

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

Mitchell Darcourt, Treasurer

Annual Financial Statements Audit

For the Year Ended December 31, 2022



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Report Distribution List

1. Mitchell Darcourt, Treasurer
2. Christian Y. Leinbach, County Commissioner Chair
3. Dante Santoni Jr., County Commissioner
4. Michael S. Rivera, County Commissioner
5. Christine Sadler, County Solicitor
6. Kevin Barnhardt, Chief Operations Officer
7. Socrates Georgeadis, Solicitor for Treasurer
8. Berks County Convention Center Authority
9. Berks County Visitors Bureau
10. City of Reading
11. Timothy L. DeFoor, Pennsylvania Auditor General
12. Reinsel, Kuntz, Leshar LLP, Certified Public Accountants
13. Audit File

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



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

Phone: 610.478.6150
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Internal Auditor's Report

Treasurer, Mr. Mitchell Darcourt
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, 2022.

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 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

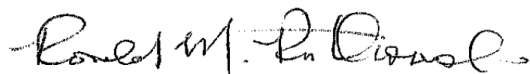
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts, disbursements and cash balance for the year ending December 31, 2022, in accordance with the cash basis of accounting described in Note 1.

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 February 26, 2024, 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.



Ronald M Rutkowski, Manager of Audit
February 6, 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, 2022

<u>Receipts</u>	<u>\$ 200,213</u>
<u>Disbursements</u>	
Commonwealth of PA Hunting/Trapping Fees	171,243
County of Berks Commission License Fees	27,959
Total Disbursements	<u>199,202</u>
Cash receipts in excess of disbursements	1,011
Cash, beginning of the year	<u>1,246</u>
Cash, end of the year	<u><u>\$ 2,257</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, 2022

Receipts

Fishing License Fees	\$	356
Interest Income	\$	0
Total Receipts	\$	356

Disbursements

Commonwealth of PA Fishing Fees	\$	297
County of Berks Commission License Fees	\$	24
Bank Fees	\$	36
Total Disbursements	\$	357

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

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, 2022

Receipts

Hotel Tax Collected	\$ 3,115,872
Interest Income	1,474
Total Receipts	3,117,346

Disbursements

Convention Center Authority	2,454,490
Reading/Berks Visitors Bureau	597,849
County of Berks	40,000
Total Disbursements	3,092,339

Cash receipts in excess of disbursements	25,007
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Cash, beginning of the year	211,169

Cash, end of the year	\$ 236,176
	

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, 2022**

Dog License		
<u>Receipts</u>		
Dog License Fees	\$	197,340
Interest Income		292
Total Receipts		197,632
<u>Disbursements</u>		
Commonwealth of PA Department of Agriculture		167,175
County of Berks Commission License Fees		31,481
Bank Fees		-
Total Disbursements		198,656
Cash receipts in excess of disbursements		(1,024)
Cash, beginning of the year		29,301
Cash, end of the year	\$	28,277

Dog License 3		
<u>Receipts</u>		
Dog License Fees	\$	117,743
Interest Income		67
Total Receipts		117,809
<u>Disbursements</u>		
Transfer to Dog License Account		115,119
Total Disbursements		115,119
Cash receipts in excess of disbursements		2,691
Cash, beginning of the year		30,968
Cash, end of the year	\$	33,659

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, 2022

<u>Receipts</u>	
City Real Estate Taxes Collected	\$ 33,788,144
Interest Income	1,677
Total Receipts	33,789,821
<u>Disbursements</u>	
City of Reading Real Estate Taxes	23,567,081
County of Berks Real Estate Taxes	9,954,183
Unlocated Difference	(4,006)
Total Disbursements	33,517,258
Cash receipts in excess of disbursements	272,563
Cash, beginning of the year	18,402
Cash, end of the year	<u>\$ 290,965</u>

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, 2022**

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, 2022**

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	\$ 2,264	\$ 2,257
BB&T	Checking - Fishing	1	1
VIST	Checking - Hotel Occupancy Tax	223,833	236,176
BB&T	Checking - Dog Licenses	61,936	61,936
BB&T	Checking - City Real Estate Tax	<u>292,094</u>	<u>290,965</u>
		<u>\$ 580,128</u>	<u>\$ 591,335</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 Darcourt, Treasurer that would affect the financial statements for the year ended December 31, 2022.

Note 4: Subsequent Events

Management has evaluated subsequent events through February 6, 2024, 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. Mitchell Darcourt
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, 2022, 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.

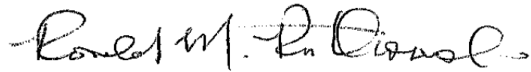
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

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, appearing to read "Ronald M. Rutkowski". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ronald M Rutkowski, Manager of Audit
February 6, 2024