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## 2011 BUDGET ASSUMPTIONS

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Certain broad assumptions are determined in April and May 2010 to establish a basic foundation for building the County's budget. These general assumptions provide a framework to County staff, the County Executive, and the County Board of Supervisors for setting priorities, determining service levels, and allocating limited financial resources. Some adjustments have been made from updated information available during the summer months (June-August).

The following general assumptions were used in guiding the development of the County's 2011 Budget:

- Overall inflation factor estimates used to calculate the cost to continue providing existing County services are projected at a range from 1.0% to 2.5% for 2010-2011, depending upon the particular service or commodity. Some major exceptions include cost increases for road salt, utility rates, prescription drugs, medical services, food costs and some commodity prices such as paper and some technology services, equipment and supplies.
- Road salt (for winter storm cleanup and the public's safety) prices, based on the State bid, increase by about 4% from \$54 to \$56/ton for 2011. Assuming no increase in tonnage is necessary from the 2010 budget, this results in an additional \$ 50,000 in County tax levy needed to cover increased costs.
- Overall utility costs are estimated to decline from the 2010 adopted base budget levels. These lower estimated costs result from the County's investments made in energy conservation and sustainability plans being in place. They are expected to generate base budget savings on overall utility costs estimated at about \$200,000. Additionally, average fuel costs for vehicles are assumed to remain unchanged from the 2010 Budget, averaging \$3.00 per gallon (equivalent to approximately \$3.31 retail).
- Personnel cost increases will continue to put pressure on the overall budget since most revenues supporting mandated Federal and State programs are not expected to increase sufficiently to cover personnel cost increases. Early assumptions (pre-actuary analysis) include a 5% average County health insurance premium increase, still below the national average cost increase.
- Due to the slow recovery in the real estate market and the prolonged economic difficulties in housing and mortgage markets, real estate related fees (real estate transfer fees, subdivision and plat reviews, and permitting revenues) are estimated to continue to decline by approximately \$200,000 in 2010. Real estate transfer fee revenues alone are expected to decline by \$50,000 to \$100,000 to about \$1.15 million. This is down from the \$2.0 million amount budgeted back in 2009.
- Influenced by the economic downturn and slow recovery, the County's overall property tax base is estimated to decline by 2% to 3%. This decrease is mainly due to an estimated 3% reduction in housing values somewhat offset by increases in commercial value. Residential property values account for three quarters of the County tax base.
- Due to efforts to significantly reduce the WI State and Federal budget deficits, the County estimates for revenue decreases and expenditure cost shifts are indicated below:
  - State Transportation Aids formula impact is estimated to reduce funding by about \$100,000.
  - Human Services Community Aids is projected to be reduced by \$65,000.
  - State Circuit Court Support grant revenues are expected to drop slightly below \$1.1 million (this funding source has been frozen since 2000).
  - State Shared Revenues are projected to decline by at least another \$50,000.
- Treasurer's net revenue change from investment income and delinquent taxes interest and penalties are projected to offset, resulting in no net change from the 2010 adopted budget. Additionally, Agriculture Conversion revenues are expected to drop in the range of \$40,000 to \$80,000 due to the slowdown in real estate development.
- Property taxes to support debt borrowing are estimated to increase by \$250,000 based on the Capital Plan project funding need. This takes into account the 2010 debt issue, which was reduced to \$9 million from the \$10 million originally budgeted for 2010.
- The Tax Levy effort to fund the down payment toward the Capital Budget will be increase by \$120,000.