2020 BUDGET ASSUMPTIONS

Certain broad assumptions are determined in the first two quarters of 2019 to update the 2018 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 were used in guiding the County's 2020 Budget development:

- Overall inflation factor estimates assumed for calculating the cost to continue to provide existing County services are projected to be moderate (2.25%) in 2020. Some major exceptions include cost rate increases for prescription drugs and medical services.

- Significant revenue issues linked to economic activity impact the 2020 budget

  - Investment Income budget is estimated to be increased by $350,000 to $3,400,000 reflecting continued higher interest rates in 2019 and a positive impact to investment income in 2020 as bond portfolios turnover. In addition, the 2020 budget for estimated delinquent taxes penalty and interest (P&I) is reduced by $140,000 to further reflect current levels of outstanding delinquent taxes. The 2019 budget was reduced $310,000.

  - Increased property sales result in a growth in real estate transfer fees of $161,000 to $1,994,000. This is offset by a reduction of $84,000 in document recording fees due to reductions in home mortgage refinancing.

- Major state revenue funding areas include the following:

  - With a State budget under deliberation, major revenues including the Human Services basic community aids, youth aids, General Transportation Aids and the court support grant were projected to remain stable. However, the State budget passed in June included some significant increases that helped to offset some additional state mandated program changes.

  - State budget included funding to address Children Long Term Support wait list with increased expenditures and revenues

  - Increased charges for service revenue in Clinical Services are due to increased Medicaid reimbursements in mental health programming and improved intake and billing procedures.

- Net Personnel cost appropriations include steady modest increases in salaries along with health insurance costs projected to increase 5% after being flat in the 2019 budget. This is below projected medical inflation (typically 7-9% annually) based on cost savings from shared onsite health clinic and plan design changes.

- Average fuel prices are budgeted to be conservatively reduced by 5% (from higher 2019 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 2019 adopted base budget levels with anticipated lower consumption for electricity reflecting prior year improvements (e.g., HVAC upgrades at the Law Enforcement Center) and lower consumption for natural gas, offset with higher rates for water.

- The debt service tax levy was projected to increases by $350,000. 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 $300,000.