

FY2007 CHAMPAIGN COUNTY BUDGET
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ADMINISTRATIVE SUPPORT
DATA PROCESSING
MICROGRAPHICS
PURCHASING
PHYSICAL PLANT
SALARY ADMINISTRATION

November 21, 2006

To the Honorable Chair and Members of the Champaign County Board:

In accordance with Resolution No. 5400 Establishing the Budget Process and Policies for Fiscal Year 2007 approved by the County Board on June 22, 2006, and pursuant to 55 ILCS 1/6-1001, please accept the FY2007 budget for funding Champaign County government's programs and services. This recommended budget has been balanced within each fund using revenues projected to be available to the County during Fiscal Year 2007.

ECONOMIC ENVIRONMENT

Champaign County continues to experience economic growth and stability. The County benefits from the presence of the University of Illinois. The 15,000 jobs provided by the university – approximately 15% of county-wide employment - establish significant economic stability to the County. The presence of the university also creates opportunity for ongoing public and private-sector employment growth, particularly in technology related fields. The County's unemployment rate is currently and historically lower than both the state and national averages for unemployment – currently at 4.1% as compared to the state average of 4.7%.

Housing development throughout the county has been strong, reaching record levels in 2004 and 2005. The trend has stabilized in 2006, indicated by an increase in inventory of homes for sale and the average length of time to sell is longer. As interest rates rise, it is anticipated new construction will slow down considerably in the near future.

The county also sees continuing development of new business and expansion of existing businesses throughout its communities. There are currently two ethanol plant projects in stages of planning and development, as well as continuing retail expansion, new hotel and convention center projects, satellite clinic development for both of the major medical providers, and re-use development of substantial space near the core of both the Cities of Champaign and Urbana.

With growth and development, the community also experiences challenges, and with recent construction growth, the County has recognized an obvious lack of minority owned business, particularly within the

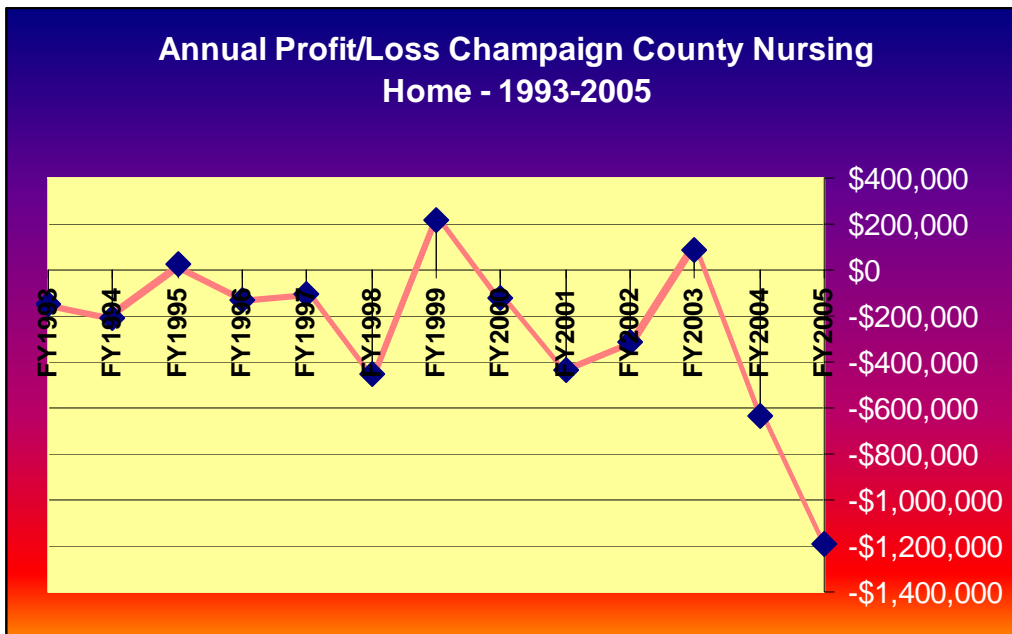
trades. Community leaders from the University, the County, the Cities, the Schools and other entities are coming together to work toward solutions to this issue.

FY2006 in REVIEW

Champaign County began FY2006 with all of its funds in stable and balanced position, with the exception of the Nursing Home Fund and the Tort Immunity/Self-Funded Insurance Funds.

Nursing Home

Prior to 1992, the Champaign County Nursing Home had built a solid fund balance of over \$3 million, and had operated at a profit almost every year. In 1992, the County Board made the determination to require the Nursing Home Fund to cover the retirement (IMRF and Social Security) expenses for its employees. Prior to this time, these expenses had been covered by the County. Since 1993, the Nursing Home has operated at a profit only three times – 1995, 1999 and 2003.



In 2002, the voters approved a referendum for a property tax for the nursing home operation to cover the retirement expenses for the employees of the Nursing Home. The infusion of this tax in 2003 provides an explanation of the revenue positive budget achieved in that year. However, in FY2004, the Nursing Home again lost money, and the losses have continued to escalate in 2005 and 2006. By the end of FY2005, with a net loss of \$1.19 million, the Nursing Home's fund balance became completely depleted.

The voters also approved a referendum in 2002 for a \$20 million bond issue to construct a new facility for the Champaign County Nursing Home. It was originally anticipated that this facility would be completed by the end of 2005 and that when the nursing home operation moved into the new facility there would be increased revenue and operational efficiencies achieved, which would correct the deficit budget. Unfortunately, the construction project met with unanticipated problems and delays, which have delayed the date of occupancy until early 2007. With the fund balance depleted by the end of 2005, and with the facility operating at an annual \$1.2 million loss, the County Board had to grant funding from its General Corporate Fund to subsidize the nursing home operation in FY2006. The Nursing Home operated a Child

Day Care Center from 1990 until 2006 for the benefit of employees of Champaign County. This Center was also operating at a deficit of close to \$100,000/year, and since this was a discretionary program, the County Board was forced to close the Child Day Care Center in May of 2006. The County Board and the Nursing Home Administrator have taken all practicable action to cut operating expenses throughout 2006. 225 of the Nursing Home's employees are represented by AFSCME through two bargaining units, and both of those contracts expire November 30, 2006. Since 71% of the Nursing Home's expenses are in personnel costs, these negotiations will be key in working towards a positive operating budget. The County Board is also in the process of contracting with a management consulting firm to conduct an operational analysis of the Nursing Home – to identify operational efficiencies and revenue producing alternatives which the Nursing Home could pursue. These initiatives, and the opportunity provided with the move to the new facility in early 2007, are expected to turn the budget deficit years experienced by the Champaign County Nursing Home around. The projected loss in FY2007 drops from \$1.2 million to approximately \$370,000, which will continue to be covered by the County's General Corporate Fund until complete budget correction for the Nursing Home is achieved.

Tort Immunity and Self-Funded Insurance Funds

The County was aware at the beginning of FY2006 that the Tort Immunity and Self-Funded Insurance Funds had been operating at a deficit. This was due in part to the fact that the County is subject to the Property Tax Extension Limitation Law ("tax caps"), and in recent years had to appropriate almost all of the property tax growth to the IMRF fund to accommodate significant increases required to maintain adequate funding of IMRF, which resulted in under-funding of Tort Immunity. The plan of correction for the Tort Immunity and Self-Funded Insurance Funds was to appropriate money from the General Corporate fund as one-time expense in FY2006 from the revenue surplus achieved in FY2005 of \$953,237. The County Board appropriated \$758,957 from General Corporate to Tort Immunity in FY2006 to cover the fund deficits, and has appropriated a 53% increase to the property tax levy for Tort Immunity in FY2007 to achieve a balanced budget. The combination of these two actions is anticipated to correct the previous deficit position of these funds. The Tort Immunity Tax may still require additional appropriation in FY2008 to complete the plan of correction for ongoing funding of the County's liability and worker's compensation insurance programs.

Debt Issuance in FY2006

The County Board issued debt on two occasions in FY2006. The first issuance was to address a \$2.5 million obligation the County had with IMRF for an Early Retirement Incentive Program offered to county employees from August 2003-August 2004. The County is required to repay the debt for the early retirement incentive to IMRF over a five- to 10-year period. The repayment to IMRF could have been made on a monthly basis with an interest rate of approximate 7.5%. Through the issuance of bonds as an alternative method of repayment, the interest rate dropped to an average of approximately 5% for an eight year repayment schedule. The County Board adopted the bond issuance as a more affordable method for repayment of this obligation. Even with this debt obligation, the County's IMRF levy required only a 2.2% increase with the property tax to be collected in FY2007, demonstrating the fact that the County did achieve salary savings with the Early Retirement Incentive offering to offset the cost of the ERI.

The second issuance of debt in 2006 was completed in August, and was the issuance of \$4 million in additional funding required for the Nursing Home Construction Project. The original project budget was estimated to be \$20 million – covered by a property tax approved by the voters in 2002. However, delays in the construction project caused by weather; subsequent construction problems caused by the presence

of mold and the need to completely remediate it; and later a design error in the HVAC system and the need to identify and implement a correction to that system, have caused delays and cost over-runs to this project. The additional \$4 million required to complete the project was issued as alternate revenue source bonds in August 2006. The identified source for repayment is the sales tax within the County's General Corporate Fund. However, the County is seeking civil remedy for the construction problems created by the mold and HVAC systems through the responsible contractors and professionals. Any settlement the County is awarded or receives as a result of these civil actions will be set aside for the repayment of this bond issue, to relieve the General Corporate Fund of this liability.

General Corporate Fund

The General Corporate Fund ended FY2005, for the second year in a row, with a revenue positive balance. FY2005 ended with a \$953,237 revenue surplus, bringing the General Corporate Fund's balance to \$4,513,457 – 15.9% of the FY2006 budget. The fund balance goal for the General Corporate Fund is 12.5%. With a fund balance above the goal, the County Board felt comfortable appropriating as a one-time expense \$758,957 to the Tort Immunity/Self-Funded Insurance Funds. However at that time, the County Board was not fully aware of the required funding from General Corporate to the Nursing Home in FY2006. With the additional transfer of \$1.2 million to the Nursing Home, it is anticipated the General Corporate Fund's balance at the end of FY2006 will drop approximately \$1 million to a total of \$3,524,639. This places the fund balance at 11.8% of the FY2007 budget, slightly below the fund balance goal of 12.5%. The fact that the General Corporate fund has absorbed transfers out of almost \$2 million and is anticipated to end the year with only a \$1 million drop in fund balance is indicative of the current strength of the General Corporate Fund's revenues as balanced against operations.

The Presiding Judge of Champaign County convenes the Criminal Justice System office holders and department heads and the County Board Chair and County Administrators as a working group to address issues of management in the criminal justice system, particularly as it relates to the population of the County's adult detention facilities. Through this initiative, inter-departmental cooperative initiatives have been implemented to increase the efficiency of the operation of the Courts in Champaign County. One such initiative of note which was developed and implemented in FY2006 is the continuous jury system. Prior to June 2006, Champaign County brought in one group of jurors every month to serve for a two-week period. The justice system was experiencing a significant back-log of felony cases, which impacted all of the offices and could have an impact on length of incarceration for defendants awaiting trial. In June 2006, through the cooperation of all criminal justice offices and with additional funding made available by the County Board, the justice system implemented a continuous jury system where jurors are brought in every week – 48 weeks a year – for a term of one week of service. The change from the required two weeks of jury service to one week has significantly improved the recruitment and participation of citizens to serve as jurors. The change to the continuous jury system required additional funding for juror fees, juror parking, and the addition of two new positions:

- One Assistant Public Defender
- One Part-Time Jury Clerk.

It will probably be at least one year before the full impact of the change to the continuous jury system can be fully measured, but the felony case back-log is already more manageable, and the jail population has been maintained at a level which does not exceed the capacity for the County's detention facilities, which are both positive indicators.

Both the State's Attorney and the Public Defender lost grants in FY2006, which had previously provided for positions within those offices. During the year, the County Board agreed to provide funding for one Senior Assistant Public Defender and one Administrative Legal Secretary for the State's Attorney's Office – from the County's General Corporate Fund, instead of eliminating the positions when the grant funding ended.

In 2005, the County purchased a Timekeeper/Payroll and HR Management System from Kronos, Inc., to completely automate these systems for all county offices. The implementation of this new system has been a work in progress throughout 2006, and is anticipated the system will go live for all county offices on January 1, 2007. The move to this automated system was in keeping with the County Board's priority on centralizing HR and personnel management for all county offices. To complete the centralization of these services, the County Board moved the function of payroll administration from the Auditor's Office to the Administrative Services Department in September 2006. With this move, all human resource services are provided from one office within the County – employee benefits, salary administration, payroll administration, human resource services, and information technology resource services. However, the move of one full-time accountant from the Auditor's Office to Administrative Services created a staffing burden on the Auditor's Office. To accommodate the loss of this full-time position to the small staff of the Auditor's Office, the County Board approved the addition of one part-time accountant position to the Auditor.

FY2007 BUDGET PROCESS and PREPARATION

The County Board adopted Resolution No. 5400 in June 2006 establishing the parameters for the preparation of the FY2007 budget. The County Board adopted a very conservative approach for the preparation of the FY2007 budget, because of the ongoing financial issues associated with the Nursing Home operations and construction project.

General Corporate Fund

General Corporate Fund departments were instructed to prepare budgets with 0% growth in their commodities, services and capital expenditures lines. In spite of the 0% growth directive, expenditure growth was included for utilities, gasoline, and contractual obligation cost increases in FY2007. The budgets most significantly impacted by these increases in the General Corporate Fund are the Physical Plant budget, and the budget of the Sheriff for law enforcement. The Physical Plant budgeted a 10% (\$81,512) increase to the utilities line items for utilities costs for the county's facilities. The Sheriff's law enforcement budget included a 23.8% (\$30,000) increase in gasoline and oil, and a \$9,000 increase for the METCAD services contract.

Budgets were prepared by departments and initially reviewed by the County Administrator of Finance in July, and presented to the County Board at legislative budget hearings conducted in August. Additional funding requests for the FY2007 budget presented by the County's General Corporate Fund Departments included the following:

- 1 Full-Time Deputy Coroner and related costs - \$34,814
- 2 Full-Time Maintenance Workers, 2 Full-Time Senior Maintenance Workers for the Physical Plant Department - \$111,816
- 1 Full-Time Paralegal for the State's Attorney - \$38,505 in expense; \$50,000 in anticipated revenue

- Utilities costs of old nursing home facility to be vacated in 2007, which will have to be paid out of the General Corporate Fund - \$349,437.

In addition to these requests for funding, the Nursing Home FY2007 budget was presented with a \$327,812 deficit. The only source available to the County Board for funding this deficit is the General Corporate Fund.

The Finance Committee reviewed these requests in September, and recommended adoption by the County Board of the approval of the following to be included in the FY2007 budget:

- 1 Full-Time Deputy Coroner - \$34,814
- 1 Full-Time Paralegal for the State's Attorney - \$38,505 expense; \$50,000 revenue
- 1 Full-Time Maintenance Worker and 1 Full-Time Senior Maintenance Worker for the Physical Plant - \$55,908.

Additionally, the Finance Committee recommended the Nursing Home operational deficit and the cost of utilities for the vacated nursing home facility be treated as one-time expenditures in the FY2007 budget.

- The Nursing Home operating deficit is treated as a one-time expense in FY2007, because it is anticipated that with the move to the new facility, negotiation of new labor contracts, and following implementation of recommendations obtained through an operational audit, that the Nursing Home should be able to present a budget for FY2008 that is balanced.
- The cost of utilities is treated as a one-time expenditure in FY2007 because the County has not yet determined the re-use plan for this facility. The re-use of this facility will require identification of revenue with which to support it, and until that is accomplished the building will be essentially shut down. The estimate of \$349,937 for the utilities for this building was based upon full occupancy. The recommendation by the Finance Committee was to appropriate \$90,000 as a one-time expense in FY2007 to simply keep the building vacant and at a minimum operating capacity until its re-use is determined.

In order to pay for these one-time expenditures from the FY2007 General Corporate Fund budget, the Finance Committee additionally recommended the following one-time changes to the budget to accommodate these expenses:

- Cut the annual funding for replacement of Sheriff squad cars from \$210,000 to \$40,000 in FY2007. The Sheriff absorbed a similar cut in FY2003, and the Sheriff's fleet was not adversely affected. This cut produces savings of \$170,000.
- Appropriate \$250,000 from the Public Safety Sales Tax Fund in FY2007 to cover the cost of salaries for six deputy sheriff positions, providing \$250,000 of relief to the General Corporate Fund.

The County Board approved all of the recommended changes to the County's General Corporate Fund FY2007 budget at its September meeting, and all changes have been incorporated in the budget presented here.

The FY2007 General Corporate Fund budget is presented with \$29,893,943 in revenue and \$29,922,215 in expenditure – a budget with \$28,272 expenditure exceeding revenue – placing the budget in an essentially balanced position with expenditure excess of only 0.09%. In addition, the General Corporate Fund budget also establishes a balanced budget for the Nursing Home Fund with \$12,690,814 budgeted in revenue (\$327,812 of which is a transfer from the General Corporate Fund), and \$12,690,814 budgeted in expenditure.

All Funds

The FY2007 Champaign County Budget for all funds is:

\$102,158,011 in Revenue
\$105,741,155 in Expenditure

The \$3,583,144 in expenditure in excess of revenue to be received in FY2007, is appropriated from available resources within fund balances. The majority of appropriation from existing fund balances occurs in the capital projects funds. In FY2007, the following capital projects funds will spend the listed amounts from resources available at the beginning of the fiscal year, rather than from resources received during the fiscal year:

| | |
|---|---------------------------|
| Nursing Home Construction | \$ 661,000 |
| Courts Construction | \$1,530,000 |
| Jail Construction | \$ 29,000 |
| Capital Equipment Replacement/Improvement | \$ 382,350 |
| Automation Funds for capital purchases | \$ 176,500 |
| County Bridge | \$ 190,628 |
| <i>TOTAL</i> | <i>\$2,969,478</i> |

The balance of expenditure in excess of revenue is represented in the Regional Planning Commission Fund. Actual expenditures in the RPC Fund for 2007 are expected to be significantly lower than budgeted amounts. The County's accounting system precludes the recognition of prior year grant revenue in the succeeding fiscal year. Therefore, the excess of expenditures over revenue is due to the timing of revenue receipts and the necessity to budget sufficient line-item appropriations to accommodate overlapping grant years and variations in staffing charges. For these reasons, the Regional Planning Commission expenditure budget is \$815,904 more than the revenue budget for FY2007.

The combination of the capital projects expenditures and the Regional Planning Commission budget issues provide explanation as to the fact that the total FY2007 budget is balanced within each fund using revenues projected to be available to the County during FY2007.

SUMMARY

As a part of the preparation process for the FY2007 budget, the Finance Committee established the Budget Process Sub-Committee in February 2006. The charge of the sub-committee was to establish priorities for the FY2007 budget. The Sub-Committee requested a SWOC (Strengths, Opportunities, Weaknesses, Challenges) analysis by each of the County's department heads/elected officials. Upon receipt of these analyses, the sub-committee convened a brain-storming session with all of the elected

officials and department heads to identify common themes within those analyses. This exercise led to the establishment of the budget priorities for the FY2007 budget process which are documented in the FY2007 Budget Process section of this document (pages 17-18).

As a result of their work, the Budget Process Sub-Committee also recommended a new format for the reporting of individual department and fund budgets in the FY2007 budget document. This format is revealed in each individual department budget report, beginning on page 74 of this document. Elected officials and department heads were asked to provide lists of objectives and performance indicators as a part of their budget presentation. This is the first year this information has been requested and compiled, and for many departments it was difficult to provide meaningful documentation of the measures. The information that was compiled has been included even though it is not in all instances complete. The performance indicators will be a focus for further development before the FY2008 budget process begins.

The changes to the budget development process have been adopted with the goal of better documenting the price of government in Champaign County, and linking government services to citizen priorities.

ACKNOWLEDGMENTS

The preparation of the FY2007 budget has been accomplished through the effort and cooperation of all County elected officials, department heads, and members of the County Board. I wish to thank all of the elected officials, department heads and board members for their continued cooperation over several months of budget preparation and review.

I wish to extend special thanks and appreciation to Bill Simmering, Lead Programmer for Champaign County. He has worked diligently over the last several months to implement for the first time a completely electronic budget process that was available to all officials. He has also developed programming for the new budget format which creates the document provided here - one that is far more reader-friendly than the previous budget format. I would also like to thank Andy Rhodes for his assistance in financial analysis, Evelyn Boatz for assistance with personnel and salary administration documentation, and Kat Bork for her assistance in putting the final document together.

Members of the Board, I am pleased to present to you the FY2007 Champaign County Budget for your approval and adoption.

Respectfully submitted,



Debra Busey
County Administrator of Finance & HR Management

HOW TO USE THIS DOCUMENT

The Champaign County FY2007 Budget Document is organized into eight sections. These include: Letter of Transmittal; Introduction; Summary; General Corporate Fund; Special Revenue Funds; Debt Service & Capital Projects Funds; Proprietary Funds; and Supplemental Information. Each section is described below:

Letter of Transmittal – The County’s Administrator’s Letter of Transmittal, which immediately precedes this section.

Introduction – This background section provides an overview of Champaign County government.

Summary – This budget summary section provides a quick overview of highlights of the FY2007 total Champaign County budget.

General Corporate Fund – A summary statement at the beginning of this section provides complete revenue and expenditure line item detail for the General Corporate Fund as a whole, including FY2005 actual revenues and expenditures, FY2006 budgeted and projected revenues and expenditures, and FY2007 requested revenues and expenditures. Following the summary statement are individual department budgets for each of the General Corporate Fund departments. In addition to the financial section, each department budget includes an organizational chart for that department; mission statement; analysis of operations, revenues and expenditures; personnel summary information; and objectives and performance indicators specific to that department’s operation.

Special Revenue Funds – A summary statement and department budget information within funds is provided for each of the County’s 47 special revenue funds. The fund and department budget document structure is substantially the same as for the General Corporate Fund department budgets.

Debt Service and Capital Projects Funds – Explanation of each of the County’s debt service and capital projects funds budgets, including financial detail, source of revenues, debt structure, and project status updates.

Proprietary Funds – A summary statement and documentation is provided for the Nursing Home enterprise fund, and the Self-Funded Insurance internal service fund, together with documentation for each of the individual department budgets within each fund.

Supplemental Information – This section includes additional information regarding the County’s debt management; impact of capital expenditure on the operating budget; property tax distribution; personnel staffing budgets and salary schedules; and a glossary of terms used in this document.

About Champaign County

Champaign County, Illinois is located in the heart of East Central Illinois approximately 136 miles south of Chicago and 86 miles east northeast of Springfield, the State Capital. The County is home to the University of Illinois, Parkland College, and two major regional hospitals. The County is comprised of 998 square miles, 90.5% of which is utilized for agriculture.

Champaign County was organized in 1833, having been previously a part of Vermilion County. The county and county seat were named for Champaign County, Ohio and Urbana, Ohio respectively, the home-place of the Illinois legislator who sponsored the bill to create the County.¹ The County adopted township form of government on November 8, 1859. Currently, the County Board is comprised of nine districts, with three members representing each District for a total of 27 County Board Members. The County Board elects a County Board Chair from among its members by a majority vote, at the biennial organizational meeting on the first Monday of December of every even-numbered year.

The County's population at the 2000 census was 179,669, representing growth of 3.8% over the 1990 census. The estimated 2010 population is 194,953, and the current (2005) census estimate for Champaign County is 184,905 placing Champaign County as the 11th largest county in the State of Illinois.

The County enjoys a stable economic environment, due in large part to the presence of the University of Illinois and the 20,000+ jobs provided for the County's total labor force of just over 100,000. The economic stability is evidenced by the fact that the County's unemployment rate historically fares better than the averages at both the state and national level.

The economy of the County has grown in both residential and business development in recent years. New home construction throughout the County reached record levels in 2004 and 2005, and business development included new growth in both the Cities of Champaign and Urbana in that period. Currently, the County and its municipalities are entertaining requests for the development of two new ethanol manufacturing plants, and expanded development with satellite growth by both of the major medical health care providers.

¹http://en.wikipedia.org/wiki/Champaign_County,_Illinois
Other Sources include the 2006 Annual Report of the Champaign County Economic Development Corporation

Champaign County Demographic Statistics

Population¹

| | |
|---|---------|
| Population, 2000 | 179,669 |
| Population, 2005 estimate | 184,905 |
| Population, percent change, April 1, 2000 to July 1, 2005 | 2.90% |
| Population, percent change, 1990 to 2000 | 3.80% |

Age Distribution of 2000 Population²

| | |
|--------------|--------|
| Under 18 | 21.00% |
| 18-24 | 23.10% |
| 25-44 | 28.20% |
| 45-64 | 18.00% |
| 65 and older | 9.70% |

Gender Distribution of 2000 Population²

| | |
|--------|--------|
| Male | 50.50% |
| Female | 49.50% |

Racial Makeup of 2000 Population²

| | |
|-----------------------------------|--------|
| White | 78.78% |
| African American | 11.16% |
| Native American | 0.24% |
| Asian | 6.45% |
| Pacific Islander | 0.04% |
| Other Races | 1.34% |
| Persons reporting 2 or more races | 1.99% |

Income and Financial Data³

| | |
|---|-----------|
| Median Household Income-2005 inflation adjusted | \$39,129 |
| Median Family Income - 2005 inflation adjusted | \$59,188 |
| Per capita income - 2005 inflation adjusted | \$23,572 |
| Families below poverty level | 9.30% |
| Individuals below poverty level | 18.40% |
| Median Home Value | \$127,500 |
| Retail sales per capita - 2002 | \$10,538 |
| Persons per square mile - 2000 | 180.2 |

¹U.S. Census Bureau QuickFacts

²http://en.wikipedia.org/wiki/Champaign_County,_Illinois

³U.S. Census Bureau, American Fact Finder



CHAMPAIGN COUNTY GOVERNMENT PRIORITIES

Justice & Public Safety Issues

- Develop a fully-integrated technology system for the criminal justice offices to enhance accurate and efficient administration of the Courts.
- Provide and expand programs in the County's detention facilities and within the community to reduce incarceration and recidivism rates of both adult and juvenile offenders.
- Develop procedures among the criminal justice system offices to expedite and prioritize case management for incarcerated defendants.
- Provide for homeland security by participating in training exercises and by allocating adequate resources for emergency response.

Health & Human Services Issues

- Develop alternatives to address the long-term services and funding needs of the Champaign County Nursing Home.
- Provide mechanisms for human services coordination and resource referrals.
- Facilitate planning and development of social services initiatives (e.g., senior services, job training, community services), and work to secure external funding for such activities.
- Support and promote disease prevention initiatives and consistent delivery of health care in all its forms to eliminate health disparities within the county.

Infrastructure, Environmental and Development Issues

- Maintain the County's highways to provide a safe rural transportation system.
- Take the lead, along with municipal and community involvement, in instituting a visioning process to develop a County-wide set of goals based on public input – a process to result in the completion of a Champaign County Comprehensive Plan.
- Actively participate in initiatives to protect the County's natural resources, including the Mahomet Aquifer, soil and water conservation, and appropriate land use regulation.
- Invest in economic development which will add county-wide economic value and increase employment within the County.
- Continue the County's Affordable Housing Program to provide funding for creative affordable housing opportunities to the County's diverse population base.

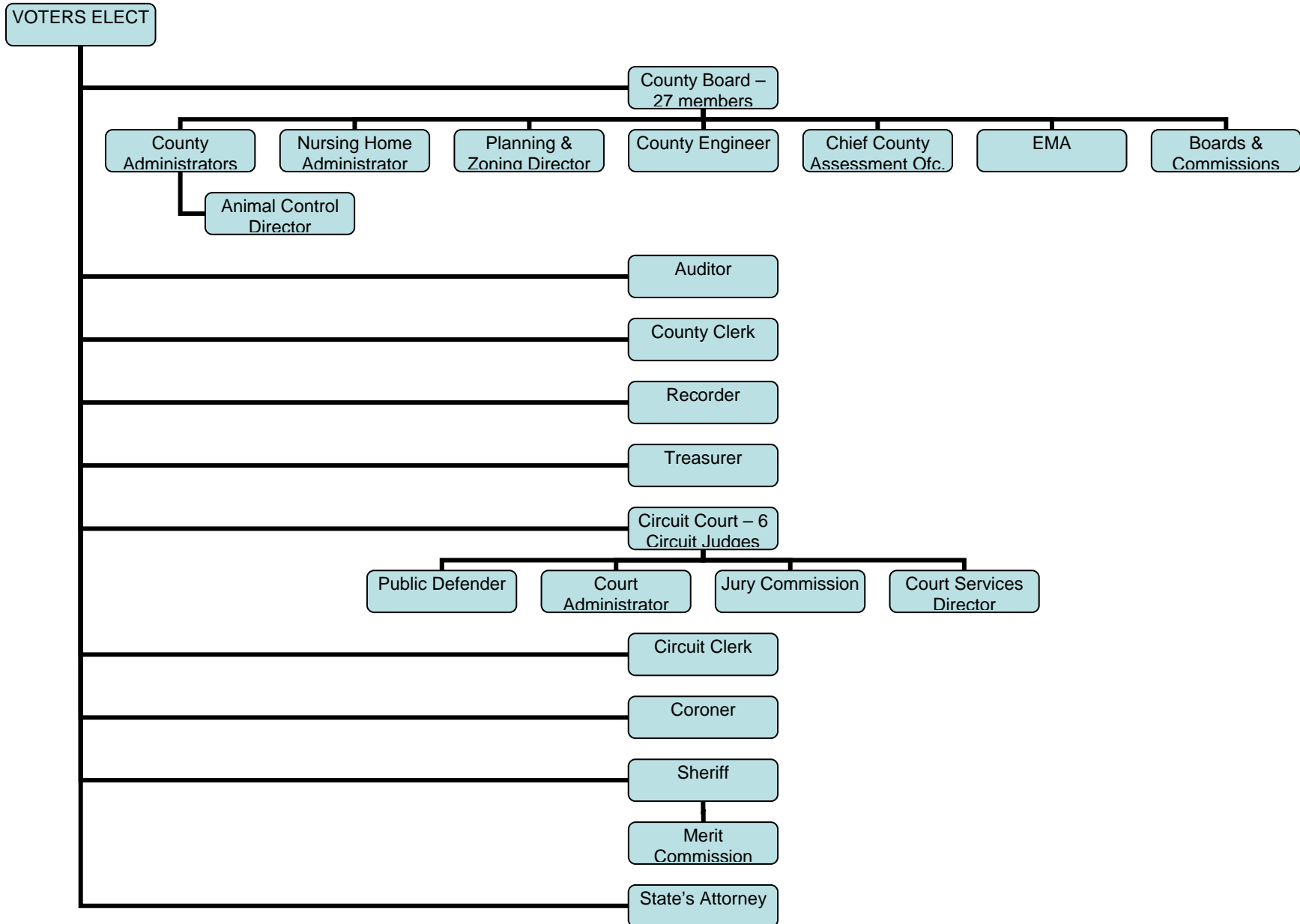
Intergovernmental Issues

- Continue to promote partnerships with local governments by identifying key issues and organizing policy discussions.
- Develop an active legislative action initiative to promote the County's legislative priorities and needs.

Organizational Issues

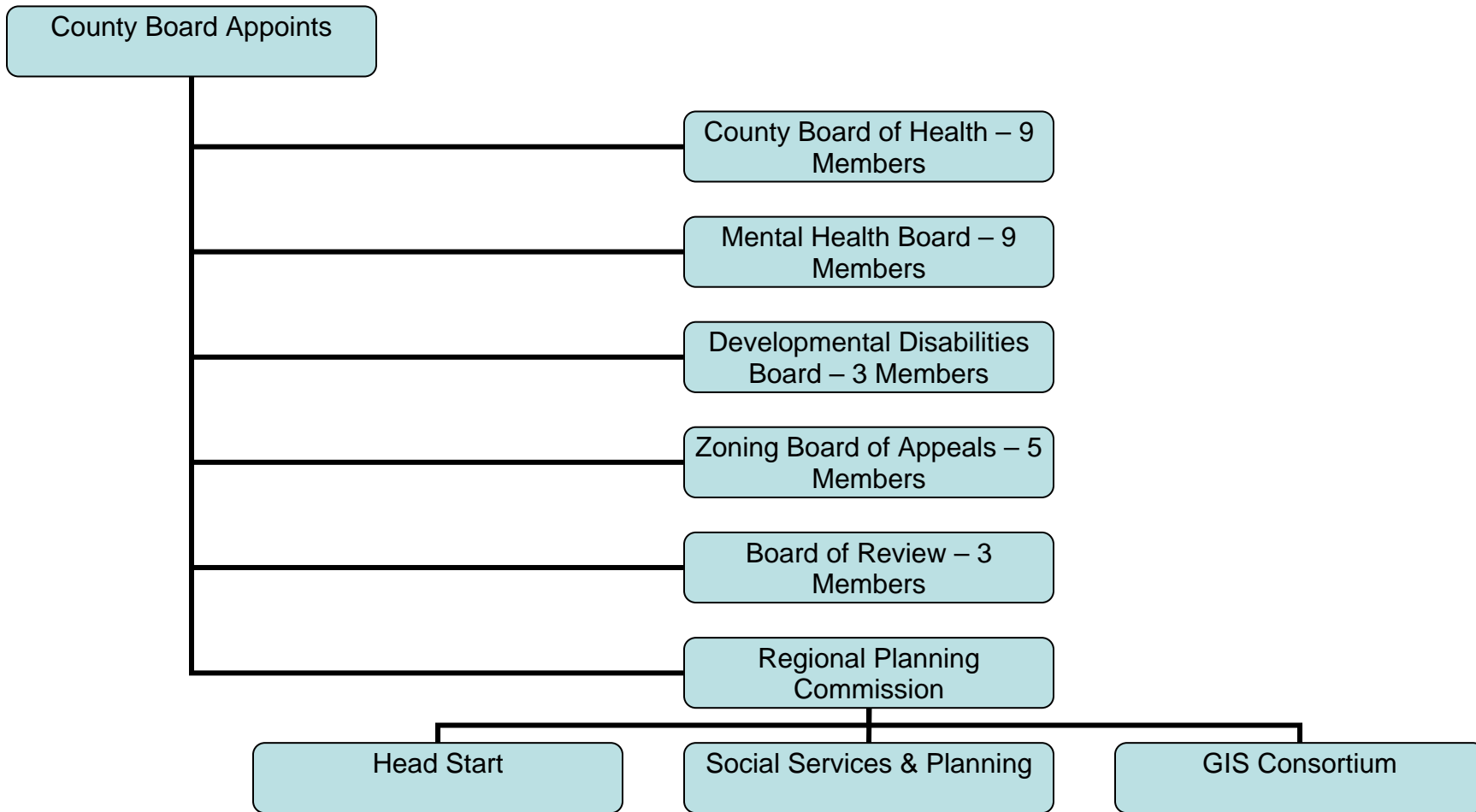
- Develop a sustainable long-term budget to support facilities and services through the adoption of a formal Capital Improvement Plan.
- Expand e-government and development of technology infrastructure to improve customer service and increase staff efficiency.
- Regularly evaluate budget policies and strategies to maintain fiscal strength and diversity of resources.
- Continue to improve communication within and management of the County's diverse workforce, encompassing thirteen collective bargaining agreements and non-bargaining employees.

Champaign County Organization Chart



County Board – Boards & Commissions Appointments

1. Appointed boards operate with different degrees of independence. The Mental Health Board, County Board of Health and Developmental Disabilities Boards are appointed by the County Board, and their budgets and tax levies require County Board approval, but their expenditures do not.
2. The Board of Review, Zoning Board of Appeals and Regional Planning Commission have budgets and expenditures approved by the County Board. The Board of Review and Zoning Board of Appeals are independent in performing their service to the public, while the Regional Planning Commission is under the jurisdiction of the County Board.



BUDGETARY BASIS and FUND STRUCTURE OVERVIEW

Budgetary Basis

All governmental funds and proprietary funds have legally adopted budgets on a modified accrual basis. Appropriations lapse 30 days after the end of the fiscal year. County ordinance provides that balances remaining in County appropriations shall be available for thirty days after the close of the fiscal year to pay for goods or services that were delivered prior to the close of the fiscal year. Because proprietary fund budgets are not on a full accrual basis and because appropriations lapse 30 days after year-end, the legally adopted budget is not on a basis strictly consistent with generally accepted accounting principles (GAAP). The basis of budgeting is different from the basis of accounting used in the audited financial statements, where the actual results of operations are presented in accordance with generally accepted accounting principles. Adjustments necessary to convert the results of operations from the budgetary basis to the GAAP basis are mostly due to proprietary funds having budgets on the modified accrual basis, while GAAP requires the full accrual basis.

Accounting Structure

A fund is the basic accounting unit: it is a self-balancing accounting entity with revenues and expenditures which are segregated for the purpose of carrying out specific programs in accordance with County policies and certain applicable State and Federal laws.

Each fund has at least one Department Budget, which is a group of expenditures that provide for the accomplishment of a specific program or purpose.

A major fund is a budgeted fund whose revenues or expenditures represent more than 10% of the total appropriated revenues or expenditures

Fund Statements

A Fund Statement is presented for each fund, which summarizes past and projected financial activity for the fund as follows:

- Revenues – presented in line item detail within revenue categories;
- Expenditures – presented in line item detail within major categories – e.g., personnel, commodities, services, etc.
- Fund Balance – the actual or estimated funds remaining at the end of the fiscal year.

Fund Types

All county funds are included in the Annual Budget Document except the fiduciary funds which include two Private Purpose Trust Funds in which the County Engineer acts in a

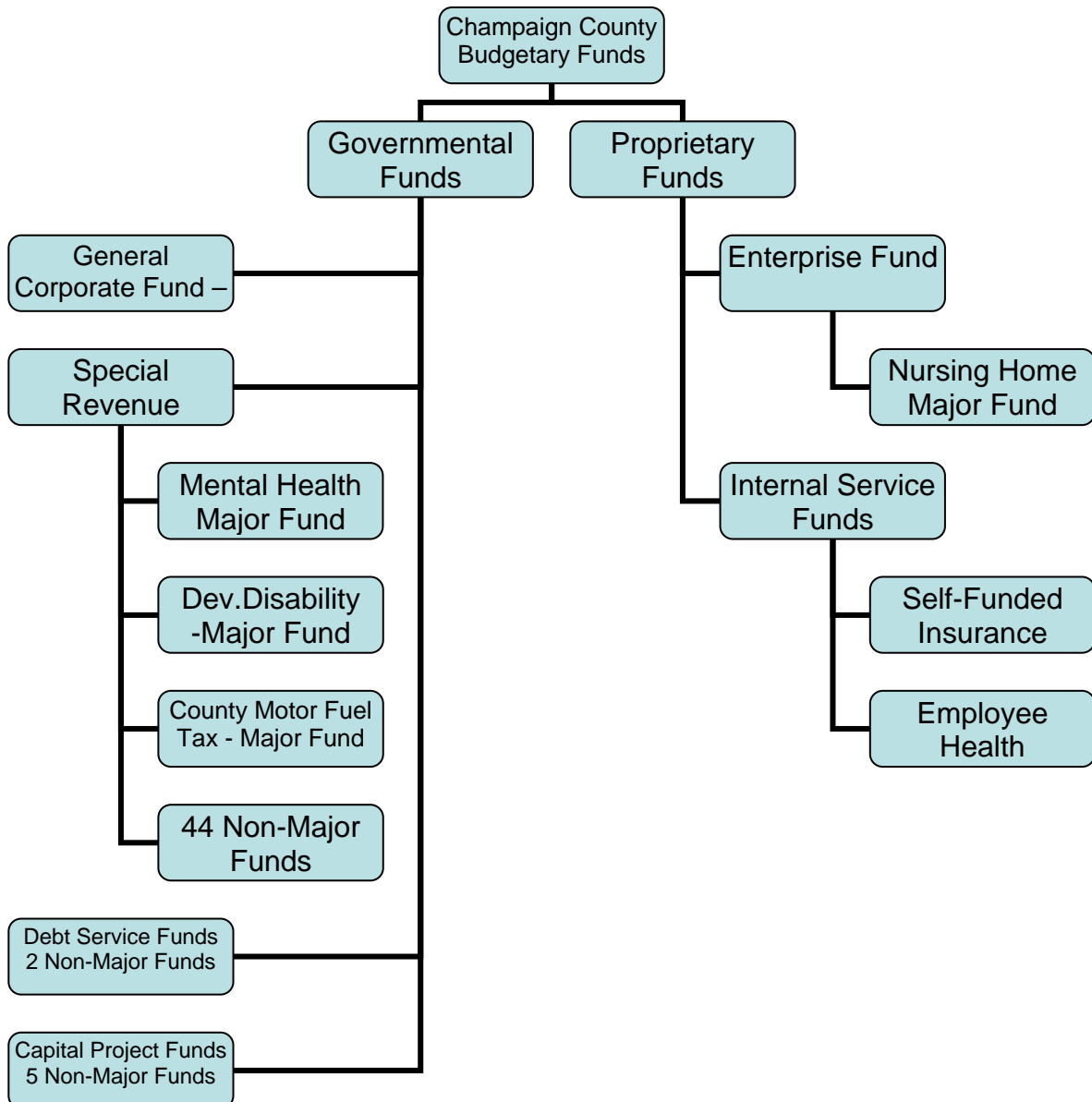
trustee capacity on behalf of townships to use state funding to maintain township roads and township bridges, which resources are not available to support the County's own programs; and Agency Funds whose purpose is to report resources, such as property taxes and circuit court fees and fines, held in a custodial capacity for external individuals, organizations and governments.

Governmental Funds – Governmental funds account for traditional governmental operations that are financed through taxes and other fixed or restricted revenue sources.

- A. General Fund:** the General Corporate Fund is available for any authorized purpose, and is used to account for all financial resources except those required to be accounted for in another fund. A General Corporate Fund summary is prepared which lists the amount of General Corporate Fund appropriation for all affected departments. The General Corporate Fund is a Major Fund.
- B. Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted to expenditures for a specific purpose. Currently, the County has three major funds in Special Revenue Funds – the Mental Health Fund which uses property taxes to fund mental health agencies; the Developmental Disability Fund, which uses property taxes to provide for the care and treatment of persons with a developmental disability; and the County Motor Fuel Tax fund, which uses state-shared motor fuel taxes to fund construction and maintenance of county highways. Special Revenue Funds also include 44 non-major funds.
- C. Debt Service Fund:** Debt Service Funds are utilized to account for the payment of interest, principal and related costs on the County's general long-term debt. The County has two debt services funds: one for the repayment of the bonds issued for the construction of the Satellite Jail and remodeling of the Downtown Correctional Center; and one for the repayment of bonds issued for the construction of the Nursing Home Facility. (In addition to Debt Service Funds, the County also has three debt service budgets included in other funds as appropriation based on the purpose of the fund.)
- D. Capital Projects Funds:** Capital Project Funds are used to account for all expenditures and revenues associated with the acquisition or construction of major facilities that are not financed through proprietary funds or funds being held for other governments. The County has five capital projects funds budgeted in FY2007 – the Courts Complex Construction Fund, the Nursing Home Construction Fund, and the Highway Facility Construction Fund. The Administration Building Construction fund is budgeted to transfer all remaining funds to the General Corporate Fund in FY2007, and will then be closed. The Jail Construction Fund is budgeted to transfer all remaining funds to the Capital Equipment/Improvement Fund in FY2007, and will then be closed.

Proprietary Funds – Proprietary Funds account for certain “business-type” activities of governments that are operated so that costs incurred can be recovered by charging fees to the specific users of these services.

- A. **Enterprise Fund:** An enterprise fund is used to account for operations that are financed primarily by User charges. The Nursing Home Fund is a Major Fund, and is the only enterprise fund in Champaign County.
- B. **Internal Services Funds:** An Internal Service Fund is established to account for the financing of goods and services provided to the County and other agencies on a cost reimbursement basis. The activities of the Self-Funded Insurance Fund and Employee Health Insurance Fund are budgeted and appropriated through the use of Internal Service Funds.



FY2007 FINANCIAL POLICIES

Amending the Budget

After the adoption of the annual budget, the budget may be amended through a budget amendment or budget transfer.

Budget Amendments -

- Amendments to the budget require a 2/3rd majority vote (18) of the County Board.

Budget Transfers -

The budget may be amended by transfers in two ways:

- Department heads may authorize transfers between non-personnel budget line items in their department budget as long as they do not exceed the total combined appropriation for these categories; and department heads may transfer from one personnel line item to another personnel line item in their department budget as long as they do not exceed the total combined appropriation for the personnel line items.
- All other transfers require a 2/3rd majority vote (18) of the County Board.

Appropriation

All County funds are appropriated in the “Official Budget”. Appropriations will be considered the maximum authorization to incur obligations and not a mandate to spend.

Balanced Budget

The County will make all current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, realizing future revenues early, or rolling over short-term debt. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.

Capital Equipment Replacement and Capital Improvement Fund

A Capital Equipment Replacement Plan multi-year plan for vehicles, computers and technology, and furnishings and office equipment will be updated and prepared for the General Corporate Fund departments in the annual budget process. These expenditures will be appropriately amortized and reserves for replacement will be appropriated to the Capital Equipment Replacement and Capital Improvement Fund.

The Capital Improvement Plan is a multi-year plan for the facilities owned and maintained by the County. The County will maintain all its assets at a level adequate to protect the County’s capital interest and to minimize future maintenance and replacement costs.

The County will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted and included in the Capital Equipment Replacement and Capital Improvement Fund plan.

The County Administrators are authorized to approve all expenditures from the Capital Equipment Replacement and Capital Improvement Fund in compliance with the multi-year plan and policies established by the County Board. No more than 3% of the total of the General Corporate Fund Appropriation may be appropriated to the Capital Equipment Replacement and Capital Improvement Fund.

Debt Management

When applicable, the County shall review its outstanding debt for the purpose of determining if the financial marketplace will afford the County the opportunity to refund an issue and lessen its debt service costs. In order to consider the possible refunding of an issue a Present Value savings of three percent over the life of the respective issue, at a minimum, must be attainable.

The County will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.

When the county finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the estimated useful life of the project.

The County will strive to have the final maturity of general obligation bonds at, or below, thirty years.

Whenever possible, the county will use special assessment, revenue, or other self-supporting bonds instead of general obligation bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed.

The County will not use long-term debt for current operations.

The County will maintain good communications with bond rating agencies regarding its financial condition. The County will follow a policy of full disclosure on every financial report and borrowing prospectus.

Contingency Fund

A General Corporate Fund contingency appropriation will be designated for emergency purchases during the year. The contingency appropriation goal is 1% of the total anticipated expenditure for the General Corporate fund. No more than 5% of the total General Corporate Fund Appropriation may be appropriated to the Contingency Fund. Money appropriated in the contingency fund may only be used if there is a transfer of funds approved by a 2/3 majority vote (18) of the County Board.

One-Time Revenues

To the extent feasible, one-time revenues will be applied toward one-time expenditures; they will not be used to finance ongoing programs. On going revenues should be equal to or exceed ongoing expenditures.

Financial Reserves and Surplus

On an annual basis, the fund balance for each fund shall be reviewed, and projections of reserve requirements and a plan for the use of an excess surplus shall be documented. The minimum fund balance requirement for the General Corporate Fund is a 45-day or 12.5% of expenditure fund balance for cash flow purposes. Instances where an ending audited fund balance is below the 45-day minimum requirement, a plan will be developed to increase the fund balance.

It is the intent of the County to use all surpluses generated to accomplish three goals: meeting reserve policies, avoidance of future debt and reduction of outstanding debt.

Encumbrance

An encumbrance system is maintained to account for commitments resulting from purchase orders and contracts. Every effort will be made to ensure that these commitments will not extend from one fiscal year to the next. Any emergency encumbrances, which do extend into the next fiscal year, shall be subject to appropriation in the next year's budget. Encumbrances at year - end do not constitute expenditures or liabilities in the financial statements for budgeting purposes.

Revenue

The County will try to maintain a diversified and stable revenue system to shelter it from unforeseeable short-run fluctuations in any one-revenue source.

The County will estimate its annual revenues by an objective, analytical process, wherever practical. The County will project revenues for the next year and will update the projection annually. Each existing and potential revenue source will be re-examined annually.

When preparing the Budget for Fiscal Year 2007, the property tax rates shall be calculated in accordance with the Property Tax Extension Limitation Law, with the goal of maintaining the Champaign County FY2006 rate of .7801.

The County charges user fees for items and services, which benefit a specific user more than the general public. State law or an indirect cost study determines the parameters for user fees. The County shall review all fees assessed in its annual budget preparation process to determine the appropriate level of fees for services and recommend any proposed changes to the fees collected to be implemented in the ensuing budget year.

Fixed Assets

The County maintains a fixed asset inventory of furniture, equipment, buildings, and improvements with a value of greater than \$2,500 and a useful life of one year or more.

Fiscal Year

The County's fiscal year is December 1st through November 30th.

Form of the Budget

The final Budget document must include the following, showing specific amounts:

- Statement of financial information including prior year revenue and expenditure totals, and current year and future year revenue and expenditure projections;
- Statement of all moneys in the county treasury unexpended at the termination of the last fiscal year;
- Statement of all outstanding obligations or liabilities of the county incurred in any preceding fiscal year;
- Any additional information required by state law.

Grants

The Champaign County Board supports efforts to pursue grant revenues to provide or enhance County mandated and non-mandated services and capital needs. Activities which are, or will be, recurring shall be initiated with grant funds only if one of the following conditions are met: (a) the activity or service can be terminated in the event the grant revenues are discontinued; or (b) the activity should, or could be, assumed by the County (or specific fund) general and recurring operating funds. Departments are encouraged to seek additional sources of revenue to support the services prior to expiration of grant funding. Grant approval shall be subject to the terms and conditions of Champaign County Ordinance Number 635.

Investment

The County Treasurer is responsible for the investing of all Champaign County funds. With County Board approval, the Treasurer may make a short term loan of idle monies from one fund to another, subject to the following criteria:

- a. Such loan does not conflict with any restrictions on use of the source fund;
- b. Such loan is to be repaid to the source fund, with interest, within the current fiscal year.

Purchasing

All items with an expected value of \$20,000 or more for capital construction or facilities maintenance purchases or \$10,000 or greater for all other purchases must be competitively bid with exceptions for professional services (other than engineering,

architectural or land surveying services). Additional competitive bid requirements may apply by statute or as a condition of using funds from an outside source. All purchases over the respective limits of \$20,000 or \$10,000, which require the use of either formal bids or requests for proposals, must be approved by the full Champaign County Board. The Champaign County Purchasing Ordinance establishes the procedures to be followed in all purchasing activities.

Risk Management

The County established a self-funded insurance program for workers compensation and liability. To forecast expenditures, the county hires an actuarial consulting firm to review loss history and recommend funding taking into consideration claims, fixed costs, fund reserves, and national trends. The County strives to maintain the actuary recommended fund balance.

Salary Administration

The County Administrator is responsible for computing salaries and fringe benefits costs for all departments. Increases for non-bargaining employees, as defined in the Personnel Policy, will be established by the Finance Committee at the beginning of the budget cycle and forwarded to the County Board for inclusion in the annual budget.

FY2007 BUDGET PROCESS

Budget Development Process

- **June 2006 –**
County Administrator of Finance conducts training and distributes a Budget Preparation Manual, which includes instructions for departments to use while preparing the FY2007 budget.
- **July 2006 –**
Departments submit FY2007 current year estimates, budget requests, and program change requests.

County Administrator of Finance conducts initial review of all submitted budgets.
- **August 2006 –**
Administrative staff complete revenue projections for the General Operating Fund; prepare the FY2007 budget for Capital Equipment Replacement/Improvement Fund; verify staffing budgets; and prepare recommendation for non-bargaining salary increases for FY2007.

The County Board conducts legislative budget hearings to receive preliminary budget projections and requests.
- **September 2006 –**
County Administrator of Finance reports initial overview of FY2007 funds and any outstanding issues for direction/decision by Finance Committee and County Board.
- **October 2006 –**
County Board conducts Truth in Taxation Public Hearing.
County Board receives Administrator Budget Recommendation.
- **November 2006 –**
County Board adopts final budget and appropriation and tax levy, by a simple majority vote.

Expenditure Requests

The County Board has determined the department budgets for commodities and services for the FY2007 budget shall be prepared with 0% growth over the FY2006 budget.

Program Change Requests for additional expenditure authority and requests for new services shall be considered for funding based on performance based criteria and the FY2007 Budget Priorities and Goals.

FY2007 Budget Priorities

1. *Champaign County places priority on the ease of access and availability of services and information to its citizens through ongoing development of e-government and web-based technology.*
2. *Champaign County places priority on maintaining and enhancing its own fiscal stability.*
3. *Champaign County values partnership with our employees and places priority on the fair and equitable establishment of compensation and benefits for our employees in recognition of the effective, efficient, and innovative support of our employees as they represent the core values of county government in their daily activities.*

FY2007 Budget Goals

Priority No. 1: Ease of access and availability of services and information to citizens.

- More information readily accessible – both inside and outside of county government.
- Development of information access through technology resources
- Evaluation of IT infrastructure and assessment of new programming strategies to be incorporated within that infrastructure

Priority No. 2: Maintaining and enhancing Champaign County's fiscal stability

- Identification of *mandated* vs. *discretionary* services
- Development and implementation of a multi-year plan – planned quality growth
- Performance evaluation of services
- Establishment of adequate reserves within County's fund balances for "rainy" day
- Regular review and evaluation of revenue streams and opportunities
- Interdepartmental cooperation to identify successful strategies to be implemented across departmental lines, e.g.: tax cycle, continuous jury, etc.
- Partner with other local governments to provide collaboration in service delivery
- Develop communication with state legislative officials to ensure the State is a full partner in the funding of mandated services

Priority No. 3: Partnership with employees

- Appropriate, market-rate compensation plans
- Establishment of clear performance expectations to guide behaviors and actions of employees
- Evaluation of work-loads and establishment of appropriate staffing levels
- Communicate what is going on in County Government
- Development of operating efficiencies which could produce potential tax savings
- Quality services delivered in a professional manner
- Delivery of appropriate training opportunities to create a well-informed and efficient workforce