

# Berks County

## Proposed 2011 Budget

County Commissioners Meeting  
November 16, 2010

Berks County  
Commissioner 2011 Budget Directives

- **Balance budget, if possible**
- **No property tax increase**
- **Maintain strong financial position/bond rating**
- **No new discretionary programs**
- **No increase in full time equivalent headcount**
- **Maintain commitment to farm land preservation, education, economic development and transportation**
- **Provide for key facility infrastructure needs, realize energy savings**
- **Provide for current debt and pension obligations**
- **Plan for potential federal and state budget cuts**

Berks County  
2011 Budget Summary

- **No tax increase - 2011 tax rate of 6.935mills**
- **Total operating budget deficit of \$1M which is funded with general fund reserves**
- **No recommended increase in Full Time headcount**
- **\$49.6M capital plan**
- **No new discretionary programs**
- **\$1.2M reduction in net cost of CYC, JPO and YDC**

Berks County  
2011 Budget Summary – Cont'd

- **RACC = \$3.2M, BEP \$500K with match, BCIDA \$138K, BARTA \$408K**
- **Farm land preservation commitment – New certification funds \$1M. Total 2011 expenditures \$1.7M.**
- **Contingency reserve of \$4.6M**
- **General fund unreserved undesignated fund balance projected at 12.31.11 of \$125.6M. Reserve for health claims and environment defense of \$4M and \$0, respectively.**
- **Bond rating Aa1 with Stable Outlook**
- **New Debt Service of \$2.2M - Borrowed \$49M for 911 and Jail projects in 2010**

## Berks County Tax Summary - No Tax Increase for 2011

	<u>2011</u>	<u>2010</u>
<b>Millage Rate</b>	<b>6.935</b>	<b>6.935</b>
<b>Assessed Value</b>	<b>18,486,372,558</b>	<b>18,469,863,300</b>
<b>Percent Change</b>	<b>0.09%</b>	<b>0.75%</b>
<b>Net Tax Billing</b>	<b>\$122,367,193</b>	<b>\$122,257,913</b>
<b>Interims &amp; prior year</b>	<b>\$782,807</b>	<b>\$751,063</b>
<b>Net Tax Collections</b>	<b>\$123,150,000</b>	<b>\$123,008,976</b>
<b>Tax Claim Revenue</b>	<b>\$4,500,000</b>	<b>\$4,000,000</b>
<b>Total Tax Revenue</b>	<b>\$127,650,000</b>	<b>\$127,008,976</b>
<b>Less: Tax Refunds</b>	<b>(\$1,340,295)</b>	<b>(\$1,311,702)</b>
<b>Net Tax Revenue</b>	<b>\$126,309,705</b>	<b>\$125,697,274</b>

**Note: Tax Billing is net of discounts and uncollectibles of 4.6%.**

## Berks County

### 2011 Operating Budget Revenues and Expenditures (in millions)

Funds	2011	Restated 2010	Incr. (Decr.)	% Change Incr. <b>Decr.</b>
<b><u>GENERAL FUND:</u></b>				
Revenues	\$ 201.0	\$ 207.6	\$ (6.6)	
Less: SWAP revenue	\$ -	\$ (9.1)	\$ 9.1	
<b>Net Revenues</b>	<b>\$ 201.0</b>	<b>\$ 198.5</b>	<b>\$ 2.5</b>	<b>1.3%</b>
<b>Less: Expenditures</b>	<b>\$ 192.9</b>	<b>\$ 192.0</b>	<b>\$ 0.9</b>	<b>0.5%</b>
<b>Less: Adjustments</b>	<b>\$ 8.5</b>	<b>\$ 9.2</b>	<b>\$ (0.7)</b>	
<b>Net Surplus (Deficit)</b>	<b>\$ (0.4)</b>	<b>\$ (2.7)</b>	<b>\$ 2.3</b>	
 <b><u>ALL FUNDS</u></b>				
Revenues	\$ 454.7	\$ 457.2	\$ (2.5)	
Less: SWAP revenue	\$ -	\$ (9.1)	\$ 9.1	
<b>Net Revenues</b>	<b>\$ 454.7</b>	<b>\$ 448.1</b>	<b>\$ 6.6</b>	<b>1.5%</b>
<b>Less: Expenditures</b>	<b>\$ 455.3</b>	<b>\$ 448.9</b>	<b>\$ 6.4</b>	<b>1.4%</b>
<b>Less: Adjustments</b>	<b>\$ 0.4</b>	<b>\$ 0.2</b>	<b>\$ 0.2</b>	
<b>Net (Deficit) Surplus</b>	<b>\$ (1.0)</b>	<b>\$ (1.0)</b>	<b>\$ (0.0)</b>	

**Note:** Excludes capital project funds

**Restatement:** CCIS reclassified from General Fund to Special Revenue Fund

**Berks County**  
**Significant 2010 Commissioners' Decisions**

**These Commissioner actions reduced the anticipated 2011 deficit:**

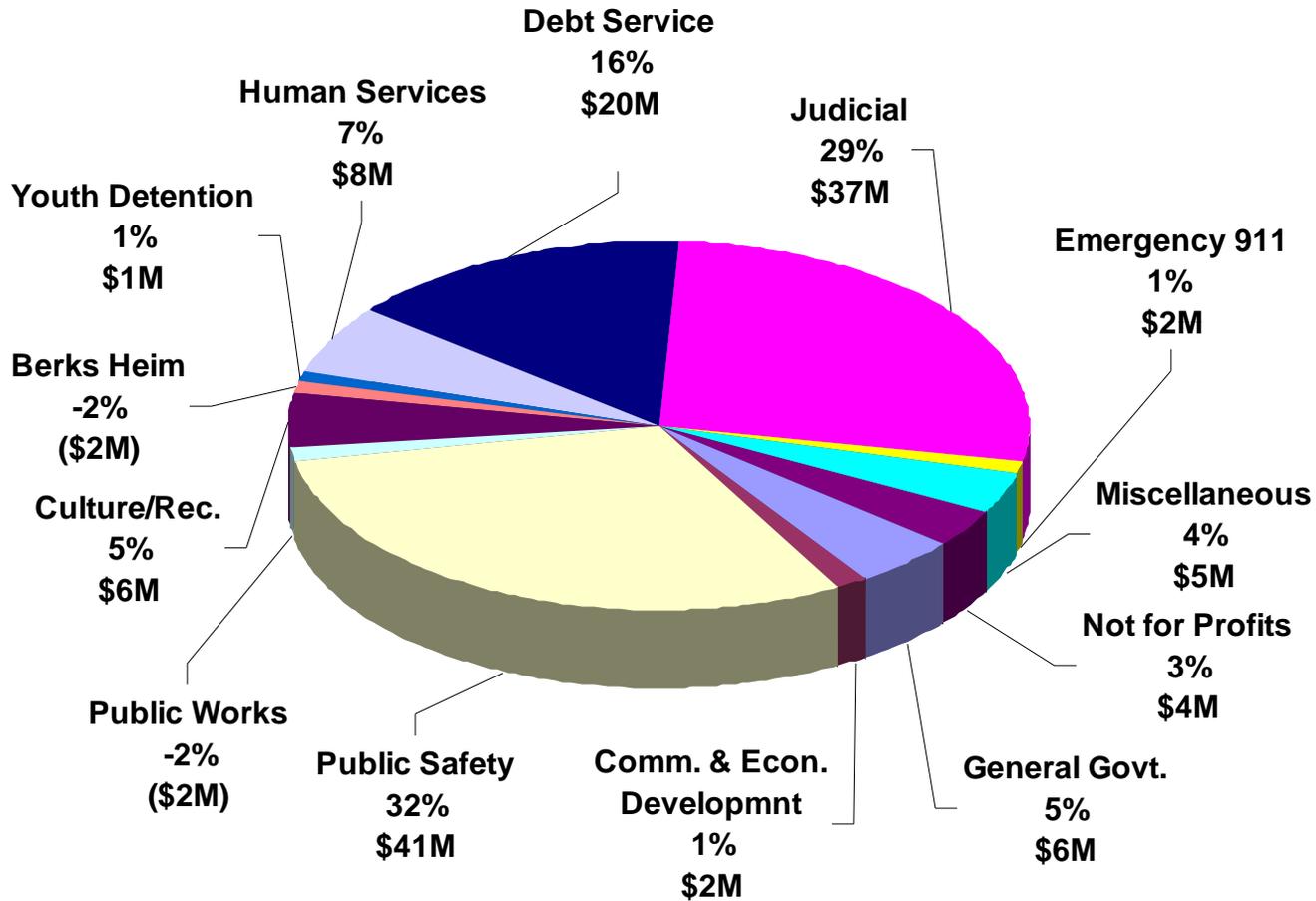
- **Eliminate 16 net full time equivalent positions - \$800K in wage and tax savings**
- **Finance prison building repairs - \$5.4M savings**
- **Pension fund – aggressive management of investments, realization of gains, change actuarial valuation method - \$3.4M annual required contribution reduction**
- **Right size YDC/ICE to reflect lower placement trend - \$1.3M savings**
- **Hired Professional firm to manage Berks Heim to sustain break even or better**

## Berks County 2011 Capital Plan Summary (In Millions)

<b>Total Plan</b>	<b><u>\$49.6</u></b>
➤ <b>Prison Projects</b>	<b>\$9.5</b>
➤ <b>County Bridges</b>	<b>\$3.8</b>
➤ <b>County Parks</b>	<b>\$3.1</b>
➤ <b>Agland preservation</b>	<b>\$2.1</b>
➤ <b>911 Communication Center</b>	<b>\$23.0</b>
➤ <b>IT Projects</b>	<b>\$1.1</b>
➤ <b>Other projects</b>	<b><u>\$7.0</u></b>
	<b><u>\$49.6</u></b>

- Prison includes \$9.4M for security system and building repairs.
- 911 includes \$21.3M for replacement of the existing radio system.  
Total cost estimate \$42.6M
- Park projects include: Antietam Dam Park \$3M
- IT includes various software enhancements and routine hardware replacement

# 2011 Recommended Budget Consumption of Taxes By Function



# Berks County

## 2011 Budget Execution Risks

### **Crime impacts on:**

- **Prison population**
- **Children in custody in CYS**
- **Juvenile placements in JPO and YDC**
- **Court cases**

### **Operational risks:**

- **Pension investment performance – Annual contribution**
- **Employee health**
- **New employees**
- **Final union contract wage increases**
- **Tax base growth - Assessed value versus inflation**
- **Federal/state budget cuts – unfunded mandates**
- **Assumption of City of Reading operations**

**Berks County  
FINANCIAL FORECAST (In Millions)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Total Revenue</b>	\$ 456.2	\$ 458.6	\$ 459.0	\$462.9
<b>Total Expenditures</b>	\$ 465.4	\$ 472.5	\$ 479.3	\$489.6
<b>Net (Deficit)</b>	<u>\$ (9.2)</u>	<u>\$ (13.9)</u>	<u>\$ (20.3)</u>	<u>\$ (26.7)</u>
<b>Unreserved Fund Balance</b>	<u>\$ 114.0</u>	<u>\$ 95.8</u>	<u>\$ 71.0</u>	<u>\$ 40.0</u>
<b>Tax Increase to Balance</b>	<u>7.49%</u>	<u>11.18%</u>	<u>16.22%</u>	<u>21.15%</u>

**Key Assumptions:**

- No tax increase
- Tax base grows at 0.50% 2012, 0.75% 2013, 1% 2014, 1% 2015
- No significant decline - federal and state funding
- No headcount growth
- Wage inflation at an average of 2.5% per year
- Pension investment values continue to recover - ARC peaks @ \$10.1M in 2015
- No new debt
- Inflation capped at an average 2.5% for goods and services

## Berks County Forecast – Key Drivers

### **Revenue:**

- **Federal/state funding of services**
- **Tax base growth, both commercial and residential**
- **Increase in county property tax rate**

### **Expenditure:**

- **Cost reductions - centralization, process efficiency and automation**
- **Right size - eliminate non strategic, discretionary programs and functions, flexible staffing models**
- **Control growth in wage, pension, health costs**
- **Inflation**

Berks County  
Proposed 2011 Budget  
*Budget Schedule*

- November 16, 2010      Present Proposed 2011 Budget
- December 16, 2010    Adopt Final 2011 Budget
  
- Public Review
  - **County Commissioners' Office**
  - **Budget Office**
  - **County Website**    [www.co.berks.pa.us](http://www.co.berks.pa.us)

# Comments and Questions