
2019 BUDGET ASSUMPTIONS

Certain broad assumptions are determined in the first two quarters of 2018 to update the 2017 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 2019 Budget development:

- Overall inflation factor estimates assumed for calculating the cost to continue to provide existing County services are projected to be moderate (2.5%) in 2019. Some major exceptions include cost rate increases for prescription drugs and medical services.
- Significant revenue issues linked to economic recovery impact the 2019 budget
 - Investment Income budget is estimated to be increased by \$540,000 to \$3,048,000 reflecting higher interest rates in 2018 and a positive impact to investment income in 2019 as bond portfolios turnover. In addition, the 2019 budget for estimated Delinquent Taxes Penalty and Interest (P&I) is reduced by \$310,000 to further reduce the budget to reflect current levels of outstanding delinquent taxes. The 2018 budget was reduced \$350,000.
 - After increased property sales through the summer, the real estate market has slowed resulting in a small growth in real estate transfer fees of \$40,000 to \$1,833,000. This is offset by a reduction of \$100,000 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, youth aids, and the court support grant remained stable. General Transportation Aids are anticipated to increase \$475,000 based on the state's current-year allocation to the County.
 - 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 include steady modest increases in salaries along with projected labor market adjustments identified in the 2018 compensation study. These are offset with health insurance costs projected to remain at 2018 budget levels reflecting flat rates and continued savings from employees moving to lower cost plans and high utilization of Waukesha Employee Health and Wellness Center.
- Average fuel prices are budgeted to be conservatively reduced by 8% (from higher 2018 budget levels), which are still above anticipated fuel rates for 2019. This results in operating budget savings projected for Public Works, Parks and Land Use and the Sheriff Departments.
- Net utility costs were estimated to remain at 2018 adopted base budget levels with anticipated lower consumption for electricity reflecting prior year improvements (e.g., HVAC upgrades at the Law Enforcement Center) offset with higher rates for water. Natural gas costs remain flat.
- The debt service tax levy was projected to increase by \$225,000. The increase will accommodate larger bond issues anticipated by the five-year capital plan which includes a significant courthouse project. Capital project tax levy was estimated to increase by \$53,000.