
2016 BUDGET ASSUMPTIONS

Certain broad assumptions are determined in April through June 2016 to establish a basic foundation for building the County's budget, as the first year in the five-year budget projections. 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 County's 2016 Budget development:

- Overall inflation factor estimates assumed for calculating the cost to continue to provide existing County services are projected to be moderate around 2% in 2016. Some major exceptions include cost rate increases for prescription drugs and medical services.
- The 2015-2017 state budget did not include significant revenue changes in major state revenue funding areas, however there are specific areas of impact.
 - The Human Services basic community aids, youth aids and the court support grant remained stable. General Transportation Aids recovered from prior year reductions.
 - State funding for Economic Assistance included targeted increases for FoodShare new job training requirements and additional Child Care administration work. Targeted increases are also included for additional foster care through age 21 and family post unification services. The state recycling grant included a decrease in the State budget.
- In addition, significant revenue issues, linked to a slower economic recovery also impact the 2016 budget. Impacts include the following:
 - Investment Income budget is estimated to be reduced by \$200,000 to \$3,408,000 reflecting continued low rates of return on invested funds. Higher interest rates are expected beginning in 2016, but are not expected to impact investment income until the 2017 budget as bond portfolios turnover. Also, the 2016 budget for estimated Delinquent Taxes Penalty and Interest (P&I) is reduced by \$55,000 to \$2,823,000 as Delinquent Taxes outstanding continued to decline during 2014.
 - The real estate market has shown increased property sales with expected increases in real estate transfer fees of \$60,000 to \$1,428,500. This is offset by a reduction of \$130,000 in document recording fees due to reductions in home mortgage refinancing.
- Net Personnel cost appropriations are expected to be held below 2% and are being controlled with the help of lower health insurance costs based on increased participation in lower-cost health savings account plans and other modifications. Increased retirements and entry level replacements are also a factor.
- Average fuel costs for vehicles are budgeted to remain at \$3.80 per gallon, the first time no increase in several year's budgets. Consumption is estimated to increase slightly from the 2015 level resulting in higher fuel costs budgeted countywide by an estimated \$21,000.
- Net utility costs are estimated to increase from the 2016 adopted base budget levels by \$44,000 or 2%, for anticipated increases in natural gas costs in 2014. Costs are maintained through prior-year energy efficiency improvements (e.g., lighting replacement, more efficient boilers/chillers).
- After reductions in tax levy for debt service in the last two budgets due to favorable debt refinancing over several years, the debt service tax levy increases by almost \$160,000. The increase will accommodate larger bond issues anticipated by the five year capital plan which includes a significant courthouse project. To help provide funding for the Operating budget in 2016, Capital project tax levy is estimated to be reduced by \$103,000.