2008 BUDGET ASSUMPTIONS

Certain broad assumptions are determined to establish a basic foundation for building a 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.

The following general assumptions were used in guiding the development of the County's 2008 budget:

- Overall inflation factor estimates for the cost to continue existing services are projected at a range from 2.2% to 2.5% for 2008, depending upon the particular service or commodity. The major exceptions include cost increases for energy costs (utilities and fuel), health insurance, prescription drugs, and medical services.
- Personnel cost increases continue to put significant pressure on the overall budget. Assumptions include a 5.0% average health insurance premium increase. However, this rate is still below the national average.
- The County implemented a day reporting center during 2007 for Huber (work release) inmates whom the Sheriff's Department management determines to be eligible for electronic monitoring homebound detention. The full-year impact of this new initiative is expected to exceed $100,000 for 2008.
- Energy costs are estimated to rise faster than the rate of inflation. The price of electricity to power county facilities is assumed to increase 4.7%. Water is projected to rise 7.6%, while natural gas price increases are expected to be moderate at 2.4%, which will result in higher budgeted energy costs of nearly $100,000. Average fuel costs for vehicles is assumed to increase to $2.65 per gallon, up from $2.57 per gallon.
- Since 2008 is a presidential election year, the County will incur additional election related costs estimated at approximately $120,000. These additional costs are planned to be funded with general fund balance.
- The County will provide tax levy funding of over $100,000 to phase down the reliance general fund balance and reduce E 9-1-1 grant funds for operations. These state grants are planned to sunset at the end of 2008 for the Emergency Preparedness Communications Center, based on implementing study recommendations made by the Association of Public Safety Communications International (APCO).
- The County Executive established as a goal for his proposed budget to manage a levy rate decrease, and a general tax levy increase limited to or below the value of growth in new construction for the County in 2007.
- Due to continuing State and Federal budget deficits, the County assumes revenues for several areas will remain unchanged or be reduced. Federal IV-D funding for Child Support Enforcement is expected to decline due to the Federal Deficit Reduction Act of 2005, resulting in a significant potential loss of revenues. Also, Human Services youth aid funding for juveniles will decrease, and the amount available to fund community-based programs is expected to decline.
- The largest state discretionary funding source, the Basic County Allocation (BCA), consisting of $11.4 million for Health and Human Service programs, is expected to provide no increase to offset higher costs to continue for existing service levels, which will result in a tax levy need of over $550,000.
- State directed long-term care reform and related funding is expected to help set up a single point of entry for Aging and Disabilities Resource Center (ADRC) services to be jointly provided by Senior and Human Services department staff.
- Register of Deeds charges for service revenues in excess of associated operating expenditures are estimated to increase by a net of $150,000. This increase is based on real estate transaction fee revenue increases from trends of increasing property value transactions. This increase is used to reduce overall county government tax levy funding requirements.
- Treasurer's investment income is projected to increase by $350,000 from the 2007 budget, based on improving rates of return on invested funds.
- Debt borrowing costs are estimated to be $12.4 million (based on the Capital Plan and Budget) including the 2008 issue. The tax levy effort to fund the Capital Budget will be $3.15 million, which is $307,900 less than the 2007 budget, which results from a reduced net capital expenditure funding need.