

Berks County

Proposed 2015 Budget

County Commissioners' Meeting
November 13, 2014

Berks County Commissioners' 2015 Budget Directives

- **No property tax increase**
- **Balanced operating budget without reserves**
- **Hold wage and expenditure growth to projected CPI**
- **Reduce Headcount**
- **Reduce overtime**
- **No new unfunded discretionary programs**
- **Fund new facility infrastructure needs with reserves**
- **Maintain commitment to:**
 - **Farmland preservation**
 - **Education, economic development, transportation and library system**
- **Eliminate non-core services**
- **Maintain long term financial stability and bond rating**

Berks County 2015 Budget Highlights

- **No tax increase for 2015 – tax rate remains at 7.372 mills**
- **Total budget deficit of \$3.2M**
- **Average wage rate increases range from 2 to 2.5%. CPI projected at 2%**
- **No increase in overtime budget \$4.9M**
- **Eliminates 10.5 net positions**
- **Federal ICE Residential Center Expansion:**
 - 17 new, fully funded positions
 - \$300k additional net income
- **Lower debt service by \$1M – refinancing of 2008 & 2010A Bonds**

Berks County

2015 Budget Highlights – Cont'd

- **Pension cost of \$1.3M**
- **Elimination of BARTA match \$495K - Red Rose Merger**
- **Maintains the following commitment to:**
 - **Farmland preservation \$1M**
 - **RACC \$3.1M operating/\$750K one-time Capx**
 - **GREP \$500k with \$200K match opportunity**
 - **Library System \$3.4M**
- **Eliminates non-core operations:**
 - **Aging Waiver \$0.6M**
 - **Community Development**
 - **Parks - Kaercher Creek & Huntzinger Grove \$0.1M**
- **Moody's has re-affirmed our Aa1 – stable outlook bond rating**

Berks County Capital Plan Summary (in millions)

Highlights

County Bridges	\$12.3
Facility Projects	\$2.4
Prison Projects	\$4.1
Assessment Software	\$0.8 *
County Parks	\$2.7
Agland Preservation	\$1.0
CYS Case Mngmt System	\$1.0 *
Information Systems	\$1.0
Fleet Replacement	\$0.4
Other projects	\$0.2
Total Plan	\$25.9

- **Prison** → \$4.1M for security system and building repairs
- **Facilities** → \$0.8M for Service Ctr./Courthouse/Annex elevator upgrades, \$0.7M for Trestle Bridge
- **Bridges** → Buttonwood, Temple, Peach St, Phillips, Fisher's Mill, Hartz Mill, Burkey's, and Zettlemyer's
- **IS** → Technology Upgrades – \$1M for SAN replacement, Additional SAN storage, and Network Refresh
- **Parks** → \$2M for Antietam Park Improvements, and \$0.4M for Angora Farm Building
- **Assessment** → Land Records with Mapping, Treasurer integration
- **CYS** → \$1M for Integrated Case Management System

* Efficiency Goal

Berks County 2015 Fund Balance

General Fund Balance Highlights:

- **Restricted for Hazmat response → \$1.5M**
- **No more assignment for Berks Heim**
- **Assignment for wastewater treatment plant → \$1.2M**
- **Assignment for Route 222 corridor → \$5M**
- **Assignment for healthcare costs → \$4M**
- **Assignment for cumulative losses 911 Operation → \$1.8M**
- **Unassigned fund balance projected → \$130.5M**

Berks County

2015 Operating Budget Revenues and Expenditures (in millions)

FUNDS	2015 Proposed	2014 Adopted	Incr. (Decr.)	% Change Incr./(Decr.)
GENERAL FUND:				
Revenues	\$ 215.5	\$ 217.6	\$ (2.1)	(1.0%)
Expenditures	\$ 202.8	\$ 207.9	\$ (5.1)	(2.5%)
Less: Adjustments	\$ 8.6	\$ 8.4		
Net Surplus (Deficit)	\$ 4.1	\$ 1.3		
ALL FUNDS:				
Revenues	\$ 456.5	\$ 455.8	\$ 0.7	0.2%
Expenditures	\$ 455.3	\$ 457.7	\$ (2.4)	(0.5%)
Adjustments (less)/plus	\$ (4.4)	\$ (2.9)		
Net (Deficit) Surplus	\$ (3.2)	\$ (4.8)		

2015 Berks County Tax Summary

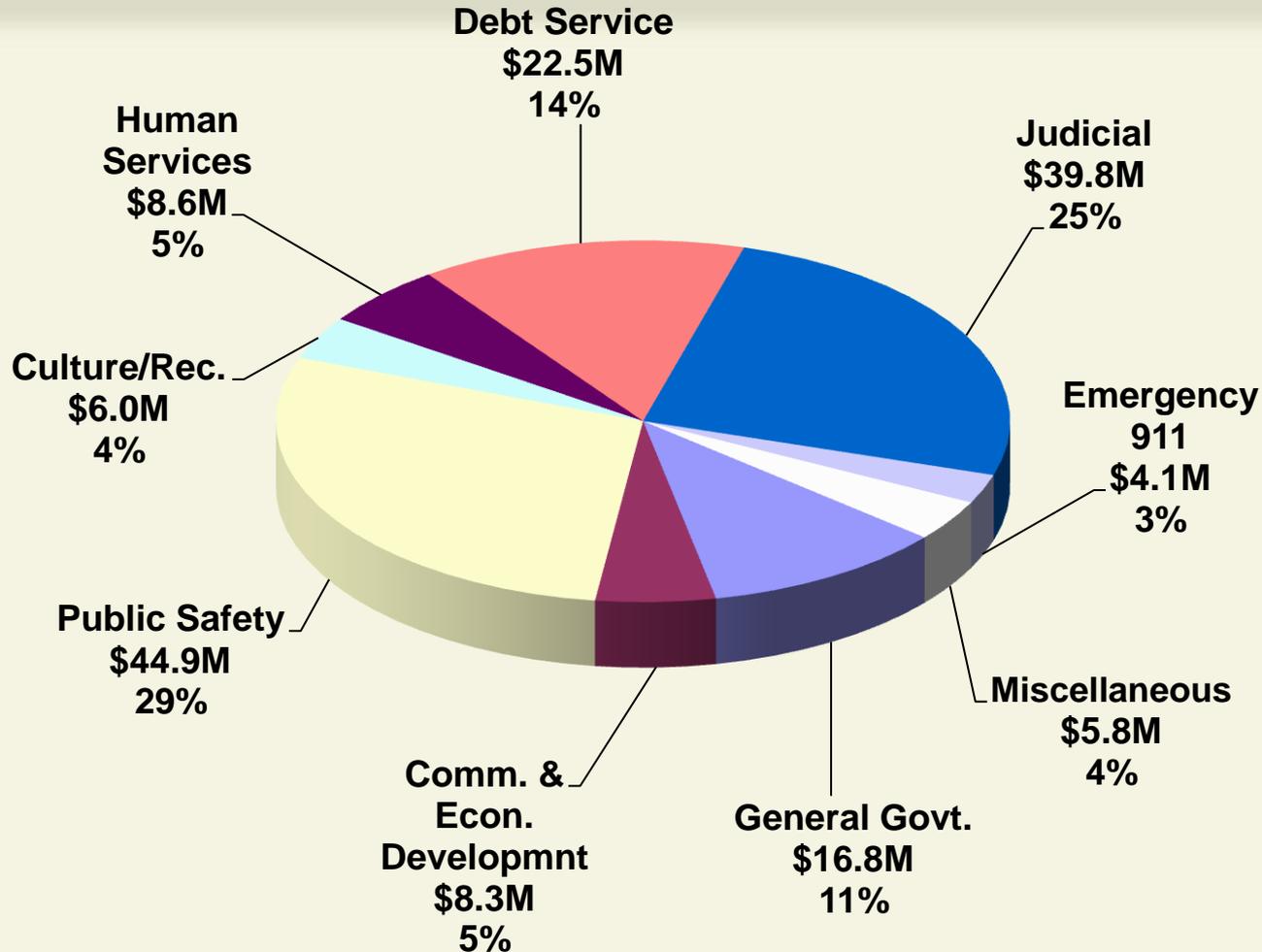
	2015	2014
Millage Rate	7.372	7.372
Assessed Value	\$18,626,359,038	\$18,557,143,100
Percent Change	0.37%	0.36%
Net Tax Billing	\$130,953,252	\$130,519,443
Interims	\$439,100	\$431,064
Net Tax Collections	\$131,392,352	\$130,950,507
Tax Claim Revenue	\$4,672,000	\$4,600,000
Total Tax Revenue	\$136,064,352	\$135,550,507
Less: Tax Refunds	(\$600,000)	(\$956,000)
Net Tax Revenue	\$135,464,352	\$134,594,507

Note:

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

Tax refund decrease is due to lower appeals volume.

2015 Proposed Budget Consumption of Taxes and Fund Balance By Function



Berks County

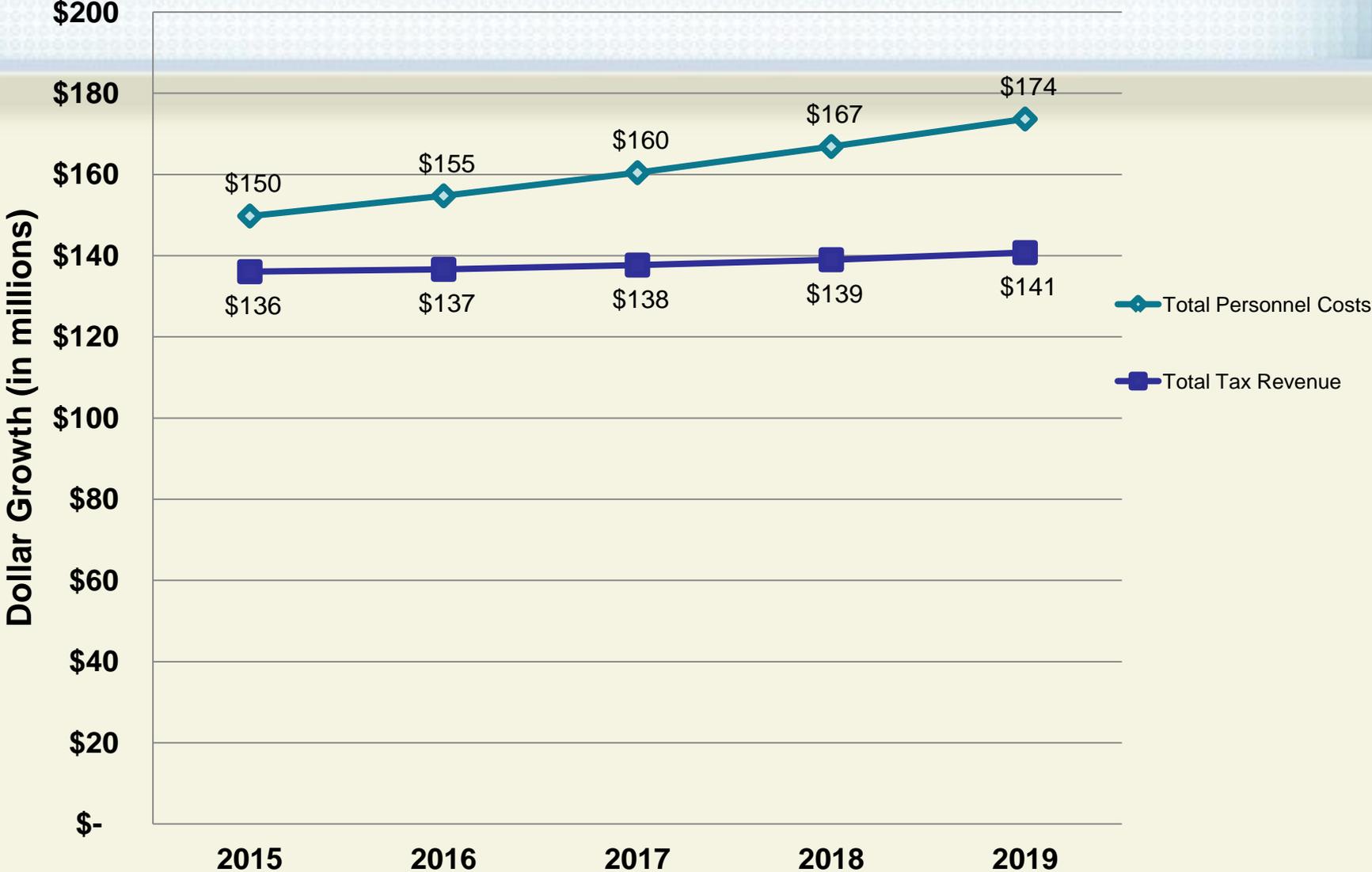
Financial Forecast (in millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Revenue	\$461.2	\$ 451.3	\$ 455.6	\$ 458.4
Total Expenditures	\$463.4	\$ 454.9	\$ 465.0	\$ 473.6
Net (Deficit)	<u>\$ (2.2)</u>	<u>\$ (3.6)</u>	<u>\$ (9.4)</u>	<u>\$ (15.2)</u>
Tax Equivalent %	<u>1.84%</u>	<u>3.26%</u>	<u>7.50%</u>	<u>11.82%</u>

Key Assumptions:

- No tax increase
- Tax base growth of 0.52% - 2016, 0.72% - 2017, 0.92% - 2018, 1.12% - 2019
- No significant decline - federal and state funding
- Service levels remain flat
- No headcount growth
- No new debt
- Average wage increase of 2.5% 2016, 2.75% 2017, 3% 2018-19
- Healthcare trend 7% to 8%
- Pension ARC remains flat
- Inflation grows at 2.5% 2016, 2.75% 2017, 3% 2018-19
- ACA Cadillac Tax - 2018 \$1.2M, 2019 \$1.7M
- 18% increase in municipal 911 fees per year

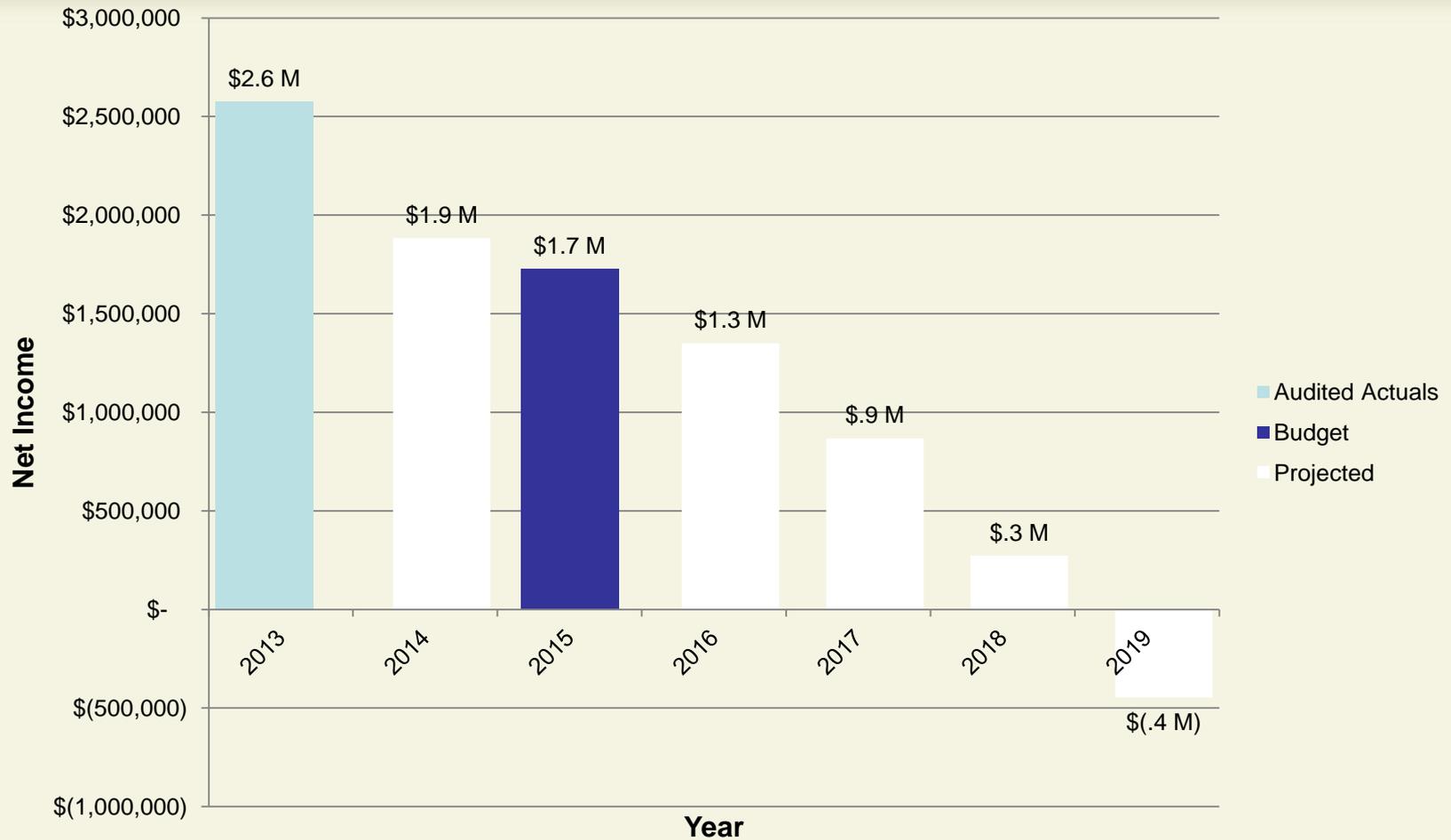
Total Tax Revenue vs. Personnel Costs



Berks County 911 Communication Center Net Income Trend



Berks County Berks Heim Net Income Trend



Berks County Current Initiatives

- **Legislative changes to:**
 - Increase 911 land and cell line bill fees to \$2 per line
 - Remove truancy and parking violations from MDJ courts
- **Consolidation of certain City MDJ locations**
- **Alternative ownership of MDJ offices**
- **Consolidate and automate assessment/land records**
- **Complete children services case management system**
- **Operational assessments**
- **Implement criminal court unified case management system**
- **Completion of phase II and III civil e-filing system**
- **Limit use of paid overtime**

Berks County Proposed 2015 Budget Schedule

- November 13, 2014 Present 2015 Budget
- December 18, 2014 Adopt 2015 Budget

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

Comments and Questions

