
2021 Budget Assumptions

Certain broad assumptions are determined in the first two quarters of 2020 to update the 2019 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 2021 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 2021. Some major exceptions include cost rate increases for health insurance (discussed below).
- Significant revenue issues linked to economic activity impact the 2021 budget
 - The investment income budget is estimated to decrease by \$500,000 to about \$2.9 million based on interest rate reductions instituted by the Federal Reserve at the outset of the COVID-19 pandemic. This temporary revenue reduction is offset with \$500,000 of General Fund balance in 2021. After decreasing revenues from penalty and interest on delinquent taxes for several years (including by \$310,000 in 2019 and by \$140,000 in 2020), the 2021 budget assumes these revenues will remain flat.
 - Reflecting recent favorable trends in real estate market activity and valuation, real estate transfer fee revenues in the Register of Deeds Office were assumed to increase \$100,000 (was increased \$90,000 in the 2021 budget). With lower interest rates spurring additional mortgage refinancing, document recording fees were conservatively assumed to remain at the 2020 budgeted level.
- Major state revenue funding areas include the following:
 - The Department of Health and Human Services received an additional \$628,000 in Community Aids funding (Basic County Allocation – BCA) for Children and Family Services during 2020, which was assumed to continue into 2021. The 2021 budget includes an updated estimate of \$772,000 of additional BCA funding.
 - General Transportation Aids were anticipated to decrease \$170,000 based on current-year allocation.
 - Most other intergovernmental revenues assumed to remain flat.
- Net personnel cost appropriations include steady modest increases in salaries along with health insurance premium charges projected to increase 8%, after being increased 5% in the 2020 budget. After several years of stable claims costs with relatively minimal cost growth, the county has experienced higher-cost individual claims in recent years that drive up claims experience and premium charges for stop loss insurance coverage. With higher claims experience continuing further into 2020, the estimated increase in health premiums was adjusted to 13%.
- Average fuel prices were originally assumed to be flat in 2021, but with continuing low prices during 2020 and U.S. Energy Information Administration forecasts projecting lower prices, the assumption was adjusted to reduce fuel prices (before mark-up) by 10% (still higher than anticipated for 2020 or 2021). This results in operating budget savings, primarily for Public Works, Parks and Land Use, and the Sheriff's Department.
- The debt service tax levy was projected to increase by \$350,000 in 2021 as part of a multi-year plan to build capacity for higher future debt service obligations resulting from the courthouse projects. However, historically low interest rates on the county's \$18 million bond issue and refinancing of 2011-2013 debt lowered the anticipated debt levy need, which increases \$58,000 for 2021.

County Board Amendments to the 2021 County Executive Proposed Budget

The County Board increased general government revenues by \$1,324,900 for a grant awarded from the U.S. Centers for Disease Control and Prevention's Epidemiology and Laboratory Capacity (ELC) for Prevention and Control of Emerging Infectious Diseases program. Grant funding can be used to reimburse the county for expenses associated with the COVID-19 prevention and response effort. This ELC grant funding is available to help continue the pandemic response in 2021.

The County Board increased expenditures for additional contact tracing, disease investigation, and other support for the pandemic response, including personnel costs by \$1,162,150 for the cost of limited-term employees, and operating expenses by \$162,750 for contracted staff provided through third-party entities.