

FY2008 CHAMPAIGN COUNTY FINAL BUDGET
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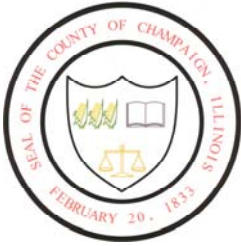
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ADMINISTRATIVE SUPPORT
 DATA PROCESSING
 MICROGRAPHICS
 PURCHASING
 PHYSICAL PLANT
 SALARY ADMINISTRATION

November 21, 2007

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

In accordance with Resolution No. 5992 Establishing the Budget Process and Policies for Fiscal Year 2008 approved by the County Board on May 24, 2007, and pursuant to 55 ILCS 1/6-1001, please accept the FY2008 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 2008.

ECONOMIC ENVIRONMENT

Champaign County continues to experience economic growth and stability. The County benefits from employment diversity as reflected in the following table from the fourth quarter of 2006:

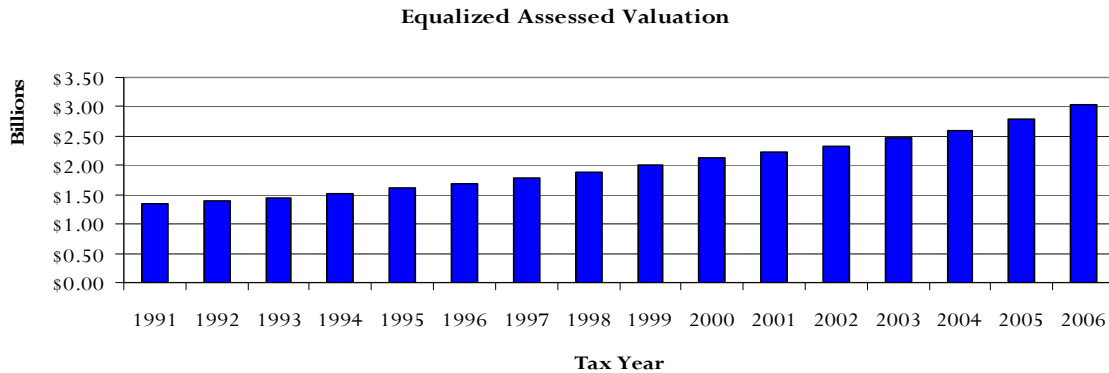
Employment by Industry

Classification	Number of Employees	Percent
Goods-Producing		
Natural Resources and Mining	225	0.25%
Construction	3,320	3.62%
Manufacturing	9,017	9.83%
Service-Providing		
Trade, Transportation and Utilities	17,177	18.73%
Information	2,493	2.72%
Financial Activities	4,056	4.42%
Professional and Business Services	7,282	7.94%
Education and Health Services	11,593	12.64%
Leisure and Hospitality	9,704	10.58%
Other Services	2,008	2.19%
Unclassified	26	0.03%
State and Local Government	23,547	25.68%
Federal Government	1,250	1.36%
Total	91,698	100.00%

Source: Department of Employment Security

Champaign-Urbana is home to the University of Illinois, one of the top public universities in the country. The University employs approximately 20% of the total County workforce, which is a substantive factor in the stability of the total county workforce. 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 4.5 as compared to the state average of 5.4%. (*Statistic as of July 2007, Illinois Department of Employment Security.*)

Housing development throughout the county has been strong, reaching a record level of 2,032 new units in 2005; 1,731 new units in 2006; and 1,041 new units through the first eight months of 2007. This development is reflected in the strong EAV growth in the county, where the equalized assessed valuation (EAV) for residential increased 9.94% in 2005, and 9.12% in 2006. There is a continuing expectation of residential growth in the cities of Champaign and Urbana, with a 600 acre residential development planned in Champaign at the Clearview Development, and continuing residential development in east Urbana on property purchased by Menard's.



The county also sees continuing development of new business and expansion of existing businesses throughout its communities. Current new developments include the following: two hotels – one rebuilt and one new – replacing the closed Chancellor Hotel immediately adjacent to the University of Illinois Assembly Hall and Memorial Stadium; hotel/conference center in the north portion of University Research Park being developed by the university and a private developer; Curtis Road Interchange off of Interstate 57 with expanded retail development planned at that location; new retail development in southeast Urbana including a new Meijer store, adjacent commercial retail space, and a new Menard's; Clearview Development – an extensive private-public planning project in northwest Champaign to include commercial office space, relocation of downtown Christie Clinic, and a new Carle Clinic satellite office, and residential; new satellite clinics for both Christie Clinic and Carle Clinic in east Urbana; and continuing residential/retail projects in both the north and downtown University of Illinois campus areas.

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 continue to work together toward identifying and implementing solutions to this issue.

FY2007 in REVIEW

Planning

The County Board began FY2007 with a focus on long-term planning initiatives. County Board members engaged in the development of a County Board Strategic Plan document; and approved consulting services to enhance long-term planning for the operation of the Champaign County Nursing Home and county-wide IT development.

Nursing Home Planning Initiative

From 1993 to 2005, the Champaign County Nursing Home operated at a deficit in all but three years. In 1993 the Nursing Home held a fund balance of approximately \$3 million. By the end of 2005, the fund balance was completely depleted, and in FY2006-2007, the Nursing Home was granted \$1.5 million from the County General Corporate Fund to cover the continuing operating deficit. The Champaign County Nursing Home operation moved into a new facility on February 28, 2007 – at the end of the first quarter of the FY2007 budget year. With the opportunity to assess efficiency and re-align some of the Nursing Home operations with a move into the new facility, and with the financial necessity to correct the ongoing operating deficit of the Nursing Home, the County Board approved a contract for an operational audit of the Nursing Home at the end of 2006. The goal of the audit was that it would provide the County Board with a design and plan for moving the Nursing Home to an efficient, viable and financially stable operation.

Management Performance Associates conducted the operational audit and provided its report to the County Board in February 2007. Implementation of operational audit recommendations included re-negotiation of the pharmacy services and therapy services contracts; focused effort on rehabilitation services and memory care services; acuity based staffing for the nursing department – staffing that fluctuates with the resident population and needs. As a result of the implementation of these recommendations, the Nursing Home FY2007 budget is anticipated to end with less than a \$200,000 deficit (as opposed to an average annual deficit of \$1 million experienced over the last two years.) As the FY2008 budget is prepared, it is anticipated the Nursing Home budget will be a balanced budget, again substantially because of changes recommended and implemented through this study, and because of some changes negotiated in the collective bargaining agreements which cover 90% of the Nursing Home employees.

Information Technology Planning Initiative

As part of the FY2007 budget process, the County Board identified priorities which included priority on the ease of access and availability of services and information to its citizens. One of the stated goals associated with this priority was evaluation of IT infrastructure and assessment of new programming strategies to be incorporated within that infrastructure.

With that goal in mind, the County Board contracted with Maximus, Inc. to conduct a county-wide IT Assessment in the late Spring of 2007. The scope of work was to include assessment of existing computing platforms and information systems to determine future effectiveness in meeting the needs of the County; assessment of current staffing structure and determination of appropriate staffing for future effectiveness; development of cost-beneficial recommendations regarding various projects and initiatives; and development of an information technology vision and strategy that is aligned with the vision and strategy for the County as a whole. Maximus conducted an extensive assessment process, involving all county offices and officials in the discussion and analysis. A final report was documented and presented

to county department leaders and the County Board in September 2007. As a result of the report, the County Board has authorized initial steps toward implementation of an information technology strategic plan that includes the following actions in FY2008:

- Appointment of a 9-member Technology Oversight Committee, with 5 permanent members, and 4 members rotating on and off the committee in two-year terms, the members to include all of the elected officials of county government.
- Creation of a new position for IT Director, anticipated to be filled in March 2008. (Nine months of salary included in the FY2008 budget of approximately \$60,000.)
- Creation of an additional Help Desk operator position, anticipated to be filled in June 2008. (Six months of salary included in the FY2008 budget of approximately \$21,500.)
- Additional funding earmarked for purchase of Help Desk software to be implemented county-wide to approximately 800 users and 600 devices. (New funding included in the FY2008 budget of approximately \$25,000.)

The Maximus report also included long-term planning initiatives in a five-year timeline and implementation proposal. The long term planning for the County's information technology development will rest primarily with the Technology Oversight Committee providing recommendations to the County Board, based upon insights and evaluative information gained from the Maximus report, user departments, and the Champaign County information technology staff.

County Board Strategic Plan

Members of the County Board, through the Policy, Personnel and Appointment Committee, also initiated discussion to develop the first Champaign County Board Strategic Plan in January 2007. All board members were invited and encouraged to provide issues and ideas for consideration in the development of a County Board Strategic Plan. A sub-committee appointed to evaluate the plan, met and developed an initial document to serve as the County Board's Strategic Plan and FY2008 Goals Statement, which was approved by the Policy, Personnel and Appointments Committee in October and is expected to be approved by the County Board this month as well. This document will serve as the initial phase for future discussion and development of a documented long-term planning process to be conducted and evaluated regularly by the County Board.

Budget Highlights

Tort Immunity and Self-Funded Insurance Funds

The County has been implementing gradual corrections to funding for the Tort Immunity and Self-Funded Insurance Funds since FY2006. 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 \$953,237 revenue surplus achieved by the General Corporate Fund in FY2005. The County Board appropriated \$758,957 from General Corporate to Tort Immunity in FY2006 to cover the fund deficits, and appropriated a 53% increase to the property tax levy for Tort Immunity in FY2007 to achieve a balanced budget. The Tort Immunity Tax was also given priority in setting the tax levy to be collected in FY2008, with a 13.8% increase, borrowing from the levy increase allowance for the General Corporate Fund which will receive only a 4.4% increase in FY2008. The combination of these actions provides a balanced budget going into FY2008 for Tort Immunity and Self-Funded Insurance Funds. Settlements

extending beyond the actuarial anticipated expenditures may require additional funding until the fund balance for the Self-Funded Insurance Fund is replenished to a level of at least \$500,000.

Debt Issuance in FY2007

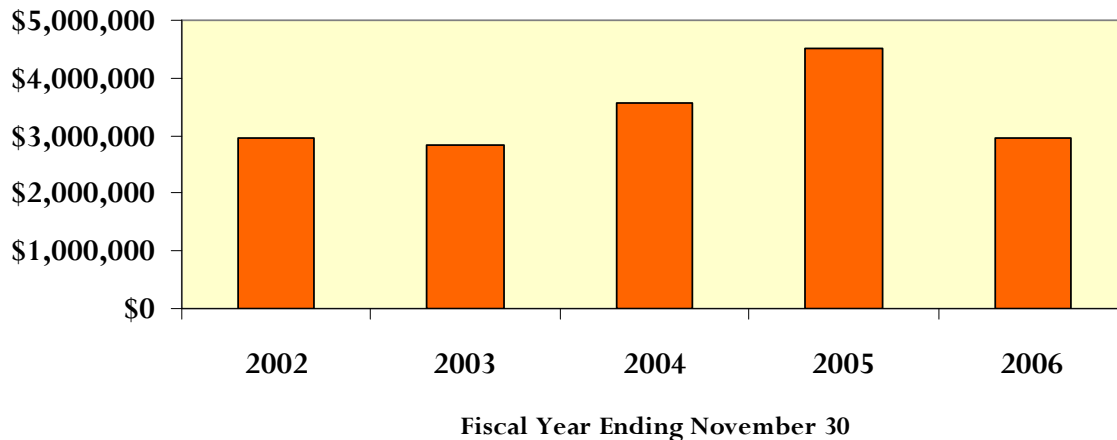
The County Board has authorized the issuance of two bonds, the sale of both bonds to be executed on October 18, 2007. The first bond issue is in the amount of \$6 million for a project which will include the exterior masonry stabilization of the old Courthouse, and restoration of the Courthouse clock and bell tower. The total project budget is estimated to be \$6.8 million. \$1.3 million of the total represents costs associated with the restoration of the clock and bell tower. The Citizens Committee for the Restoration of the Courthouse Clock and Bell Tower has been soliciting private donations for this portion of the project over the past three years. To date, the Committee has raised \$850,000 in donations and pledges. It is anticipated that \$500,000 of the bonds being issued will be repaid with additional contributions yet to be received for the clock and bell tower restoration project. This issue will be scheduled to be repaid over a twenty year term, and the pledged alternate revenue source for repayment of the bonds is the county-wide ¼ Cent Public Safety Sales Tax.

The second bond issue is in the amount of \$1.5 million for the completion of the Highway Fleet Maintenance Facility. This \$7 million project, which is scheduled to be completed by January 2008, has been funded with \$5.5 million of motor fuel tax and county highway funds the County had saved for this construction. The bond issue for the final \$1.5 million is to cover \$700,000 in project costs associated with fleet maintenance construction for General Corporate Fund departments, and \$800,000 of the completion costs for the county highway fund. This bond will be repaid over a period of ten years, and the pledged alternate revenue source for repayment of the bonds is the county-wide general ¼ cent sales tax.

General Corporate Fund

The General Corporate Fund ended FY2006 with a \$1.5 million deficit. This deficit and corresponding drop in fund balance was directly attributable to grants from the General Corporate Fund to the Nursing Home Fund and Tort Immunity/Self-funded Insurance Funds. This drop brought the General Corporate Fund Balance to 10% of budgeted expenditures at the beginning of FY2007.

General Fund Balance



The minimum fund balance goal for the General Corporate Fund is 12.5%. With a fund balance below the goal, all revenues in excess of expenditures in FY2007 and beyond will be allocated to replenish the fund balance until the 12.5% goal is again achieved. At this time it is anticipated the FY2007 budget will end at a balanced or slightly positive position

Collective Negotiating Highlights

Twelve of Champaign County's thirteen labor contracts expired on November 30, 2006, or at some point earlier in FY2006. The County was engaged in the negotiation of most of these contracts at the time the fiscal year began. At the writing of this Transmittal Letter, nine of the contracts have been successfully negotiated, and three remain open. The three contracts that have not been ratified are all FOP (Fraternal Order of Police) contracts – Sheriff's Corrections, Sheriff's Correction Sergeants, and Circuit Court – Court Services.

Two FOP contracts were ratified – Sheriff's Court Security and Sheriff's Law Enforcement. These contracts were negotiated with annual COLA adjustments to the longevity scales of 2.25% in FY2007, 3% in FY2008, 3% in FY2009 and 3% in FY2010.

Four AFSCME (American Federation of State, County and Municipal Employees) contracts which cover the County's clerical workers – General County Clerical Workers, State's Attorney Unit, Circuit Court Unit, and Circuit Clerk Unit, were negotiated in the late winter/early spring. The County had identified the fact that the wages paid to its clerical workers had fallen significantly behind the market, and at the same time noted that there was no defined salary schedule for these groups of employees. AFSCME and the County agreed upon a salary schedule to go into effect on December 1, 2007 for the FY2008 budget year which provided an average 17% increase to the wages for these 155 employees, in order to bring the wages back in line with market. The salary schedule will also provide a ceiling for the wages of these workers which had not previously existed. The AFSCME workers agreed to a 3% increase for FY2007 in light of the substantial increase the implementation of the new salary schedule creates in FY2008. The schedule provides a longevity bump at the end of the 1st year, 5th, 10th, 15th and 20th year of service. The schedule will be increased by 3.5% in FY2009, with a contract term ending November 30, 2009.

The two Nursing Home AFSCME contracts were negotiated with a wage freeze for FY2007, with the caveat that if the Nursing Home operates at a loss of no more than \$200,000 and up to a \$200,000 profit in FY2007, every employee shall receive a one-time check equal to 1% of their gross pay for FY2007; if the Nursing Home operates at a profit of \$200,000 to \$500,000 in FY2007, every employee shall receive a one-time check equal to 2% of their gross pay for FY2007; and if the Nursing Home operates at a profit of \$500,000 or more in FY2007, every employee shall receive a one-time check equal to 3% of their gross pay for FY2007. This was a partnership agreement between AFSCME and the County which is incentive-based and brings into focus the impact of performance of the workforce on the successful operation of the Champaign County Nursing Home. The negotiated contract was for two years only (through November 30, 2008), and the FY2008 wages are subject to a re-opener and negotiation beginning in October 2007.

The Head Start AFSCME contract was negotiated with wage increases tied to the annual COLA adjustment provided by the Federal Government through the Head Start Grants. The contract will expire June 30, 2009.

FY2008 BUDGET PROCESS and PREPARATION

The County Board adopted Resolution No. 5992 in May 2007 establishing the parameters for the preparation of the FY2008 budget. The County Board adopted a very conservative approach for the preparation of the FY2008 budget because of the need to rebuild the General Corporate Fund balance, and to continue monitoring the financial performance of the Nursing Home and Self-Funded Insurance Funds.

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 mandated commodities and services cost increases in FY2008. General Corporate Fund budgets include appropriated growth of \$201,032 in the FY2008 commodities and services line items for utilities, gasoline, inmate services (food and medical), and increased demand for services on the Office of the Coroner.

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:

- Additional funding for Urbana Library Archives - \$25,000
- Additional Guardian Ad-Litem contract for CASA (Court Appointed Special Advocates) Program - \$36,000
- Additional Deputy Sheriff - \$60,453
- Two additional part-time custodians – one for new Highway facility; one for ILEAS lease of 1701 E. Main (old Nursing Home facility) - \$20,406 in expenditure with \$10,203 in revenue
- Additional temporary staff support for the Emergency Management Agency (EMA) - \$6,000
- Champaign County Convention & Visitors' Bureau – Request for \$13,000 in funding
- Champaign County Economic Development Corporation – Request for \$32,850

The Finance Committee reviewed these requests in September, and recommended adoption by the County Board of the approval of all of the above requests, with the exception of the requests from the Convention and Visitors' Bureau, and the Champaign County Economic Development Corporation, which were not funded; and the request from the Urbana Library Archive which was funded at an additional \$15,000 instead of the \$25,000 originally requested. The County Board approved all of the recommended changes to the County's General Corporate Fund FY2008 budget at its September meeting, and all changes have been incorporated in the budget presented here.

The FY2008 General Corporate Fund budget is presented with \$33,651,282 in revenue and \$33,651,282 in expenditure.

All Funds

The FY2007 Champaign County Budget for all funds is:

\$110,545,554 in Revenue
\$118,335,661 in Expenditure

The \$7,790,107 expenditure in excess of revenue to be received in FY2008, is appropriated from available resources within fund balances. The majority of appropriation from existing fund balances occurs in the capital projects funds. In FY2008, 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	\$ 790,254
Courts Construction	\$4,519,067
Highway Construction	\$1,457,181

TOTAL **\$6,766,502**

In addition to the capital projects budgets listed above, the total expenditure appropriation for the special revenue funds is \$953,839 more than budgeted revenue. These appropriations in excess of revenue for the special revenue funds are covered by monies previously received and available in individual fund balances.

The combination of \$7,720,341 in capital projects and special revenue funds FY2008 expenditures which are covered by previously received revenues provides explanation as to the fact that the total FY2008 budget is balanced within each fund using revenues projected to be available to the County during FY2008.

SUMMARY

The FY2008 Budget is the second budget prepared with a format for each department and fund to summarize their operations, including statement of goals and performance indicators to measure the achievement of those goals. The County Board's strategy for this format and documentation is to provide to the public and taxpayers a true statement of the services provided to the citizens of this community with the taxpayer dollars and fees paid for those services.

In FY2008, the County Board will continue to work on long-term planning initiatives with the goal of continuing improvement of services to its citizens and transparency in documenting its use of the public's dollar.

ACKNOWLEDGMENTS

The preparation of the FY2008 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. This is only the second year of an electronic budget process, and he has continued to work diligently to bring improvement and enhancement available through technology to this process. 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 FY2008 Champaign County Budget.

Respectfully submitted,

Debra Busey
County Administrator of Finance & HR Management

HOW TO USE THIS DOCUMENT

The Champaign County FY2008 Budget Document is organized into eight sections. These include: Introduction; Summary; General Corporate Fund; Special Revenue Funds; RPC Funds; Debt Service & Capital Projects Funds; Proprietary Funds; and Supplemental Information. Each section is described below, followed by a description of the accounting and fund structure used to develop the budget document:

Section 1 - Introduction – This background section provides an overview including the County Administrator’s Letter of Transmittal; this “How to Use” instructional document; Champaign County economic and demographic information; and Champaign County Board policy and process information.

Section 2 - Summary – This budget summary section provides a quick overview of highlights of the FY2008 total Champaign County budget.

Section 3 - General Corporate Fund – A summary statement at the beginning of this section provides complete revenue and expenditure detail for the General Corporate Fund as a whole, including FY2006 actual revenues and expenditures, FY2007 budgeted and projected revenues and expenditures, and FY2008 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.

Section 4 - Special Revenue Funds – A summary statement and department budget information within funds is provided for each of the County’s 44 special revenue funds. The fund and department budget document structure is substantially the same as for the General Corporate Fund department budgets.

Section 5 - RPC Funds – A separate section for the four special revenue funds (encompassing 100 individual department budgets) which are managed by the Champaign County Regional Planning Commission.

Section 6 - 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.

Section 7 - 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.

Section 8 - Supplemental Information – This section includes additional information including budget ordinances; property tax distribution; personnel staffing budgets and salary schedules; and a glossary of terms used in this document.

The above description of the eight sections of the FY2008 budget book is further enhanced for the reader with the following description of Champaign County’s structure of funds.

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.

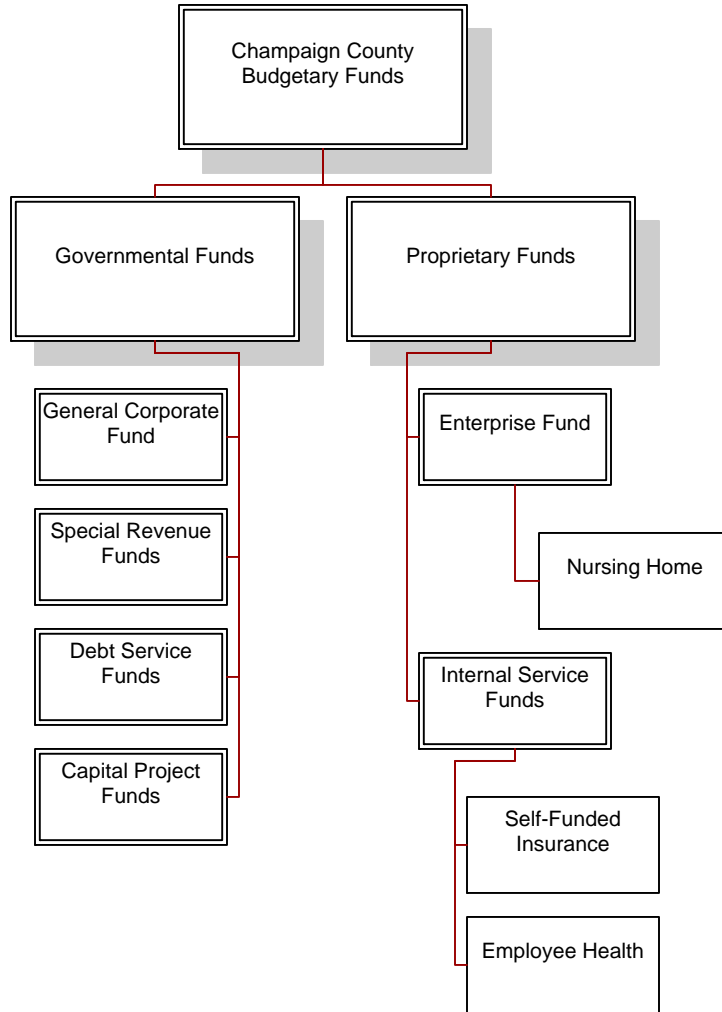
- A. **General Fund:** the General Corporate Fund is available for any authorized purpose, and is used to account for all financial resources except those

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 45 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 three 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; and one for the repayment of bonds issued for the construction of the Highway Fleet Maintenance 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 three capital projects funds budgeted in FY2008 – the Courts Complex Construction Fund, the Nursing Home Construction Fund, and the Highway Facility Construction Fund.

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.





Champaign County Board Strategic Plan

Vision Vision

Champaign County balances the preservation of the best farmland in the world with the need to enable appropriate development and economic growth. We are committed to providing our citizens with a safe and healthy environment in which to live. We value the diversity of this community, and quality education opportunities provided here.

Mission Mission

Champaign County is committed to its citizens by offering a wide range of desired county services in a cost-effective and responsible manner.

Accomplishments Accomplishments

ACTION: As part of the budget process each year, previous year's accomplishments as they relate to the Strategic Plan will be reviewed and next year's goals and objectives will be set.

Accomplishments in 2007 have included:

- Long-range planning has begun in the areas of technology, capital improvement, finance, and land use.
- Nine of the 12 collective bargaining agreements which expired at the beginning of FY2007 have been successfully negotiated, and the remaining three are expected to be completed before the end of the year.
- The move into the new Champaign County Nursing Home was completed.
- Construction on the new Fleet Maintenance Facility began.
- Agreement with ILEAS to occupy the old nursing home facility was executed.
- Continued evolution of budget process, allowing for more information about the budget to be understood throughout the media and community.
- GFOA budget award received (only 5 of 102 Illinois counties received award) for innovation and forward-thinking in budget process.
- Enhanced Internet and wireless connectivity for the County's network, allowing for greater efficiency for the operations of county offices and increased public accessibility to meetings and data.

Goals

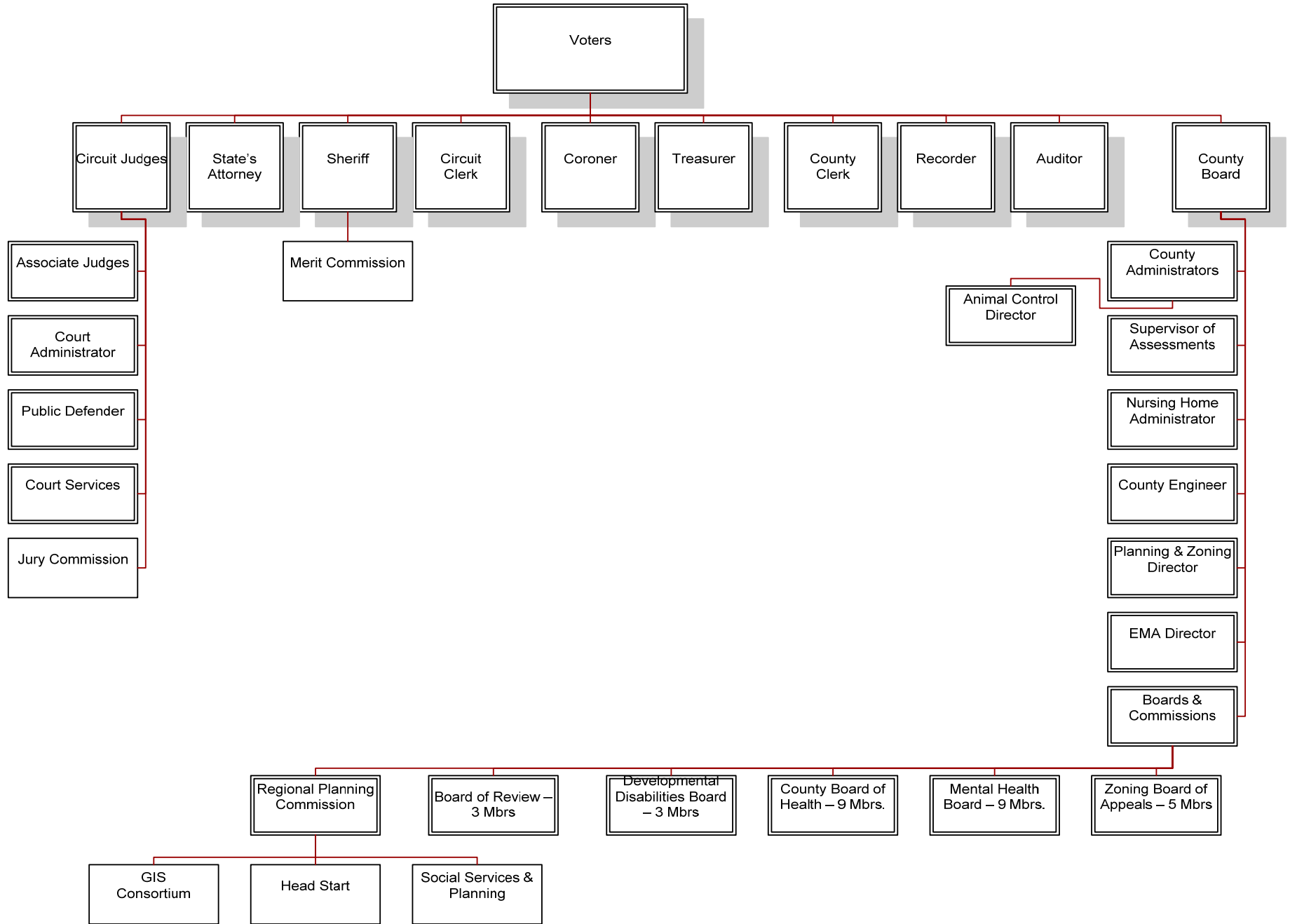
Goals and objectives for 2008 include:

- Continue technology development that will allow the County to provide greater efficiencies to county offices and accessibility to the public.
- Implement capital improvement plan.
- Complete finance and land use plans.
- Complete Fleet Maintenance Facility.
- Begin construction project on exterior maintenance of Champaign County Courthouse.
- Complete capital improvements to old nursing home facility for ILEAS as part of mutually beneficial lease.
- Implement new administrative structure.
- Study and implement plan to increase diversity in County workforce and contractors.
- Review and revise the Champaign County Purchasing Policy.
- Break even or better net income for Champaign County Nursing Home.
- Identify and implement tools for enhancing communication of Champaign County government to its citizens and constituents.

Commitment

Champaign County employees are committed to supporting the County's vision, mission, and strategic plan. Together, the employees of Champaign County help to provide important core county services to all citizens, making Champaign County a great place to live.

CHAMPAIGN COUNTY ORGANIZATION CHART



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. 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.

Census and Other Data

Population - A table of population statistics for the County and its two largest cities follows.

	<u>1980</u>	<u>1990</u>	<u>2000</u>
City of Champaign	58,133	63,502	67,518
City of Urbana	35,978	36,383	36,395
Champaign County	168,392	173,025	179,643
State of Illinois	11,426,518	11,430,602	12,482,301

Source: U.S. Census Bureau

Champaign County Population demographics are as follows:

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%

¹U.S. Census Bureau QuickFacts

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

Income - Data from the 2000 Census states that median family income for the County was \$52,591 which is 47.60 percent higher than the 1990 median family income of \$35,630.

The following tables present the distribution of family incomes in the County and the State according to the 2000 Census.

	COUNTY		STATE	
	<u>Number of Households</u>	<u>Percent</u>	<u>Number of Families</u>	<u>Percent</u>
Under \$9,999	1,813	4.56%	156,205	5.00%
\$10,000 to \$14,999	1,313	3.30	105,747	3.38
\$15,000 to \$24,999	3,629	9.13	273,712	8.76
\$25,000 to \$34,999	4,280	10.77	331,907	10.62
\$35,000 to \$49,999	7,434	18.70	506,429	16.20
\$50,000 to \$74,999	10,333	25.99	736,897	23.58
\$75,000 to \$99,000	5,343	13.44	445,390	14.25
\$100,000 to \$149,999	3,523	8.86	356,068	11.39
\$150,000 to \$199,000	1,201	3.02	101,955	3.26
\$200,000 or more	<u>882</u>	2.22	<u>111,008</u>	<u>3.55</u>
TOTAL	39,751	100.00%	3,125,318	100.00%

Source: U.S. Census Bureau

Housing - The following comparison shows the 2000 Census housing data for the County and the State.

	COUNTY		STATE	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	2,982	9.00%	230,049	9.31%
\$50,000 to \$99,000	15,439	46.9	651,605	26.38
\$100,000 to \$149,999	8,716	26.30	583,409	23.62
\$150,000 to \$199,999	3,454	10.42	429,311	17.38
\$200,000 to \$299,999	1,769	5.34	344,651	13.95

\$300,000 to 499,999	676	2.04	163,254	6.61
\$500,000 to \$999,999	90	0.27	55,673	2.25
\$1,000,000 or more	<u>14</u>	<u>0.04</u>	<u>12,386</u>	<u>0.50</u>
TOTAL	33,140	100.00%	2,470,338	100.00%

Source: U.S. Census Bureau

	<u>Median Home Value</u>		
	<u>1980</u>	<u>1990</u>	<u>2000</u>
City of Champaign	\$48,900	\$66,500	\$91,300
City of Urbana	50,600	69,000	89,300
Champaign County	49,400	67,700	94,700
State of Illinois	52,800	80,900	130,800

Source: U.S. Census Bureau

Employment - The employment diversity of the County is reflected below in the following tables in data from the fourth quarter of 2006.

Employment by Industry

<u>Classification</u>	<u>Number of Employees</u>	<u>Percent</u>
Goods-Producing		
Natural Resources and Mining	225	0.25%
Construction	3,320	3.62%
Manufacturing	9,017	9.83%
Service-Providing		
Trade, Transportation and Utilities	17,177	18.73%
Information	2,493	2.72%
Financial Activities	4,056	4.42%
Professional and Business Services	7,282	7.94%
Education and Health Services	11,593	12.64%
Leisure and Hospitality	9,704	10.58%
Other Services	2,008	2.19%
Unclassified	26	0.03%
State and Local Government	23,547	25.68%
Federal Government	1,250	1.36%
Total	91,698	100.00%

Source: Department of Employment Security

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 under 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 following table shows the trend in annual average unemployment rates for the County and the State.

ANNUAL AVERAGE UNEMPLOYMENT RATES

	<u>ChampaignCounty</u>	<u>State</u>
1998.....	2.8%	4.5%
1999.....	2.5	4.3
2000.....	2.4	4.4
2001.....	2.8	5.4
2002.....	3.2	6.5
2003.....	4.3	6.7
2004.....	4.6	6.2
2005.....	3.9	5.7
2006.....	3.7	4.5
2007*.....	4.5	5.4

*As of July 2007

Source: Illinois Department of Employment Security

BASIS OF ACCOUNTING/BASIS OF BUDGETING

Champaign County's governmental accounting and financial reporting are managed in accordance with "Generally Accepted Accounting Principles" ("GAAP"). Government funds use a modified accrual basis of accounting. The modified accrual basis of accounting and budgeting recognizes revenues when they become available and measurable, and expenditures when the liability is incurred. Proprietary funds use an accrual basis of accounting. The accrual basis of accounting recognizes revenue when earned and expenses when incurred, regardless of when cash is received or disbursed.

The *budgets* for all governmental funds *and* proprietary funds are presented on a modified accrual basis. The modified accrual basis of budgeting is reflected in the County ordinance which 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, 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 accounting for those funds on the full accrual basis.

FY2008 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 2008, the property tax rates shall be calculated in accordance with the Property Tax Extension Limitation Law, with the goal of maintaining the Champaign County FY2007 rate of .7616.

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.

FY2008 BUDGET PROCESS

Budget Development Process

- **June 2007 –**
County Administrator of Finance conducts training and distributes a Budget Preparation Manual, which includes instructions for departments to use while preparing the FY2008 budget.

- **July 2007 –**
Departments submit FY2008 current year estimates, budget requests, and program change requests.

County Administrator of Finance conducts initial review of all submitted budgets.

- **August 2007 –**
Administrative staff complete revenue projections for the General Operating Fund; prepare the FY2008 budget for Capital Equipment Replacement/Improvement Fund; verify staffing budgets; and prepare recommendation for non-bargaining salary increases for FY2008.

The County Board conducts legislative budget hearings to receive preliminary budget projections and requests.

- **September 2007 –**
County Administrator of Finance reports initial overview of FY2008 funds and any outstanding issues for direction/decision by Finance Committee and County Board.

- **October 2007 –**
County Board conducts Truth in Taxation Public Hearing.
County Board receives Tentative Budget.

- **November 2007 –**
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 FY2008 budget shall be prepared with 0% growth over the FY2008 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 FY2008 Budget Priorities and Goals.

FY2008 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.*

FY2008 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