
2017 BUDGET ASSUMPTIONS

Certain broad assumptions are determined in April through June 2017 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 2017 Budget development:

- Overall inflation factor estimates assumed for calculating the cost to continue to provide existing County services are projected to be moderate (1.8% to 2%) in 2017. Some major exceptions include cost rate increases for prescription drugs and medical services.
- Significant revenue issues linked to a slower economic recovery impact the 2017 budget including:
 - Investment Income budget is estimated to be reduced by \$400,000 to \$3,008,000 reflecting continued low rates of return on invested funds. Higher interest rates are expected to impact investment income positively later in 2017 as bond portfolios turnover. Also, the 2017 budget for estimated Delinquent Taxes Penalty and Interest (P&I) is reduced by \$63,000 to \$2,640,000 as Delinquent Taxes outstanding continued to decline during 2015.
 - The real estate market has shown increased property sales with expected increases in real estate transfer fees of \$20,000 to \$1,448,500. This is offset by a reduction of \$24,000 in document recording fees due to reductions in home mortgage refinancing.
- Major state revenue funding areas include the following:
 - The Human Services basic community aids, General Transportation Aids, and the court support grant remained stable. The state recycling grant was restored to the prior level. The Affordable Care Act funding is reduced in a second year phase out and two Economic Support positions are sunset.
 - Increased charges for service revenue in Clinical Services are due to increased Medicaid reimbursements in mental health programming and improved intake and billing procedures. The on-site pharmacy results in lower prescription medicine costs.
- 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 changes to premium cost shares. Increased retirements and entry level replacements are also a factor.
- Average fuel prices are budgeted to be conservatively reduced by 10%, with operating budget savings projected for Public Works, Parks and Land Use and the Sheriff Departments.
- Net utility costs were estimated to increase from the 2016 adopted base budget levels by \$10,000 for anticipated increases in water rates in 2016 and flat rates for natural gas and electricity. Costs are maintained through prior-year energy efficiency improvements (e.g., lighting replacement, more efficient boilers/chillers).
- The debt service tax levy increases by almost \$100,000. The increase will accommodate larger bond issues anticipated by the five-year capital plan which includes a significant courthouse project. Capital project tax levy is estimated to remain the same in 2017.