

CAPITAL ASSET REPLACEMENT FUND (CARF)

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. Beginning in FY2006, 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 grant funds.

BUDGET HIGHLIGHTS

Per the FY2019 Budget Process Resolution, the County Board directed the CARF be prepared utilizing all available General Fund and Public Safety Sales Tax Fund revenues to prioritize the County's technology and facility needs.

The Nursing Home Fund owes the Capital Asset Replacement Fund a total of \$54,841 for expenditures paid on its behalf in FY2017 for installation of a Fire Alarm System and Chiller Compressor Replacement. In FY2018, this fund paid for replacement of the kitchen and laundry boiler, \$15,500, which brings the total owed by the home to this fund at \$70,341.

Software

The FY2019 budget includes funding for Real Estate Tax Cycle software to replace the current in-house system, Jail Management Software as a Service (SaaS), and law enforcement civil processing SaaS. The County is presently one of only three clients in the nation utilizing eventually unsupported jail management software on an AS/400. The FY2018 budget included funding to accommodate a SaaS contract for replacing the County's in-house financial and human resources system with cloud-based Enterprise Resource Planning (ERP) software. Due to the planned replacement of Real Estate Tax Cycle software in FY2019, ERP software implementation was deferred in FY2018. Reserve funding for the ERP, will be appropriated in FY2019 in order to allow the County to start on the project prior to FY2020 if feasible.

The FY2019 budget includes funding for implementation of an Information Security Operations Center system to enhance perimeter security, expanded utilization of Microsoft Azure cloud services, and a unified messaging solution to replace the County's obsolete voicemail and phone answering system.

Facilities

The Facilities CARF budget is under the direction of the Facilities Committee. In November 2017, the Facilities Committee approved a 10-Year Capital Facilities Plan, which was subsequently approved by the County Board in May 2018, [http://www.co.champaign.il.us/FacilitiesPlans/PDFS/10-Year Capital Facilities Plan.pdf](http://www.co.champaign.il.us/FacilitiesPlans/PDFS/10-Year%20Capital%20Facilities%20Plan.pdf). A copy of the plan is included in the Supplemental Information section of the Budget document. The plan was based on the County's 2015 Facility Condition Assessment; however, excludes interior improvements. It also excludes facility maintenance for the Champaign County Nursing Home, Sheriff's Office and downtown jail.

In FY2019 funding for the facilities capital budget increases from \$532,261 to \$1.12 million. In FY2020, the plan calls for an additional \$1.11 million for a total \$2.23 million. In FY2018, \$261,331 was appropriated for architectural/engineering services for the potential relocation of the Sheriff’s downtown facilities, or for required American’s with Disabilities Act (ADA) improvements. The Facilities Committee will resume discussion regarding a plan for the downtown facilities in 2019. This appropriation, which has not been expended, will be re-appropriated in FY2019.

FY2019 Funding

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. The CARF budget is initially prepared with full funding for items scheduled for replacement in the budget fiscal year, and reserve funding for items scheduled for replacement in future fiscal years. Due to the lack of available revenue, for many years the budget has been revised to include current funding only. In FY2019, the County was able to fund current items scheduled for replacement as well as provide reserve funding for future items scheduled for replacement. The table below shows the difference between full funding and current only funding.

FY2019 CARF Funding	Full Funding	Current Only Funding	Difference
General Corporate	\$760,948	\$640,910	\$120,038
Public Safety Sales Tax	\$658,761	\$480,618	\$178,143
Total	\$1,469,709	\$1,171,528	\$298,181

Other funding sources include \$10,000 from the Probation Services Fund, \$36,783 from the Court Automation Fund for the AS/400 lease, and \$1.12 million from the Physical Plant budget for facilities maintenance.

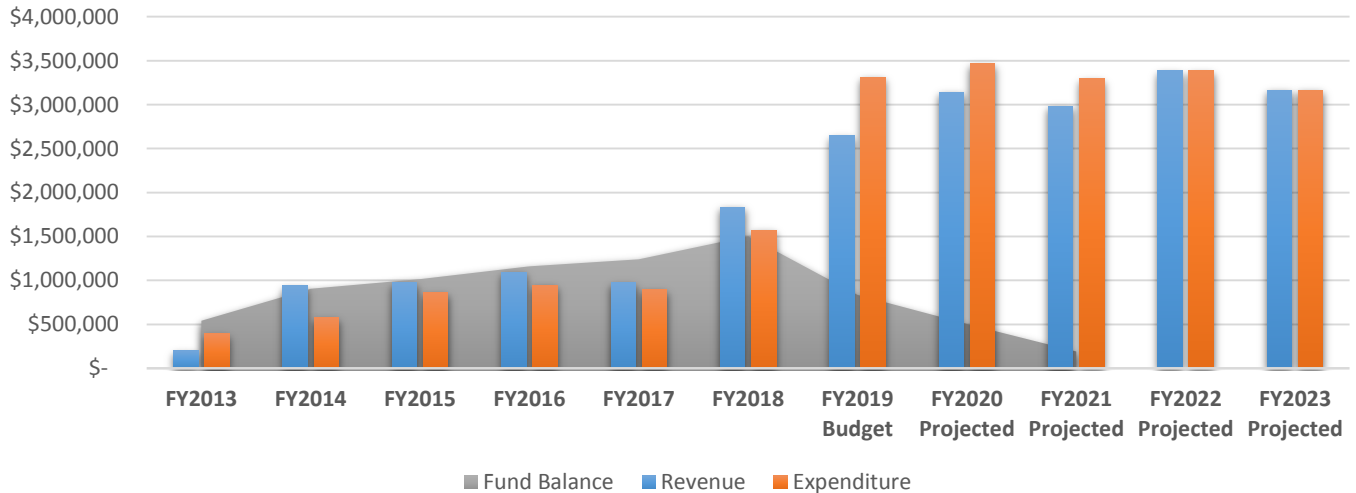
In FY2019, the budgeted increase in CARF expenditures is the result of appropriating for new software and technology, moving software maintenance expenditures that are now cloud-based services to CARF in order to capitalize those costs, an increased investment in facilities, and for scheduled equipment purchases or purchases that have been deferred from prior fiscal years. Departments may or may not choose to replace items budgeted for replacement in FY2019; however, they have the ability to do so if necessary.

Funding Future Fiscal Years

Because most items are on a 5 to 7-year replacement cycle, the continued practice of using reserve funding without restoring it will diminish the fund balance, which is reflected in the chart on the following page. If the County is unable to reserve funding for future fiscal years, there will be an increased reliance on the transfers from General and Public Safety Sales Tax funds to pay for CARF expenditures. Because departments are cognizant of the County’s fiscal challenges, some items scheduled for replacement are deferred beyond their scheduled replacement. This deferral helps preserve the fund balance to some extent. The table on the following page is an estimate of CARF appropriations required for the next four fiscal years. These estimates will be influenced if items scheduled for replacement in FY2019 are deferred until future fiscal years, thereby increasing the amount of appropriation required in order to allow departments to replace those items with reserve funds.

Fiscal Year	FY2020	FY2021	FY2022	FY2023
Projected CARF Appropriation (including Facilities)	\$3,420,175	\$3,247,471	\$3,334,548	\$3,114,166

Capital Asset Replacement Fund



FINANCIAL

Fund 105 Summary			2017 Actual	2018 Original	2018 Projected	2019 Budget
334	85	DEPT COMMRC ECON OPPORTUN FEDERAL, STATE & LOCAL SHARED REVENUE	\$18,550 \$18,550	\$0 \$0	\$0 \$0	\$0 \$0
361	10	INVESTMENT INTEREST	\$4,745	\$0	\$8,500	\$8,500
369	90	OTHER MISC. REVENUE MISCELLANEOUS	\$5,017 \$9,762	\$0 \$0	\$0 \$8,500	\$0 \$8,500
371	6	FROM PUB SAF SALES TAX FD	\$162,564	\$1,039,875	\$1,039,875	\$658,761
371	13	FROM COURT AUTOMTN FND613	\$0	\$0	\$0	\$36,783
371	18	FROM PROB SERV FUND 618	\$40,652	\$10,000	\$10,000	\$10,000
371	80	FROM GENERAL CORP FND 080 INTERFUND REVENUE	\$742,180 \$945,396	\$775,985 \$1,825,860	\$775,985 \$1,825,860	\$1,880,948 \$2,586,492
REVENUE TOTALS			\$973,708	\$1,825,860	\$1,834,360	\$2,594,992
522	44	EQUIPMENT LESS THAN \$5000	\$227,502	\$411,901	\$541,983	\$745,321
522	45	VEH EQUIP LESS THAN \$5000	\$3,522	\$0	\$172,287	\$0
522	90	ARSENAL & POLICE SUPPLIES	\$0	\$0	\$3,393	\$0
522	93	OPERATIONAL SUPPLIES COMMODITIES	\$293 \$231,317	\$0 \$411,901	\$0 \$717,663	\$0 \$745,321
533	2	ARCHITECT SERVICES	\$10,036	\$136,782	\$17,872	\$261,113
533	4	ENGINEERING SERVICES	\$60,502	\$124,331	\$27,400	\$0

533	29	COMPUTER/INF TCH SERVICES	\$0	\$0	\$0	\$688,657
533	42	EQUIPMENT MAINTENANCE	\$27,946	\$12,037	\$52,836	\$120,733
533	44	MAIN ST JAIL REPAIR-MAINT	\$0	\$0	\$10,356	\$0
533	46	1905 E MAIN REPAIR-MAINT	\$3,129	\$80,000	\$239,214	\$0
533	47	JUV DET CTR REPAIR-MAINT	\$0	\$25,000	\$0	\$0
533	86	NURS HOME BLDG REPAIR/MNT	\$15,510	\$0	\$0	\$0
534	27	ANIM SERV FACIL RPR-MAINT	\$8,043	\$0	\$0	\$0
534	70	BROOKNS BLDG REPAIR-MAINT	\$0	\$0	\$20,392	\$0
534	72	SATELLITE JAIL REPAIR-MNT SERVICES	\$0	\$110,000	\$0	\$0
			\$125,166	\$488,150	\$368,070	\$1,070,503
544	13	202 ART BARTELL BLDG CNST	\$83,217	\$0	\$0	\$0
544	16	COURTS FACILITY CONST/IMP	\$0	\$250,000	\$0	\$0
544	17	SATELLITE JAIL CONST/IMPR	\$0	\$67,261	\$265,342	\$75,000
544	18	BROOKNS BLDG CONST/IMPROV	\$252,638	\$0	\$0	\$175,000
544	23	JUV DET CTR CONST/IMPROVE	\$0	\$0	\$0	\$5,000
544	25	1905 E MAIN CONST/IMPROVE	\$31,634	\$0	\$0	\$565,000
544	29	NUR HM BLDG CONST/IMPROVE	\$31,300	\$0	\$15,500	\$0
544	30	AUTOMOBILES, VEHICLES	\$95,694	\$95,500	\$52,700	\$186,625
544	31	RADIO EQUIPMENT	\$0	\$443,489	\$7,715	\$0
544	33	OFFICE EQUIPMENT & FURNIS	\$0	\$466,996	\$15,023	\$81,816
544	34	MAINTENANCE EQUIPMENT	\$0	\$0	\$5,500	\$20,000
544	41	PARKING LOT/SIDEWLK CONST	\$7,180	\$0	\$88,000	\$300,000
544	85	POLICE EQUIPMENT CAPITAL	\$0	\$186,000	\$0	\$0
			\$501,663	\$1,509,246	\$449,780	\$1,408,441
581	3	CAPITAL LEASE PRINC PMTS	\$34,475	\$35,140	\$35,140	\$35,822
582	3	INTEREST ON CAPITAL LEASE DEBT	\$2,307	\$1,642	\$1,642	\$961
			\$36,782	\$36,782	\$36,782	\$36,783
		EXPENDITURE TOTALS	\$894,928	\$2,446,079	\$1,572,295	\$3,261,048

FUND BALANCE

FY2017 Actual	FY2018 Projected	FY2019 Budgeted
\$1,239,908	\$1,501,973	\$835,917

The Fund balance goal is \$1,000,000. The greater than 10% fund balance increase in FY2018 is due to unspent appropriation for items or projects that were deferred. The greater than 10% fund balance decrease in FY2019 is the result of appropriating to spend reserves from prior fiscal years for items scheduled to be replaced in the current year.