court Street
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, 2023, 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.

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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.



Joseph E. Rudderow III, Controller
October 7, 2024