
2018 BUDGET ASSUMPTIONS

Certain broad assumptions are determined in April through June 2017 to update the 2016 projections and 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 2018 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 2018. Some major exceptions include cost rate increases for prescription drugs and medical services.
- Significant revenue issues linked to a slower economic recovery impact the 2018 budget
 - Investment Income budget is estimated to be reduced by \$250,000 to \$2,758,000 reflecting continued low rates of return on invested funds. The 2017 budget was reduced by \$400,000. Higher interest rates are expected to impact investment income positively in 2018 as bond portfolios turnover. Also, the 2018 budget for estimated Delinquent Taxes Penalty and Interest (P&I) is reduced by \$350,000 to \$2,290,000 as Delinquent Taxes outstanding continued to decline during 2016 and into 2017.
 - The real estate market has shown increased property sales through the summer with expected increases in real estate transfer fees of \$345,000 to \$1,794,000. This is offset by a reduction of \$36,000 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.
 - Increased charges for service revenue in Clinical Services are due to increased Medicaid reimbursements in mental health programming and improved intake and billing procedures.
 - State budget expected to address Children Long Term Support wait list with increased expenditures and revenues
- Net Personnel cost appropriations are expected to return to normal growth rates, after significant turnover savings and health insurance changes in previous year. Some savings are projected for increased participation in lower-cost health savings account plans and retirements and entry level replacements.
- Average fuel prices are budgeted to be conservatively reduced by 10% (from higher 2017 budget levels), with operating budget savings projected for Public Works, Parks and Land Use and the Sheriff Departments.
- Net utility costs were estimated to decrease from the 2017 adopted base budget levels by \$50,000 for anticipated lower rates for natural gas and flat rates for water and electricity. Partial year impacts for increased utilities and housekeeping costs for the expanded communication center were estimated at \$40,000.
- The debt service tax levy increases by almost \$345,000. 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 2018.