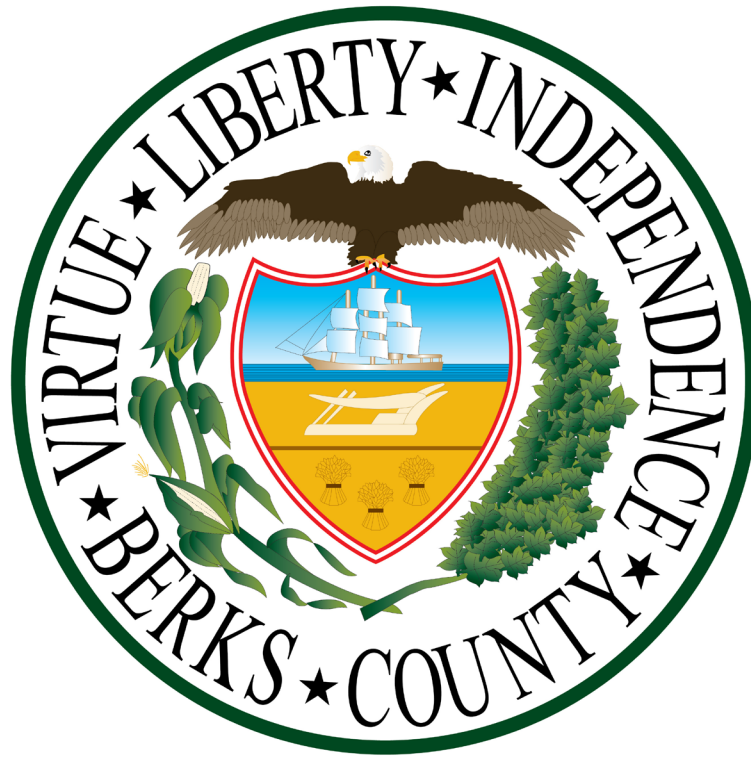


County of Berks 2027 Budget Update



Economic Pressure

- Persistent Inflation – CPI-U 12-month change - 3.4%
- Gasoline Prices up 27.4% over last 12 months
- Higher demand for energy commodities resulting in 28% increase over last 12 months.
- Higher demand for delivery of energy services including Electricity 3.8%, Natural Gas 4.4%

Internal Challenges

- Continued Personnel Challenges – Inflation and Labor Shortages
- Collective bargain labor negotiations and awards, ongoing
 - Wage Increases
 - Benefits
- County Workforce - Wage increases
 - to attract and retain talent
- Higher wages = higher pension costs
 - Required by State Law
- Higher Health Insurance Costs

Facility and Service Expansion

- 600 Penn purchase resulting in additional capital needs and operating expense for maintenance, security and utilities
- South Campus Utilities
- New Regional Youth Center
- Security Upgrades
- Current and Future Capital Needs
- Upcoming Debt Service related to Downtown Campus renovations for 600 Penn and Services Center
- 911 Radio Replacements and System Upgrades
- Oracle ERP Upgrade to Cloud

Berks County – Current Concerns

- 2026 Adopted Budget forecast has operating deficits for all years in future
- Revenues are not growing as fast as operating costs resulting in a structural deficit
 - Unsustainable Math
- Maintaining Service levels
 - Federal and State funding levels
- Unfunded Mandates
- New Funding Requests

Berks County – Current Concerns

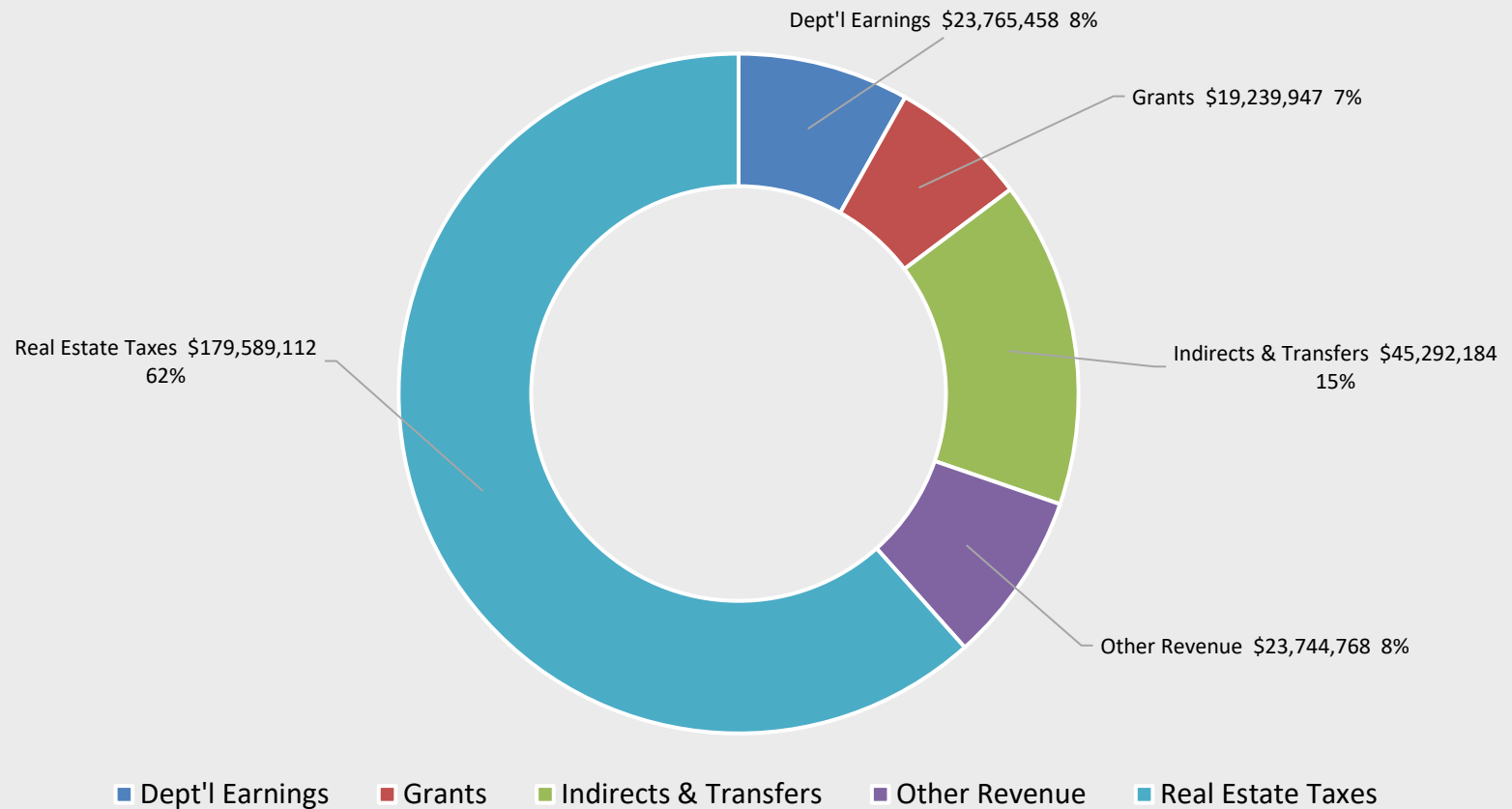
- General Fund Reserve requirement increases every year with increased operating expense
 - Falls below required level in 2028 per forecast
- Fund balance typically used to fund capital, no longer able to sustain capital which will instead require debt service which results in adding operating expenses
- Keeping fund balance levels at adequate levels to maintain bond rating (Moody's Aaa) for future financing
 - Difference of 0.15% (15 basis points)
 - For a \$20M bond, \$600K savings

Current Budget Overview

- Makeup of Revenues, by %
- Restricted funds like State and Federal Funds must be used for specific purpose – to provide services in community
- GF Operating Expense – What it pays for
- How we generate revenue

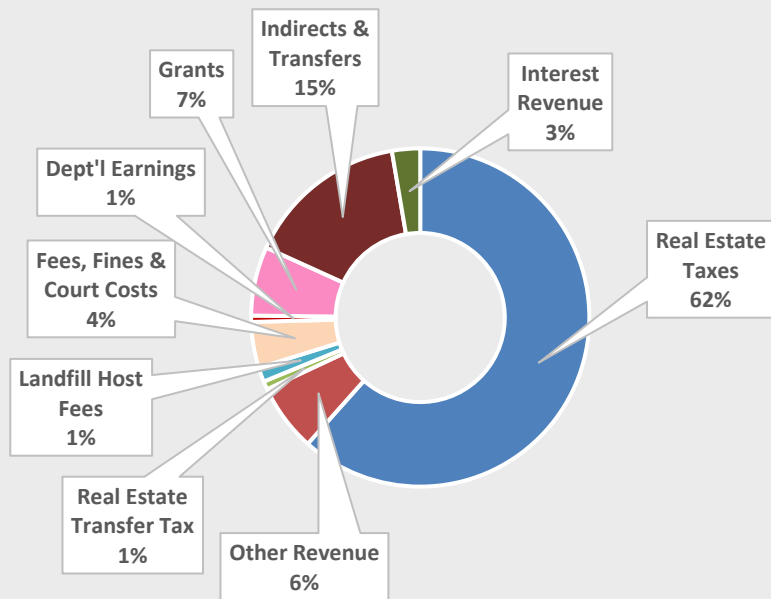
Makeup of Revenue

General Fund Operating Revenue by Major Sources, 2026



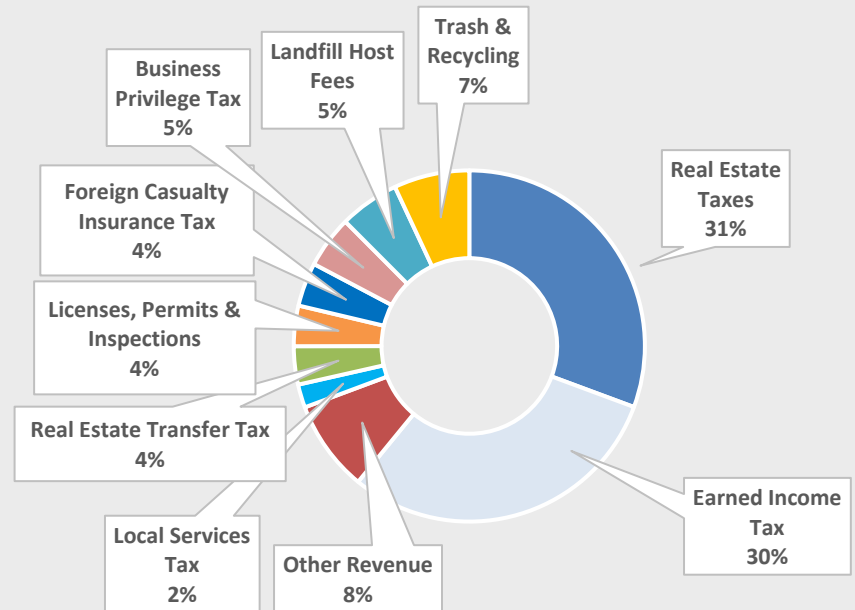
Comparison of Revenue

County



- Real Estate Taxes
- Real Estate Transfer Tax
- Fees, Fines & Court Costs
- Grants
- Interest Revenue
- Other Revenue
- Landfill Host Fees
- Dept'l Earnings
- Indirects & Transfers

Municipality



- Real Estate Taxes
- Other Revenue
- Real Estate Transfer Tax
- Foreign Casualty Insurance Tax
- Landfill Host Fees
- Earned Income Tax
- Local Services Tax
- Licenses, Permits & Inspections
- Business Privilege Tax
- Trash & Recycling

HOW YOUR TAX DOLLAR IS SPENT

Breaking down each \$1.00 of tax revenue



1

GENERAL GOVERNMENT
10¢

Supports overall government operations and administration.

2

COMM. & ECON. DEVELOPMENT
8¢

Invests in economic growth, business support, and community development.

3

PUBLIC SAFETY
37¢

Provides funding for Probation Services and the County Jail.

4

CULTURE / REC.
4¢

Supports libraries, parks, and recreation programs for a stronger community.

5

HUMAN SERVICES
5¢

Provides assistance for individuals and families in need.

6

DEBT SERVICE
4¢

Pays interest and principal on outstanding debt.

7

JUDICIAL
27¢

Supports courts, legal proceedings, and the justice system.

8

EMERGENCY
1¢

Funds 911 call centers and emergency response systems.

9

MISCELLANEOUS
3¢

Covers other necessary services and operational costs.

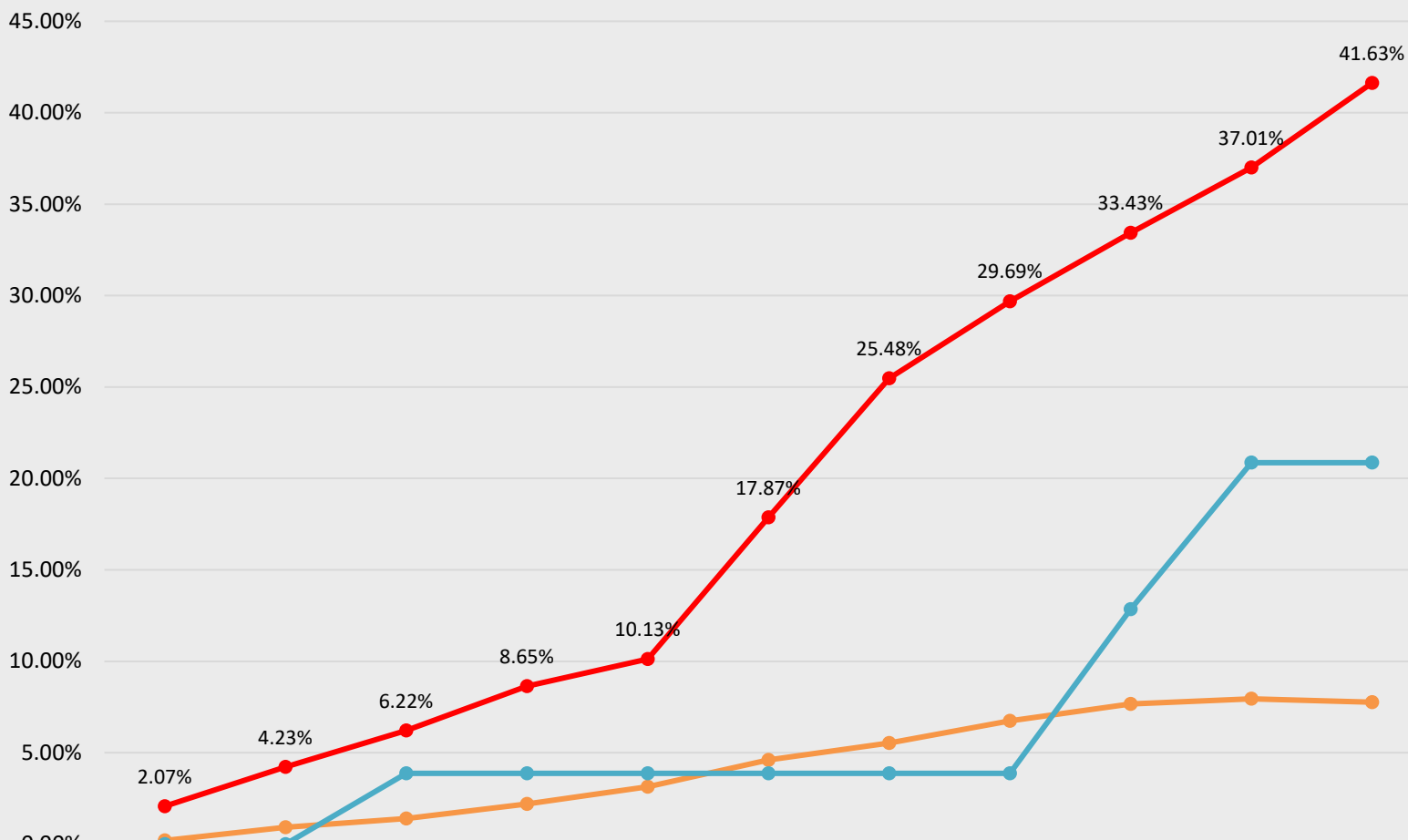


EVERY CENT BUILDS A BETTER COMMUNITY

Your taxes support essential services that keep our county strong and thriving.



Cumulative CPI-U vs. Taxable Assessed Tax Growth vs. Tax Rate Growth



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
● CPI-U	2.07%	4.23%	6.22%	8.65%	10.13%	17.87%	25.48%	29.69%	33.43%	37.01%	41.63%
● Taxable Assessed Value	0.20%	0.92%	1.40%	2.20%	3.14%	4.61%	5.53%	6.75%	7.67%	7.95%	7.77%
● County Tax Rate	0.00%	0.00%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	12.86%	20.86%	20.86%

How Do We Overcome

- To comply with our fiscal policy, it will require:
 - Tax Increase 3.4%
 - Results in an additional \$30.64 per \$100K assessed value
 - Eliminate discretionary spending:
 - Library Systems - \$5.8M
 - Parks - \$4.6M
 - Agriculture Preservation - \$2.0M
 - Connections Work - \$1.2M
 - Veterans Affairs - \$1.0M
 - Agriculture Services - \$0.7M
 - Greater Reading Chamber Alliance - \$0.5M
 - Or a combination of both
 - Addition of new debt service for facilities' improvements

Thank You
Questions and Comments