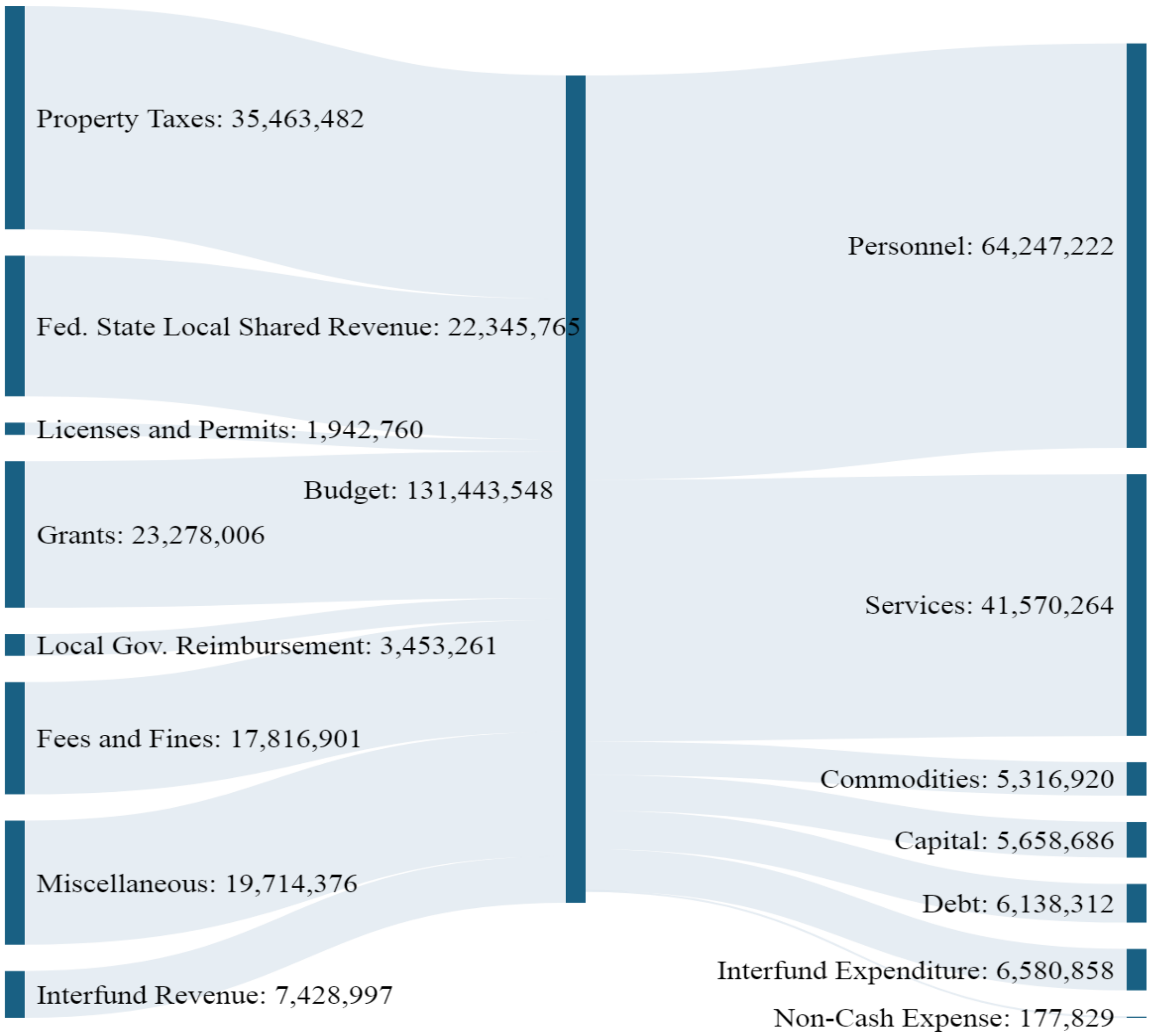
FY2018 BUDGET SUMMARY

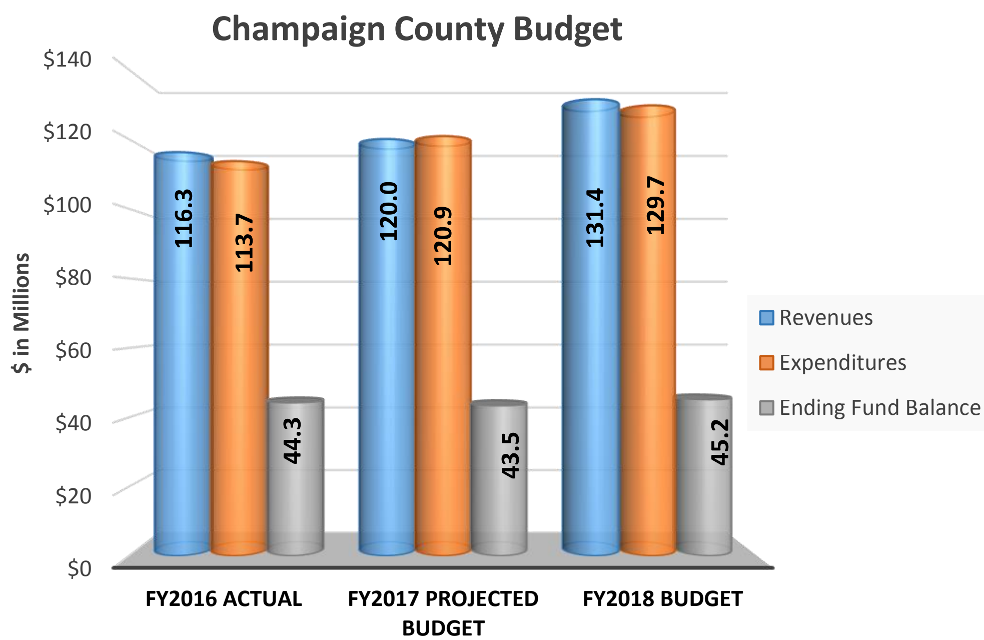


FY2018 Champaign County Budget

Revenue $131,443,548
Expenditure $129,690,091

The budget was developed by the County's elected officials and department heads with oversight and review by administration. The County Board receives and places the budget on file for public review in October, with final approval of the budget scheduled for November 21, 2017. The FY2018 budget is a Balanced Budget per Champaign County's Financial Policies.

The $1.75 million revenue to expenditure surplus is predominantly the result of sale proceeds due to budgeting for a possible separation of the Champaign County Nursing Home. Budgeted revenue also includes $964,000 in property tax revenue that the County is uncertain whether it will receive in FY2018. The property tax levy was prepared in order to capture new growth revenue in the event of a ruling related to the hospital property tax exemption case. In March 2017, the Illinois Supreme Court remanded the *Carle Foundation v. Cunningham Township* case back to the Circuit Court. If there is a ruling that returns the hospital properties to the tax rolls prior to the Board of Review closing the books for revenue year 2017, under the Property Tax Extension Limitation Law (PTELL), the County may treat the Equalized Assessed Value (EAV) as new growth. If there is no change in the exemption status of the hospital properties prior to the books being closed, the County Clerk will limit the total extension and the County will receive the property taxes it is allowed under the PTELL calculation.

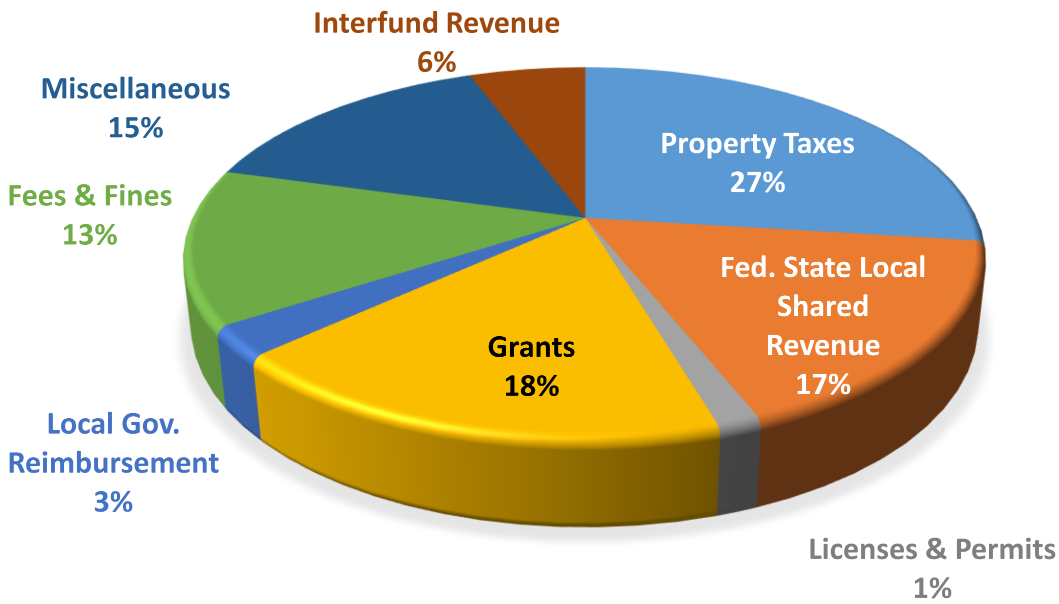


This table reflects an aggregated roll-up of the Champaign County Budget.

	FY2016 Actual	FY2017 Original Budget	FY2017 Projected Budget	FY2018 Budget	$ Variance	% Variance
Property Taxes	32,232,271	34,076,664	32,999,365	35,463,482	1,386,818	4.1%
Fed. State Local Shared Revenue	20,876,910	23,363,906	23,110,048	22,345,765	(1,018,141)	-4.4%
Licenses & Permits	2,035,230	1,865,277	1,955,599	1,942,760	77,483	4.2%
Grants	17,204,813	22,029,214	20,146,681	23,278,006	1,248,792	5.7%
Local Gov. Reimbursement	3,402,189	3,420,846	3,467,724	3,453,261	32,415	0.9%
Fees & Fines	23,102,441	25,221,937	21,655,550	17,816,901	(7,405,036)	-29.4%
Miscellaneous	8,088,013	8,768,774	9,457,066	19,714,376	10,945,602	124.8%
Interfund Revenue	9,318,322	7,216,637	7,233,743	7,428,997	212,360	2.9%
TOTAL REVENUE	**116,260,189**	**125,963,255**	**120,025,776**	**131,443,548**	**5,480,293**	**4.4%**
Personnel	60,856,997	66,305,107	63,589,125	64,247,222	(2,057,885)	-3.1%
Commodities	3,715,199	4,983,413	4,483,201	5,316,920	333,507	6.7%
Services	33,959,822	38,926,823	36,855,402	41,570,264	2,643,441	6.8%
Capital	2,748,019	6,625,961	6,112,742	5,658,686	(967,275)	-14.6%
Non-Cash Expense	77,412	540,000	287,100	177,829	(362,171)	-67.1%
Interfund Expenditure	2,788,511	4,208,562	3,956,278	6,580,858	2,372,296	56.4%
Debt	9,523,964	5,619,693	5,577,696	6,138,312	518,619	9.2%
TOTAL EXPENDITURE	**113,669,924**	**127,209,559**	**120,861,544**	**129,690,091**	**2,480,532**	**1.9%**

FY2018 Total Budgeted Revenue $131,443,548

An increase of 4.4% over the original FY2017 budget.
Includes $7.4 million in Interfund Transfers.



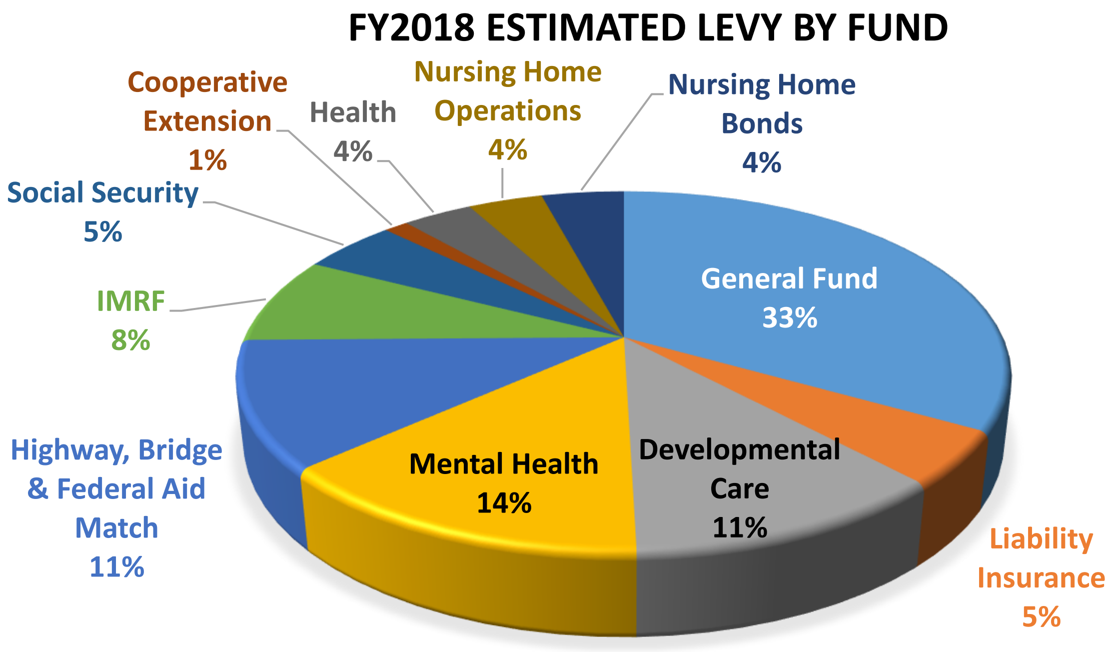
Property Taxes ▲4.1%

Property taxes are the County's most stable revenue source and support numerous county operations with the largest portions of the levy going to the General Corporate, Highway, Mental Health and Developmental Care funds. This revenue category is comprised of real estate taxes, mobile home taxes, back taxes, payment in lieu of taxes, and delinquent taxes interest and costs. In comparing the FY2017 and FY2018 budgets, the total increase in budgeted property tax revenue is $1.39 million.

In both fiscal years, the property tax levy was prepared to capture additional revenue associated with a potential ruling in the hospital property tax case. As there was no ruling in the case, the County's extension of property taxes under PTELL in FY2017 is $32.2 million. PTELL allows for annual inflationary increases which are limited by the lessor of 5% or the Consumer Price Index (CPI) for the year preceding levy year. Because the County's proposed aggregate levy exceeded a 5% increase over the prior year's extension, a Truth in Taxation public hearing was held in October 2017.

The proposed FY2018 property tax levy, $34.7 million, represents a 7.7% increase over the FY2017 extension. The total projected increase in the levy is $2.5 million. Of this total, $964,000 is attributed to potential new growth revenue as explained earlier. If there is no change in the hospitals' exemption status prior to the Board of Review closing the books, the County Clerk's Office will limit the total extension as it did in FY2017, and the County will receive the property tax it is allowed under the PTELL calculation which is an expected increase of $1.5 million in FY2018.

Including the hospital properties, Champaign County's estimated 2017 EAV reflects 7.7% growth over the 2016 EAV. Excluding the hospital properties, the estimated EAV reflects a 4.6% increase over 2016.



Federal, State and Local Shared Revenue ▼4.4%
State Shared Revenue primarily originates from sales tax, income tax, motor fuel tax and state reimbursement. Legislation imposed by the state in 2017 has had a significant impact on County revenue. The County's sales tax revenues are described below with the ¼% sales tax representing the largest source of sales tax revenue.

Tax	% of State Shared Revenue	Description
1%	6%	Collected on general merchandise and qualifying food, drug and medical appliances purchased in the unincorporated area of Champaign County.
¼%	25%	Collected on general merchandise and qualifying food, drug and medical appliances purchased anywhere in Champaign County.
Public Safety	21%	Collected on general merchandise purchased anywhere in Champaign County **excluding** qualifying food, drug and medical appliances, and titled or registered personal property (i.e. vehicles, boats, trailers, motorcycles).

Total sales tax revenue in FY2018 reflects an increase of 1.8% over the original FY2017 budget largely due to an unexpected increase in the County's one-cent tax; however, total budgeted revenue is flat compared to projected FY2017 revenue. Beginning in July 2017, the State of Illinois imposed a 2% collection fee on the County's Public Safety Sales Tax revenue. It is estimated that this fee will result in the loss of approximately $96,000 in revenue in FY2018. The Village of Mahomet's annexation of several acres, including multiple businesses, is expected to result in an annual sales tax revenue loss of $70,000 in addition to video gaming and liquor license revenue. In FY2016, the County's top ten sales tax contributors made up 50% of the total one-cent revenues.

Income Tax is calculated based on population and accounts for 14.4% of total State Shared Revenue. In FY2018 the budgeted decrease for income tax is $147,000. Beginning July 1, 2017, the state legislature imposed a one-year, ten percent reduction to local government income tax revenue. This reduction has a significant impact on County finances especially since income tax revenues have reflected declines since January 2016.

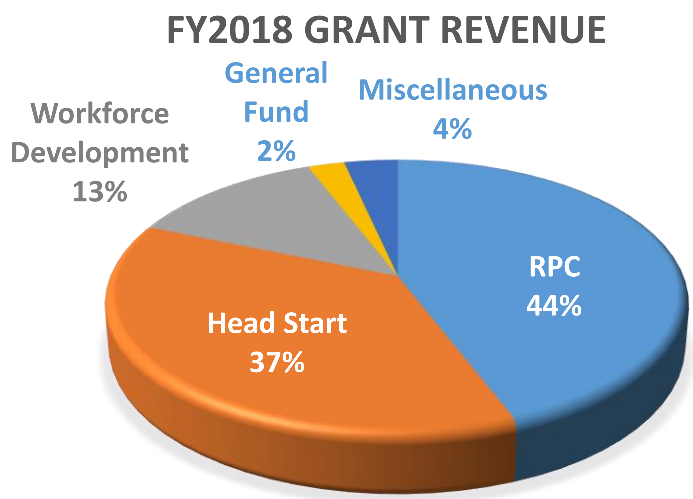
Motor Fuel Tax represents 10.8% of total State Shared Revenue and reflects a budgeted decline of $287,000 from FY2017 to FY2018. This revenue decline is due to the state moving approximately $300 million in expenses from its General Fund to its Transportation Fund resulting in cuts to construction and local MFT revenue streams.

State Reimbursement, 9.8% of total State Shared Revenue, is primarily made up of salary subsidies from the Administrative Office of the Illinois Courts (AOIC) for Probation and Court Services employees. The allocation from AOIC has reflected declines since FY2015, when the County received a supplemental allocation.

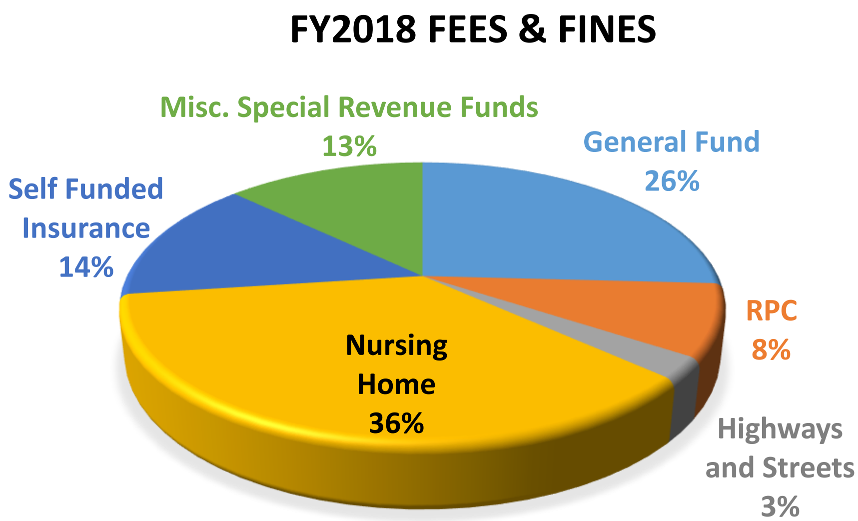
Licenses and Permits ▲4.2%
The majority of license and permit revenue is in the General Fund and is predominantly associated with revenue stamp fees which are budgeted to increase $100,000 in FY2018. An increase in revenue stamp revenue also corresponds to an increase in purchase document stamp expenditure.

Grants ▲5.7%
The majority of the County's federal and state grant revenue goes to support the Champaign County Head Start, Workforce Development and Regional Planning Commission.

Grant revenue increases $1.25 million in FY2018.



Fees and Fines ▼29.4%
This revenue stream reflects a 29% decline in FY2018 predominantly due to a reduction in census at the Nursing Home, and budgeting for the possible separation of the home through a potential separation transaction. The Nursing Home budget includes six months of operating revenue, in addition to one month of accrued revenue. In FY2018, assumptions reflect a budgeted census of 148. This is a significant decrease over the FY2017 budgeted census of 174.



The second largest source of fees and fines revenues comes from the General Fund. In FY2018, a $433,000 budget decrease is largely attributed to declines in fines and bond forfeitures, and Circuit Clerk fees. Fees and fines revenue have been steadily declining since FY2009.

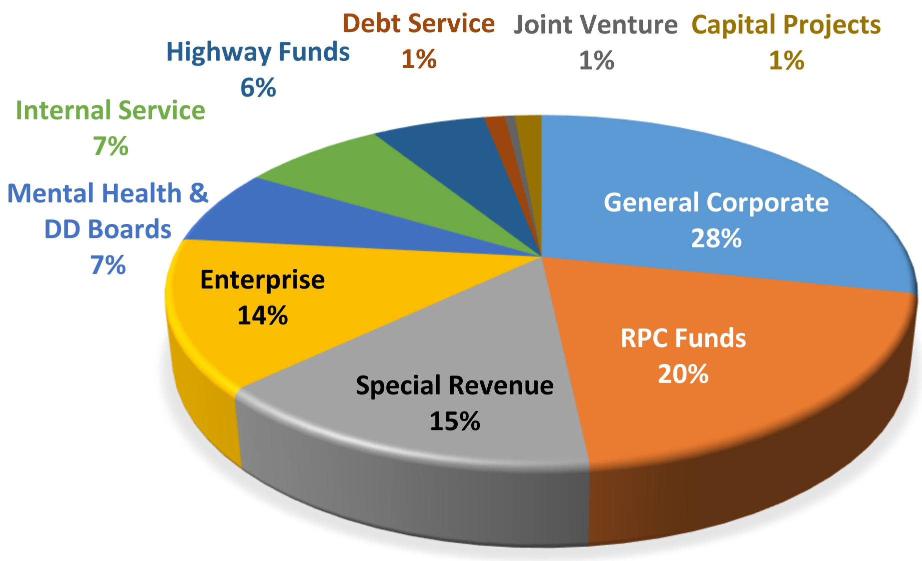
Miscellaneous Revenue ▲125%

Budgeting for a potential separation transaction of the Champaign County Nursing Home is the reason for the significant increase in miscellaneous revenue. After broker fees and bond covenant required escrow holdback, the FY2018 budget assumes minimum sale proceeds of $10.4 million. The home has a significant backlog of outstanding accounts payable; therefore, a large portion of the proceeds will be used to satisfy these obligations in addition to outstanding obligations to the General Fund. Sale proceeds will also allow the County to pay the general obligation debt service in full.

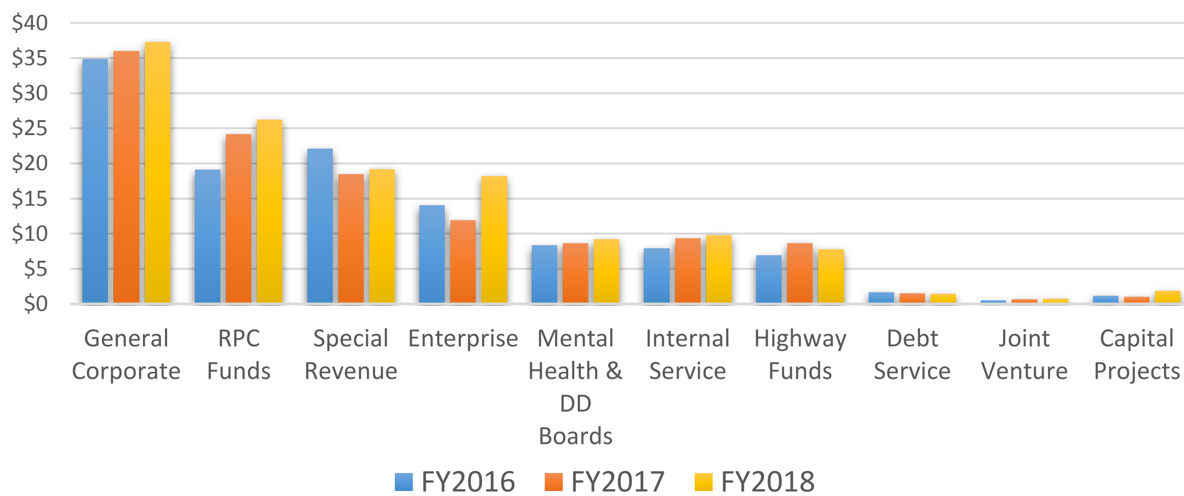
Interfund Revenue ▲2.9%
Although there is not a significant fluctuation in Interfund revenue, there is a significant shift in transfer sources in FY2018. The transfer from the Public Safety Sales Tax Fund to the General Fund increased by $1.3 million; however, had little impact on the total budget due to the end of a one-time, $1.4 million transfer to the Economic Development Fund from the Head Start Fund. The increase in the Public Safety Sales Tax transfer is explained in the budget summary document for that fund (106-000).

Other Interfund revenue impacts include an increased transfer of $97,000 from the Probation Services Fund to the General Fund to offset losses in AOIC funding, a decrease of $283,000 due to the Nursing Home's inability to reimburse the County for the GO debt service payments, and implementation of a $100,000 transfer from the Highway budget to a newly created Highway Capital budget for the purpose of maintaining highway facilities.

FY2018 REVENUE BY FUND TYPE

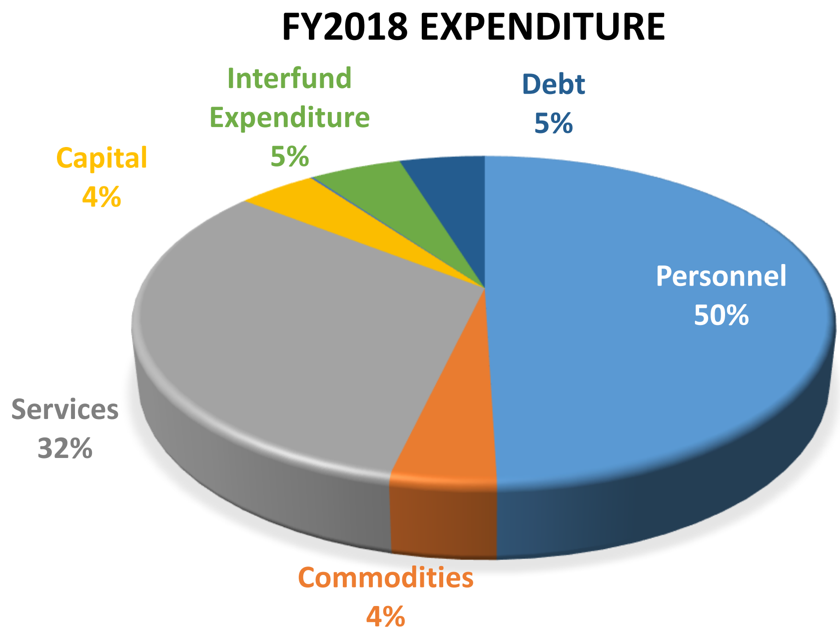


FY2016-FY2018 Revenue by Fund Type (in Millions)



FY2018 Total Budgeted Expenditure $129,690,091

An increase of 1.9% over the original FY2017 budget.



Personnel ▼3.1%
Personnel costs represent the largest expense for Champaign County and include salaries and wages, per diem for elected officials, worker's compensation insurance expenses, health and life insurance benefits, social security expenses and pension or IMRF benefits. In FY2018 there is a $2 million budget decrease in personnel expenditures. This decrease reflects budgeting for six months of personnel expenditures, and employee leave payout for the Nursing Home in the event of a separation transaction. While the Nursing Home personnel expenditures decrease in FY2018 by $3.9 million, other county-wide personnel expenditures increase by $1.8 million.

Health Insurance is budgeted to increase 1.8% in FY2018, while the premium reflects a 2.7% increase. The difference between the budgeted increase and the premium increase is the result of health insurance premium costs being shifted to employees, and FY2017 health insurance expenditures being slightly over-budgeted. Through negotiations facilitated by the County's Labor Management Health Insurance Committee in FY2018, the County will change its provider and plan from Health Alliance HMO to Blue Cross Blue Shield PPO.

The increasing cost of health insurance and the budget impact is a significant concern of County Administration. The total FY2018 premium including both employee and employer contributions is $6.7 million. Although there are numerous labor contracts that establish the employer/employee contribution requirements, in FY2018 it is projected that the County will fund 75% of total premiums and employees will fund 25% of total premiums.

Commodities ▲6.7%
The increase in commodities is attributed to the Nursing Home budget to pay outstanding accounts payable for pharmacy charges in the event of the separation transaction, and the purchase of food for the Nursing Home since the home is no longer contracting for outside food services.

Services ▲6.8%
Services make up the second largest percentage of the County's expenditures and in FY2018 are budgeted to reflect an increase of $2.6 million. The largest budgeted service expenditure, $9.2 million, is for contributions and grants, which is predominantly budgeted in the County's Mental Health Care and Treatment of Persons with a Developmental Disability budgets.

Large fluctuations in this category are summarized below:
- Increase in professional services in the Nursing Home budget to pay outstanding accounts payable in the event of the separation transaction; and
- Decrease in food service as the Nursing Home is preparing food rather than contracting for the service; and
- Increase in the Regional Planning Commission's energy assistance program; and
- Increase in contributions and grants in the Mental Health Board and Developmental Disabilities Board's budgets; and
- In the General Fund, increases in the election judge pay and the Correction's medical/dental/mental health contract; and
- Increases in the County's Self-Funded Insurance.

Capital ▼14.6%
The majority of the County's capital expenditures are for bridge, culvert and road improvements in the Highway Funds. In FY2018, the County is budgeting to spend approximately $1.8 million less than budgeted in the Highway Funds in FY2017.

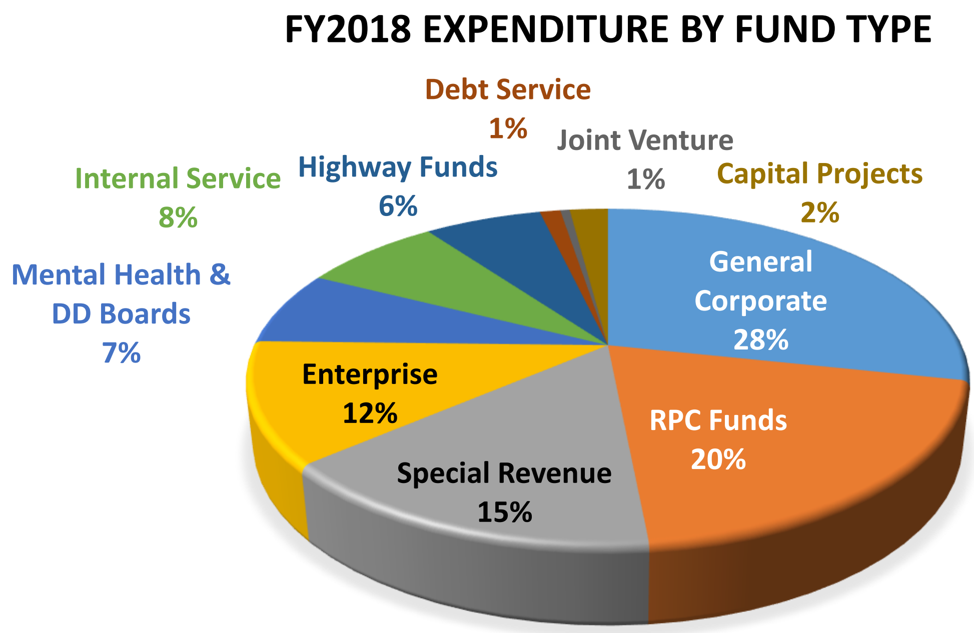
For capital facility improvements in FY2018, the General Fund budget includes $462,261, the Public Safety Sales Tax Fund includes $70,000, and the Courts Facility Construction Fund includes $250,000. However, the investment in county facilities is significantly insufficient for optimal maintenance needs. The County's Facility Condition Assessment and Facilities Action Plan document the backlog of deferred maintenance and associated cost with appropriately repairing and maintaining County facilities.

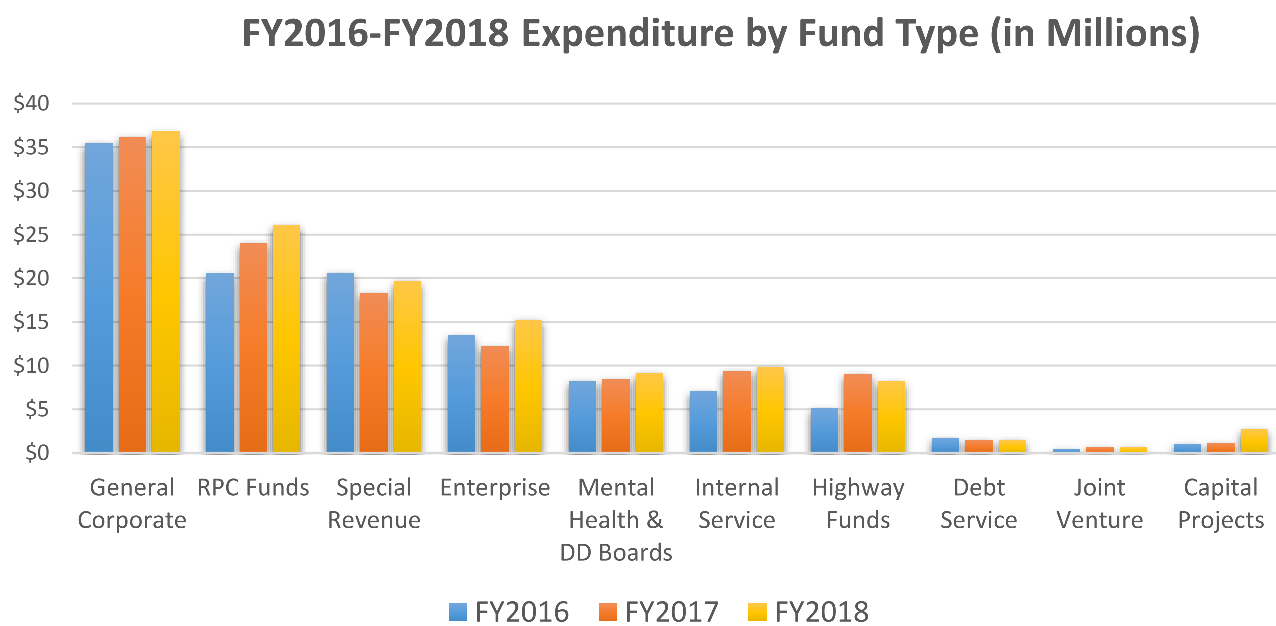
Non-Cash Expense ▼67.1%
Non-cash expenditure is for bad debt that is budgeted in the Regional Planning Commission's Economic Development Fund.

Interfund Expenditure ▲56.4%
The budget increase for Interfund expenditure reflects funds that will be transferred to the General Fund in the event of a Nursing Home separation transaction. The amounts owed to the County include outstanding accounts payable for services provided to the home and unpaid debt service reimbursement for fiscal years 2016 and 2017. The budgeted transfer also includes funds to pay off the general obligation bond debt service in full at the end of FY2018.

Debt ▲2.9%
The increase in debt in FY2018 is the result of budgeting for the Nursing Home's debt obligations. In FY2017, the County retired one of its alternate revenue (Public Safety Sales Tax) bonds, resulting in a reduction of $1.27 million in principal and interest payments in FY2018. An explanation of how these funds were utilized in the FY2018 budget is summarized in the table below.

Expenditure	Funds	Explanation
AS/400 Lease payment	$36,782	In FY2018 Public Safety Sales Tax funds are used to pay the annual lease for the County's AS/400.
Financial System Replacement (SaaS)	$136,000	Budget for the public safety portion (50%) of an anticipated Software as a Service contract for replacement of the County's financial software.
Capital Asset Equipment	$373,416	The amount of the increase in the transfer to the capital equipment budget for purchase of mobile/portable radios for the Sheriff's Office.
Capital Asset Facilities	$261,113	Transfer to the Facilities Capital budget, under the direction of the Facilities Committee, for either planning for the closure of the downtown Sheriff's Facilities or completing the ADA remedial actions required by the County's Settlement Agreement.
Public Safety Utilities and Maintenance Reimbursement	$411,644	The amount of the increase in the transfer to the General Fund for public safety utilities and maintenance, enabling the fund to pay its portion of the SaaS contract, and offsetting the loss of revenue associated with the anticipated lack of reimbursement for the Nursing Home Debt Service.


FY2018 EXPENDITURE BY FUND TYPE
Debt Service
1%
Joint Venture
1%
Capital Projects
2%
Internal Service
8%
Highway Funds
6%
Mental Health &
DD Boards
7%
General
Corporate
28%
Enterprise
12%
RPC Funds
20%
Special Revenue
15%


FY2016-FY2018 Expenditure by Fund Type (in Millions)
$40
$35
$30
$25
$20
$15
$10
$5
$0
General Corporate
RPC Funds
Special Revenue
Enterprise
Mental Health & DD Boards
Internal Service
Highway Funds
Debt Service
Joint Venture
Capital Projects
FY2016
FY2017
FY2018