

CAPITAL ASSET REPLACEMENT FUND

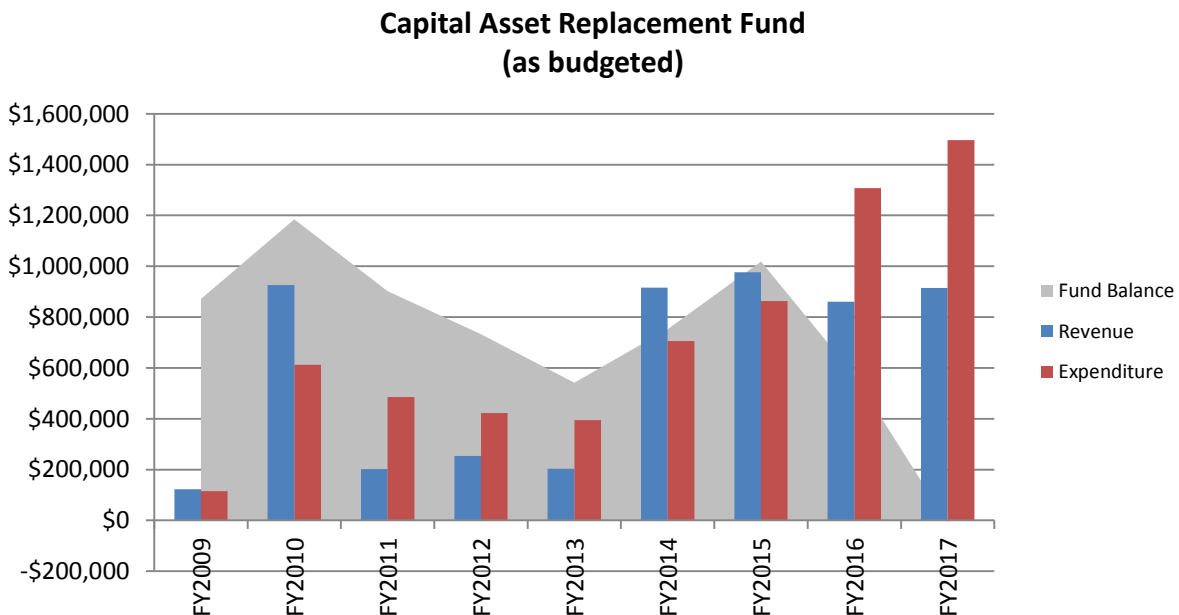
Fund 105-000

Pursuant to statutory authority documented in 55 ILCS 5/6-1002.5, the Champaign County Board adopted Resolution No. 4555 on May 21, 2002, establishing the Capital Asset Replacement Fund as the fund to receive revenues and appropriate expenditures for the implementation of a long term capital planning for technology, vehicles, furnishings and office equipment for the County's General Corporate Fund departments. With the FY2006 budget, the Champaign County Board added funding for capital improvements for some facilities needs to the Capital Asset Replacement Fund. Sources of revenue for this fund include, but are not limited to: General Corporate Fund, the Public Safety Sales Tax Fund, the Court Services Probation Service Fees Fund, and the GIS Fund.

BUDGET HIGHLIGHTS

Revenue for the Capital Asset Replacement Fund (CARF) is transferred into the fund from General Corporate Fund, Public Safety Sales Tax Fund, Probation Services Fees Fund, and any other fund deemed an appropriate source for a purchase from the CARF. Since 2008, declining revenues in the General Corporate Fund and Public Safety Sales Tax Fund have resulted in cuts in funding for future reserve items in the Capital Asset Replacement Fund. (FY2010 is the only exception when \$416,000 was deposited for Facilities replacement issues, and only \$172,000 of that was spent.)

The FY2017 budget was initially prepared with restoring the budgeting of all required contributions for items that will be purchased in FY2017 and for the scheduled future reserve for all other items. Fully funding the Capital Asset Replacement Fund for FY2017 would require a total of \$786,480 in revenue. The FY2017 budget was prepared by transferring funding from the General Corporate Fund and Public Safety Sales Tax Fund for current (FY2017) expenditures only, \$372,483, and not for appropriation of reserve for future funding. This was done to enhance the ability to establish balanced budgets for the General Corporate Fund and the Public Safety Sales Tax Fund for FY2017.



The impact of not funding future reserve since 2008 is demonstrated in the diminishing fund balance of the Capital Asset Replacement Fund exhibited in the chart above, with a noted decline in that fund balance in FY2016. Because most items are on a 5 to 7-year replacement cycle, there will be very little future reserve left in the CARF fund at the end of FY2017, as there are fewer and fewer items to be replaced in future years with future reserve funding appropriated.

For all items covered by the CARF with the exception of facilities items, the impact in terms of savings to the General Corporate Fund and Public Safety Sales Tax Fund by funding current only in FY2017 is demonstrated in the chart below, as well as the total shortfall to the CARF for future reserve:

CARF Funding	Full Funding	Current Only	Difference
General Corporate	\$579,182	\$209,919	\$369,263
Public Safety Sales Tax	\$207,298	\$162,564	\$44,734
Total CARF Shortfall in FY2017 for Future Reserve			\$413,997

The additional transfer from General Corporate of \$532,261 in FY2016 was approved for capital facilities projects, as the County Board began implementation of planning and budgeting for a Capital Infrastructure Plan for the County's facilities. The FY2017 appropriation is held at the same level as the FY2016 appropriation – at \$532,261 for facilities projects in FY2017. More explanation regarding the Facilities Capital budgeting is documented in the Capital Asset Replacement Facilities 105-059 budget document.

FINANCIAL

Fund 105 Summary			2015 Actual	2016 Original	2016 Projected	2017 Budget
334	85	DEPT COMMRC ECON OPPORTUN	\$120,116	\$0	\$0	\$0
		FEDERAL, STATE & LOCAL SHARED REVENUE	\$120,116	\$0	\$0	\$0
361	10	INVESTMENT INTEREST	\$383	\$0	\$798	\$0
364	10	SALE OF FIXED ASSETS	\$4,200	\$0	\$4,200	\$0
		MISCELLANEOUS	\$4,583	\$0	\$4,998	\$0
371	6	FROM PUB SAF SALES TAX FD	\$76,079	\$80,729	\$114,679	\$162,564
371	18	FROM PROB SERV FUND 618	\$10,000	\$10,000	\$10,000	\$10,000
371	80	FROM GENERAL CORP FND 080	\$765,306	\$769,460	\$956,921	\$742,180
		INTERFUND REVENUE	\$851,385	\$860,189	\$1,081,600	\$914,744
REVENUE TOTALS			\$976,084	\$860,189	\$1,086,598	\$914,744
522	1	STATIONERY & PRINTING	\$216	\$0	\$0	\$0
522	2	OFFICE SUPPLIES	\$0	\$0	\$0	\$13,369
522	44	EQUIPMENT LESS THAN \$5000	\$144,048	\$409,374	\$269,224	\$607,057
		COMMODITIES	\$144,264	\$409,374	\$269,224	\$620,426
533	2	ARCHITECT SERVICES	\$31,822	\$0	\$19,755	\$0
533	4	ENGINEERING SERVICES	\$136,794	\$0	\$17,222	\$0

533	42	EQUIPMENT MAINTENANCE	\$38,181	\$30,056	\$73,995	\$27,867
533	51	EQUIPMENT RENTALS	\$795	\$0	\$0	\$0
534	1	DEMOLITION COSTS	\$3,500	\$0	\$0	\$0
534	58	LANDSCAPING SERVICE/MAINT	\$24,625	\$0	\$0	\$0
534	72	SATELLITE JAIL REPAIR-MNT SERVICES	\$214,838 \$450,555	\$0 \$30,056	\$26,969 \$137,941	\$0 \$27,867
544	17	SATELLITE JAIL CONST/IMPR	\$0	\$532,261	\$293,219	\$0
544	18	BROOKNS BLDG CONST/IMPROV	\$222,032	\$0	\$175,096	\$380,000
544	30	AUTOMOBILES, VEHICLES	\$0	\$209,141	\$77,588	\$118,450
544	33	OFFICE EQUIPMENT & FURNIS	\$18,957	\$81,490	\$120,251	\$139,477
544	34	MAINTENANCE EQUIPMENT	\$27,352	\$44,963	\$0	\$62,148
544	47	1701 MAIN BLDG CONST/IMPR CAPITAL	\$0 \$268,341	\$0 \$867,855	\$0 \$666,154	\$152,261 \$852,336
581	3	CAPITAL LEASE PRINC PMTS	\$0	\$0	\$0	\$5,792
582	3	INTEREST ON CAPITAL LEASE DEBT	\$0 \$0	\$0 \$0	\$0 \$0	\$339 \$6,131
EXPENDITURE TOTALS			\$863,160	\$1,307,285	\$1,073,319	\$1,506,760

FUND BALANCE

FY2015 Actual	FY2016 Projected	FY2017 Budgeted
\$1,018,587	\$1,031,866	\$439,850

The Fund balance goal is \$1,000,000 – with anticipated annual expenditure of approximately \$500,000 and \$500,000 reserved for future expenditures. The greater than 10% fund balance decrease in FY2017 is the result of spending down future reserves appropriated in previous fiscal years for items scheduled to be replaced in FY2017, and the fact that the County has been unable to appropriate future reserve revenues to the Fund in recent years.