

BERKS COUNTY

Proposed 2012 Budget

County Commissioners Meeting
November 15, 2011

Berks County
Commissioner 2012 Budget Directives

- **No new discretionary programs**
- **No property tax increase**
- **Eliminate 40 positions**
- **No new bond issues**
- **Fund facility infrastructure needs with reserves**
- **Provide for debt guarantees – BCIDA and Airport Authority**
- **Maintain commitment to farmland preservation, education, economic development and transportation**
- **Provide funding assistance - municipal 911 system radios**
- **Provide for current debt and pension obligations**
- **Maintain strong financial position for bond rating**

Berks County 2012 Budget Summary

- **No new discretionary programs**
- **No tax increase - 2012 tax rate of 6.935mills**
- **Total budget deficit of \$15.3M , includes 1 time expenditures of \$13.8M, funded with reserves**
- **Total operating deficit of \$1.5M, net of one time expenditures of \$13.8M**
- **Eliminates 33 positions - \$1.3M**
- **\$56.4M capital plan – no new debt**
- **Gross Debt service of \$26.9M, decrease of \$300K, refinance 2nd series 2002 bond issue and Swap income**

Berks County 2012 Budget Summary – Cont'd

- Pension cost of \$9.5M, increase of \$200K over 2011 Budget
- Healthcare costs of \$30.7M, increase of \$1M - 3.4% increase
- Utility cost savings of \$1.3M
- RACC = \$3.35M, BEP \$500K, BCIDA \$138K, BARTA \$428K
- Farmland preservation new commitment of \$1M
- Library System commitment of \$3.6M
- Contingency reserve of \$1M, decrease of \$2.7M

Berks County
2012 Budget Summary – Cont'd

- **Includes new 911 system municipal end user radio subsidy of \$3.2M and 7 year loan program of \$15M**
- **Commitment of fund balance equal to deficit of \$15.3M**
- **Assignment of fund balance of \$3.8M for Debt Guarantees – BCIDA and Airport Authority**
- **Assignment of fund balance of \$5M for Route 222 corridor - made in 2011**
- **Continued assignment of fund balance of \$4M and \$1.3M for health & capital, respectively**
- **Unassigned fund balance projected at \$112.1M**

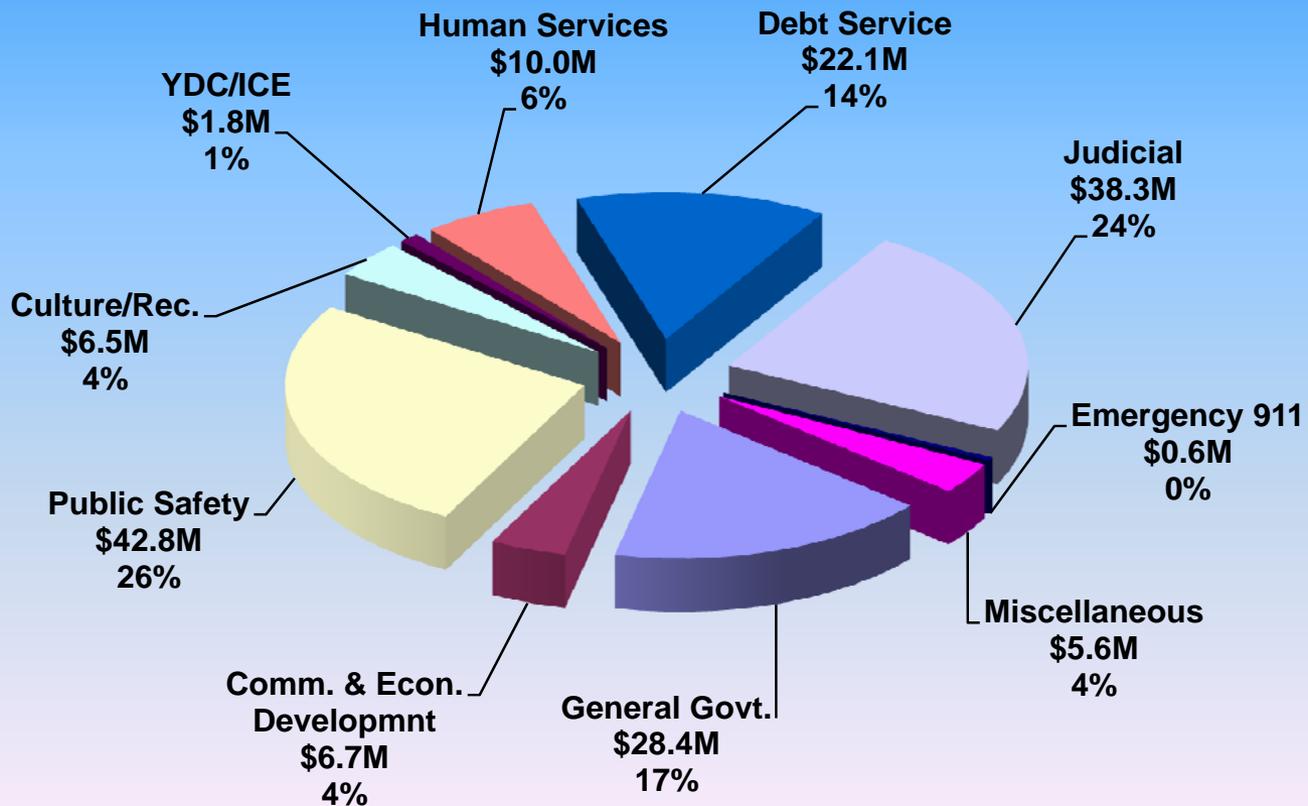
2012 Berks County Tax Summary

	<u>2012</u>	<u>2011</u>
Millage Rate	6.935	6.935
Assessed Value	18,482,568,768	18,486,372,558
Percent Change	-0.02%	0.09%
Net Tax Billing	\$122,342,015	\$122,367,193
Interims	\$440,000	\$782,807
Net Tax Collections	\$122,782,015	\$123,150,000
Tax Claim Revenue	\$5,380,000	\$4,500,000
Total Tax Revenue	\$128,162,015	\$127,650,000
Less: Tax Refunds	(\$1,006,285)	(\$1,435,000)
Net Tax Revenue	\$127,155,730	\$126,215,000

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

Note: 2011 Assessed value/Net tax billing is actual. All other values are as budgeted.

2012 Recommended Budget Consumption of Taxes and Fund Balance By Function



Berks County

2012 Operating Budget Revenues and Expenditures (in millions)

Funds	2012	2011	Incr. (Decr.)	% Change Incr. Decr.
GENERAL FUND:				
Revenues	\$ 200.9	\$ 203.1	\$ (2.2)	-1.1%
Expenditures	\$ 204.2	\$ 194.6	\$ 9.6	4.9%
Less: Adjustments	\$ 9.6	\$ 8.5		
Net (Deficit) Surplus	\$ (12.9)	\$ 0		
ALL FUNDS				
Revenues	\$ 450.4	\$ 457.2	\$ (6.8)	-1.5%
Expenditures	\$ 464.4	\$ 458.5	\$ 5.9	1.3%
Adjustments (less) plus	\$ (1.3)	\$ 0.3		
Net (Deficit) Surplus	\$ (15.3)	\$ (1.0)		

Note: Excludes capital project funds

Adjustments-depreciation for enterprise funds & special revenue funds match

Berks County

2012 Operating Deficit Analysis (in millions)

Total Deficit	\$	(15.3)
Less: One Time Transactions:		
Service Center Garage	\$	2.4
Old Heim Demolition	\$	2.5
Phase II Energy Projects	\$	3.6
Fleet replacement	\$	1.7
911 System Muni Radio Stipend	\$	3.0
General Fund 911 Debt - Principal	\$	0.6
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Net Recurring (Deficit) Surplus	\$	(1.5)
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Difference - Consumption of reserves	\$	(13.8)
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Note: (911 Radio Stipend is \$3.2M less CDBG funding of \$200K)

Berks County

2012 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**
- **Employee health**
- **New employees**
- **Final union contract wage increases**
- **Tax base growth - Assessed value versus inflation**
- **Federal/state budget cuts – unfunded mandates**
- **Services Center Courthouse Facade repair costs**
- **ICE Relocation**

Berks County

2012 Capital Plan Summary (in millions)

Total Plan	<u>\$56.4</u>
 Prison Projects	\$9.4
 County Bridges	\$6.6
 County Parks	\$1.1
 Agland preservation	\$1.1
 911 Radio System	\$25.1
 Facility Projects	\$9.5
 Fleet Replacement	\$1.7
 Other projects	<u>\$1.9</u>
	<u>\$56.4</u>

- **Prison - \$9.4M for security system and building repairs**
- **911 - \$25.1M for replacement of the existing radio system**
- **Park - Antietam Park Improvements \$800K**
- **Facility - Service center garage, Old Heim demo, phase 2 energy improvements**
- **Bridges - Christman, Buttonwood, Berne Station and Anthony's Mill**

Berks County

Financial Forecast (in millions)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Revenue	\$ 450.1	\$ 449.2	\$451.8	\$ 454.9
Total Expenditures	\$ 460.0	\$ 464.3	\$474.4	\$ 485.0
Net (Deficit)	\$ (9.9)	\$ (15.1)	\$ (22.6)	\$ (30.1)
Unassigned Fund Balance	\$ 94.3	\$ 71.9	\$ 44.9	\$ 10.4
Tax Increase to Balance	8.03%	12.23%	18.23%	24.07%

▪ Key Assumptions:

- No tax increase
- Tax base grows at 0.25% 2013, 0.50% 2014, .75% 2015, 1% 2016
- No significant decline - federal and state funding
- Service levels remain flat
- No headcount growth
- Wage inflation at an average of 2.5% per year
- Pension investment values continue to recover - ARC peaks @ \$12.8M in 2016
- 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**
- **Additional Fee opportunities**

Expenditure:

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

Berks County
Proposed 2012 Budget
Budget Schedule

- November 15, 2011 Present Proposed 2012 Budget
- December 15, 2011 Adopt Final 2012 Budget

- Public Review
 - **County Commissioners' Office**
 - **Budget Office**
 - **County Website** www.co.berks.pa.us

COMMENTS AND QUESTIONS

