
2012 BUDGET ASSUMPTIONS

Certain broad assumptions are determined in April and May 2011 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 are used in guiding the development of the County's 2012 Budget:

- Overall inflation factor estimates which are used to calculate the cost to continue of providing existing County services are projected at a round 2% for 2011-2012. Some major exceptions include cost increases for utilities, fuel, prescription drugs, health and medical services, food costs and certain commodity prices such as paper and some technology services, equipment and supplies.
- As a result of significant efforts to reduce the State of Wisconsin and Federal budget deficits, the County estimates revenue reductions and expenditure cost shifts to the County as indicated below:
 - State Transportation Aids formula impact is estimated to reduce budget funding by about \$525,000.
 - Human Services Youth Aids for prevention services to troubled youth are projected to decrease by \$435,000.
 - Family Care enrollment Caps are anticipated to shift costs to the County's Adult Protective Services programs by an estimated \$300,000.
 - State Shared Revenues are projected to decline by another \$220,000
 - State Transit Operating Assistance is estimated to decline by at least \$220,000, which also reduces federal aids, since less matching funds will be available to leverage the federal dollars.
 - State Circuit Court Support grant and other state funding support are expected to drop by \$170,000 (this funding source had been frozen since 2000).
 - Reductions in State Child Support enforcement funding is estimated to be reduced by \$120,000.
 - Federal Community Development grant funding is estimated to decrease by 10% on top of a 16% reduction in funding in 2011. This reduces grant funding for community development and the HOME program in the 2012 budget by over \$750,000.
- Personnel cost are projected to decrease mainly due to the State Budget repair bill which requires most County employees to make a 50% contribution to the Wisconsin Retirement pension system which is estimated to reduce tax levy by about \$2.45 million. This is somewhat offset by projected increases (based on actuarial analysis) assumed for the average County health insurance premium increase at about 7%, which is still below the national average cost increase.
- Average fuel costs for vehicles are assumed to increase 10% or \$0.30 to an average of \$3.30 per gallon (equivalent to approximately \$3.60 retail) from the 2011 Budget. Holding consumption approximately the same will result in higher fuel costs countywide by an estimated \$125,000.
- Overall net utility costs are estimated to increase from the 2011 adopted base budget levels by \$115,000. These higher estimated costs would be even greater if the County's did not make recent investments in energy conservation and sustainability plans
- Due to the slow recovery in real estate markets and the prolonged economic difficulties in housing and mortgage markets, real estate related revenues (real estate transfer fees, subdivision and plat reviews, and permitting revenues) are estimated to continue to decline by over \$150,000 in the 2012 budget after a \$200,000 decrease in the 2011 budget. Real estate transfer fee revenues alone are expected to decline by \$100,000 to about \$1.075 million. This is down (by nearly one-half) from the \$2.0 million budgeted back in 2009.
- Influenced by the economic downturn and slow recovery, the County's overall property tax base was estimated to decline by 2%. This decrease is mainly due to an estimated 3% reduction in housing values somewhat offset by increases from some new growth in commercial value. Residential property values account for about three quarters of the County tax base.
- Property taxes to support debt borrowing are estimated to increase by \$125,000 based on the Capital Plan project funding need. This takes into account the 2012 debt issue, which is increased to \$20 million mainly planned to fund the new Health and Human Services Building and County Truck Highway L (Janesville Road) expansion in the City of Muskego. No increase in tax levy is planned for the 2012 Capital budget.