

BERKS COUNTY

Proposed 2014 Budget

County Commissioners' Meeting
November 14, 2013

Berks County Commissioner 2014 Budget Directives

- **No new discretionary programs**
- **No property tax increase**
- **Provide wage increase for employees**
- **Balanced operating budget**
- **Fund facility infrastructure needs with reserves**
- **Provide for current debt and pension obligations**
- **Maintain commitment to:**
 - **Farmland preservation**
 - **Education, economic development, transportation and library system**
- **Invest in technology solutions that streamline processes**
- **Enhance non-tax revenues**
- **Maintain long term financial stability and bond rating**

Berks County 2014 Budget Highlights

- **No new discretionary programs**
- **No tax increase - 2014 tax rate of 7.372 mills**
- **2.5% increase for full and part time employee wages**
- **Increase overtime budget by \$2.2M**
- **Eliminates funding for 5 net FTE positions - \$112K**
- **2 new IS staff - process improvement projects \$128K**
- **2 new Detectives - child abuse investigations \$190K**
- **Decrease temporary part time wages by \$241K**
- **JPO/APO re-org - \$57K annual savings**

Berks County 2014 Budget Highlights – Cont'd

- **Total budget deficit of \$5M**
- **Total budget \$453.2M - CCIS lower by \$16.8M**
- **Debt service of \$30.6M, IRS subsidy \$1.2M, SWAP \$200K**
- **Pension cost of \$2.3M (decrease of \$1.1M vs. 2013)**
- **RACC \$3.35M, GREP \$500K, BARTA \$472K**
- **Library System commitment of \$3.6M**
- **\$1M allocation for future farmland certifications**
- **\$1M RACP grant for 2014 farmland expenditures**
- **Healthcare cost \$31.6M, increase \$1.4M, or 4.6%**
- **Employee health contribution \$2.7M, 2% increase**

Berks County 2014 Budget Highlights – Cont'd

- **Utility cost of \$3.8M, 3% decrease**
- **Increase in Hotel tax \$335K**
- **Continuation of funding for:**
 - **Drug Treatment Court \$139K**
 - **BCPS CRC services \$64K**
- **Increase children services funding by \$194K**
- **New revenue - Planning \$20K, Prothy \$276K, Jail \$1.7M**
- **BCRC rental income of \$1.1M**

Berks County

2014 Budget Highlights – Cont'd

General Fund Balance Highlights:

- Restricted for farmland preservation of \$2.1M
- Assignments of -
 - \$1.3M for wastewater treatment plant
 - \$5M for Route 222 corridor
 - \$4M for healthcare costs
 - \$1.9M cumulative losses at Berks Heim
- Unassigned fund balance projected at \$108M

2014 Berks County Tax Summary

	<u>2014</u>	<u>2013</u>
Millage Rate	7.372	7.372
Assessed Value	18,572,296,300	18,490,522,500
Percent Change	0.44%	0.09%
Net Tax Billing	\$130,519,443	\$129,942,216
Interims	\$431,064	\$383,217
Net Tax Collections	\$130,950,507	\$130,325,433
Tax Claim Revenue	\$4,600,000	\$5,380,000
Total Tax Revenue	\$135,550,507	\$135,705,433
Less: Tax Refunds	(\$956,000)	(\$637,828)
Net Tax Revenue	\$134,594,507	\$135,067,605

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

Note: 2013 assessed value/Net tax billing is actual.

Note: Tax Claim decrease -more payment plans/less defaults

Note: Tax refund increase - more commercial property appeals

Berks County

2014 Operating Budget Revenues and Expenditures (in millions)

Funds	2014	2013	Incr. (Decr.)	% Change Incr. (Decr.)
General Fund				
Revenues	\$ 213.8	\$ 211.0	\$ 2.8	1.3%
Expenditures	\$ 204.6	\$ 204.5	\$ 0.1	0.0%
Less: Adjustments	\$ 8.2	\$ 8.3		
Net Surplus (Deficit)	<u>\$ 1.0</u>	<u>\$ (1.8)</u>		
All Funds				
Revenues	\$ 451.1	\$ 462.8	\$ (11.7)	(2.5%)
Expenditures	\$ 453.2	\$ 463.6	\$ (10.4)	(2.2%)
Adjustments (less) plus	\$ (2.9)	\$ 3.8		
Net (Deficit) Surplus	<u>\$ (5.0)</u>	<u>\$ 3.0</u>		

Note: Excludes capital project funds

Note: Adjustments-capital add back less depreciation for enterprise funds and special revenue funds match

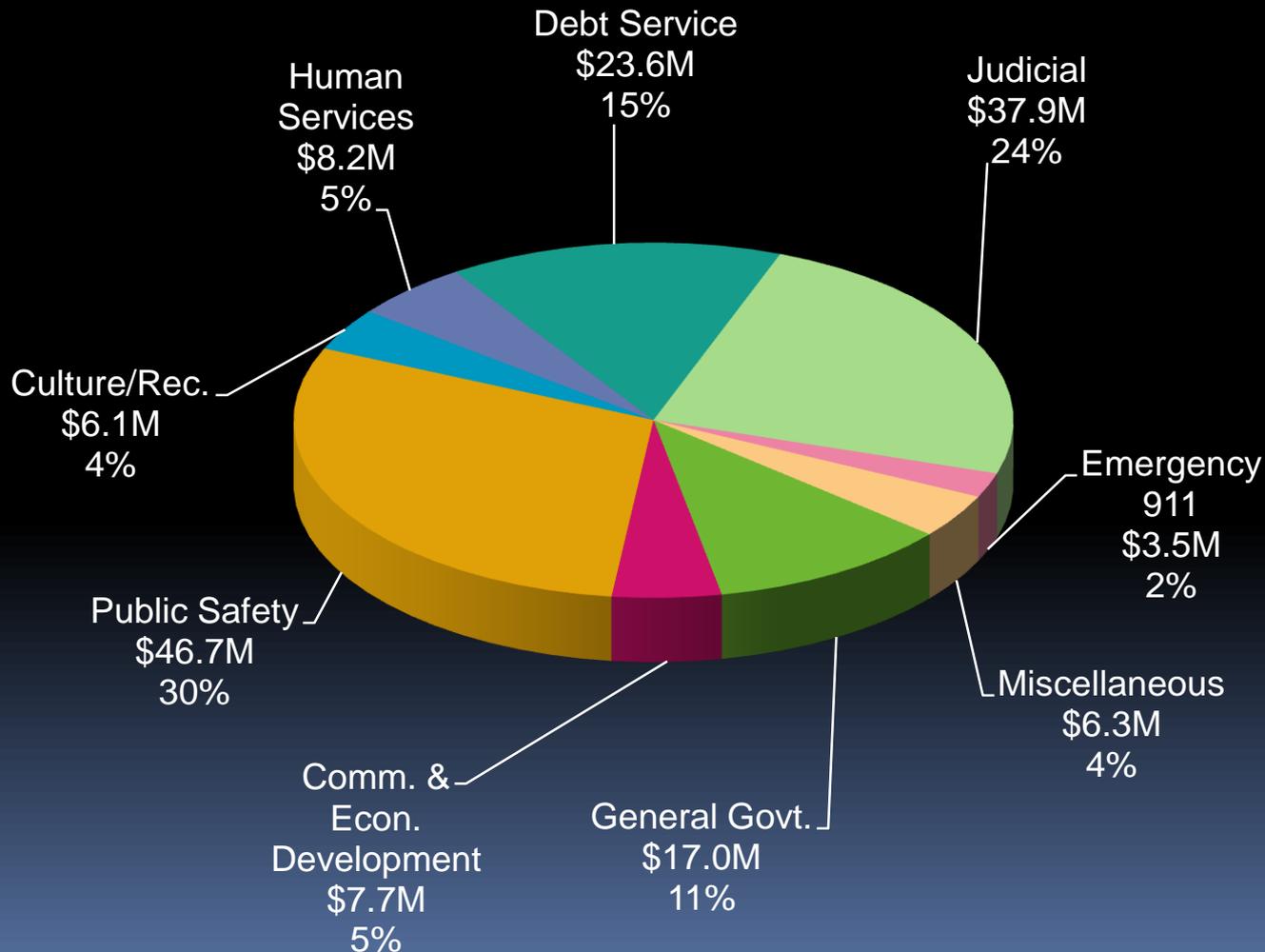
Berks County

2014 Capital Plan Summary (in millions)

County Bridges	\$11.0
Facility Projects	\$8.1
Prison Projects	\$6.5
Assessment Software	\$1.6
County Parks	\$1.1
Comm. Center Projects	\$1.1
Agland Preservation	\$1.0
Information Systems	\$1.0
Fleet Replacement	\$0.7
Other projects	\$1.5
Total Plan	\$33.6

- **Prison - \$6M for security system and building repairs, \$0.5M for Trestle Bridge**
- **Facilities – Services Ctr. façade, Sanatorium demo, phase 3 energy improvements, Annex building façade and roof, Services Ctr./Courthouse elevator upgrades**
- **Bridges - Christman, Buttonwood, Berne Station and Kutz’s Mill**
- **Assessment – new land records with mapping and treasurer integration**

2014 Proposed Budget Consumption of Taxes and Fund Balance By Function



Berks County

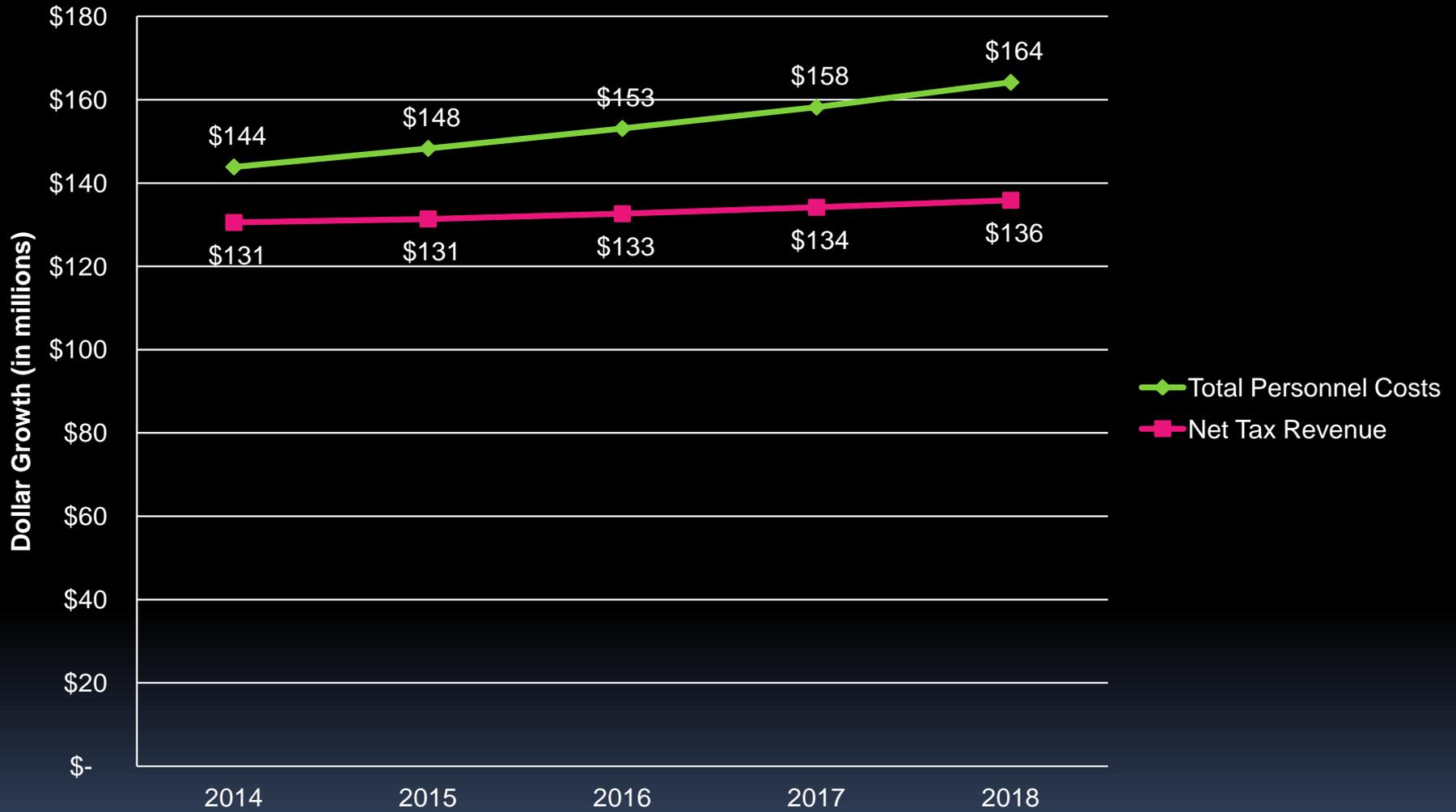
Financial Forecast (in millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Revenue	\$ 446.8	\$452.1	\$ 448.3	\$ 450.8
Total Expenditures	\$ 450.6	\$460.5	\$ 459.9	\$ 468.2
Net (Deficit)	<u>\$ (3.8)</u>	<u>\$ (8.4)</u>	<u>\$ (11.6)</u>	<u>\$ (17.4)</u>

▪ Key Assumptions:

- No tax increase
- Tax base growth of 0.65% -2015, to 1.25% - 2018
- No significant decline - federal and state funding
- Service levels remain flat
- No headcount growth
- No new debt
- Average wage increase of 2.5% 2015, 2% 2016-2017, 2.5% 2018
- Healthcare trend 7 to 8%
- Pension ARC remains flat
- Inflation capped at 3% for goods and services
- ACA Cadillac Tax - 2018 \$1.2M

Net Tax Revenue vs. Personnel Costs



Berks County

2014 Budget and Forecast Execution Risks

Crime impacts on:

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

Revenue and expenditure risks:

- **Growth in wage, pension, health costs**
- **Need for new employees**
- **Tax base growth - assessed value**
- **Federal/state legislation and budget cuts**
- **Inflation**
- **Additional fee for service opportunities**
- **Berks Heim Medicare and Medicaid rate increases**
- **Service delivery efficiency opportunities**

Berks County Current Initiatives

- **Consolidation of certain City MDJ office locations**
- **Alternative ownership of MDJ offices**
- **Support legislative changes that will remove truancy and parking violations from MDJ courts**
- **Consolidate and automate assessment/land records**
- **Complete children services case management system**
- **Implement criminal court unified case management system**
- **Completion of phase II and III of civil e-filing system**

Berks County Proposed 2014 Budget Schedule

- **November 14, 2013** **Present 2014 Budget**
- **December 12, 2013** **Adopt 2014 Budget**

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

COMMENTS AND QUESTIONS

