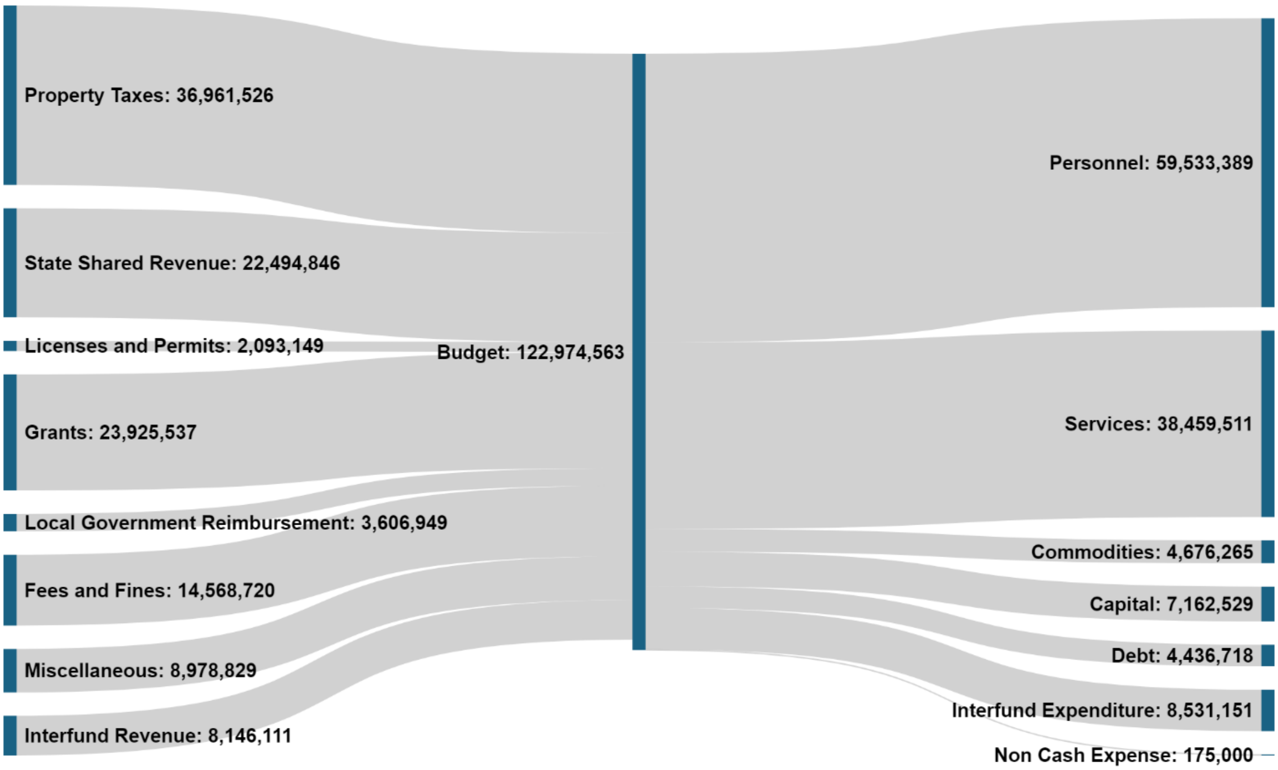
# FY2019 BUDGET SUMMARY




**FY2019 Champaign County Budget**

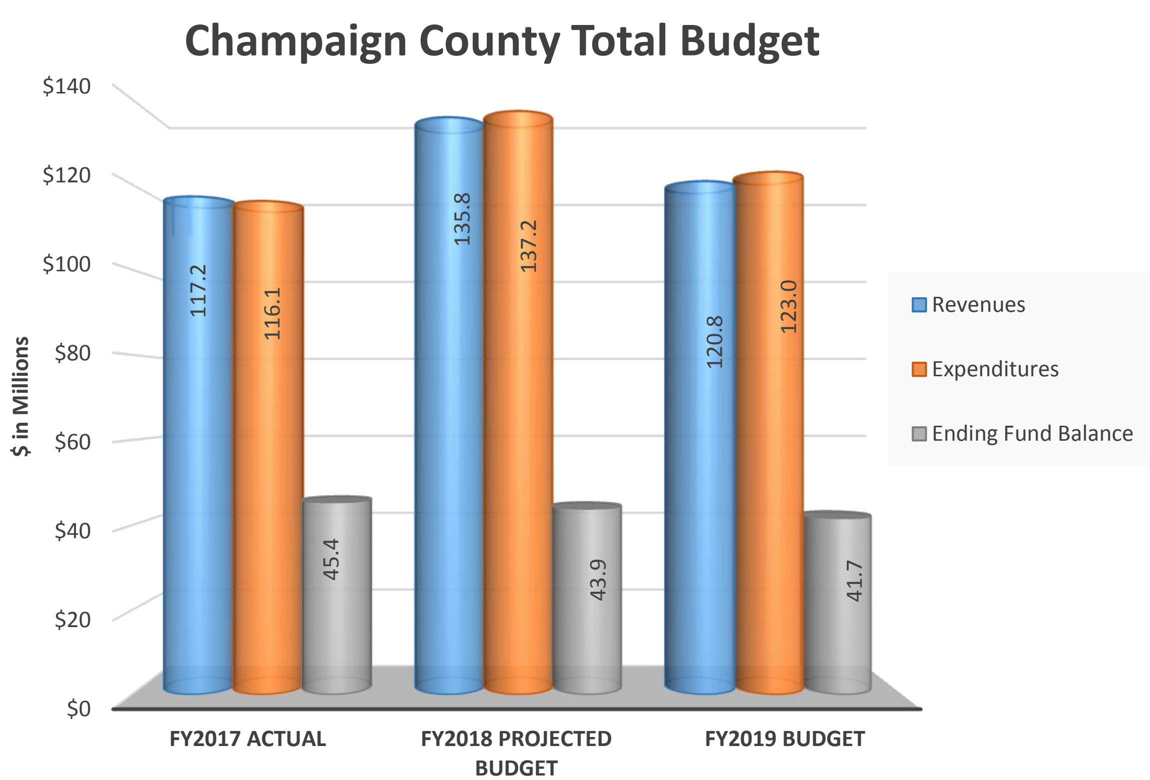
| | |
|---|---|
| **Revenue** | **$120,775,667** |
| **Expenditure** | **$122,974,563** |

The Champaign County 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 27, 2018. The FY2019 Budget is a Balanced Budget per Champaign County's Financial Policies. The $2.2 million revenue to expenditure deficit is the result of appropriating reserve balances within individual funds for planned projects and capital expenditures, predominantly in the Motor Fuel Tax and Capital Asset Replacement Funds.

Budgeted revenue includes $993,386 in property tax revenue that the County is uncertain whether it will receive in FY2019. 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. 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 2018, 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.

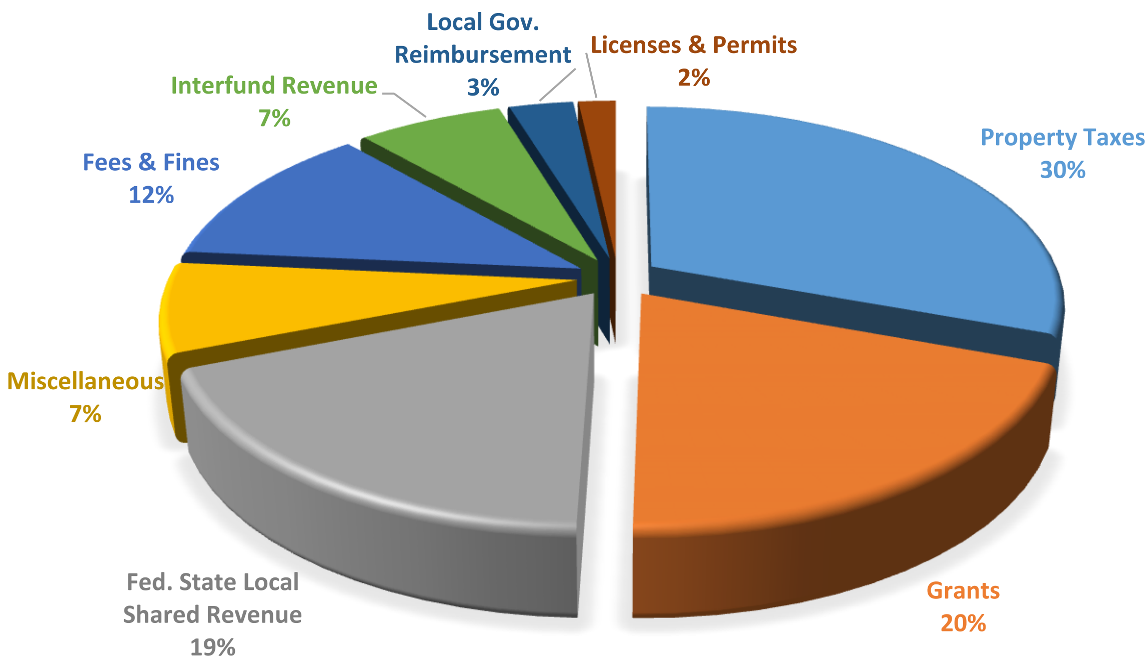
This table on the following page reflects an aggregated roll-up of the Champaign County Budget.

| | FY2017 Actual | FY2018 Original Budget | FY2018 Projected Budget | FY2019 Budget | $ Variance | % Variance |
|---|---|---|---|---|---|---|
| Property Taxes | 32,849,373 | 35,463,482 | 34,464,821 | 36,961,526 | 1,498,044 | 4.2% |
| Fed. State Local Shared Revenue | 22,502,151 | 22,345,765 | 22,747,784 | 22,494,846 | 149,081 | 0.7% |
| Licenses & Permits | 1,983,326 | 1,942,760 | 2,051,185 | 2,093,149 | 150,389 | 7.7% |
| Grants | 18,933,730 | 23,278,006 | 21,222,778 | 23,925,537 | 647,531 | 2.8% |
| Local Gov. Reimbursement | 3,540,900 | 3,453,261 | 3,568,519 | 3,606,949 | 153,688 | 4.5% |
| Fees & Fines | 20,821,442 | 17,816,901 | 21,610,677 | 14,568,720 | (3,248,181) | -18.2% |
| Miscellaneous | 9,817,306 | 19,714,376 | 18,713,458 | 8,978,829 | (10,735,547) | -54.5% |
| Interfund Revenue | 6,730,189 | 7,428,997 | 11,394,577 | 8,146,111 | 717,114 | 9.7% |
| **TOTAL REVENUE** | **117,178,417** | **131,443,548** | **135,773,799** | **120,775,667** | **(10,667,881)** | **-8.1%** |
| Personnel | 61,646,530 | 64,247,222 | 65,306,793 | 59,533,389 | (4,713,833) | -7.3% |
| Commodities | 4,196,979 | 5,316,920 | 6,041,584 | 4,676,265 | (640,655) | -12.0% |
| Services | 33,407,595 | 41,570,264 | 39,329,003 | 38,459,511 | (3,110,753) | -7.5% |
| Capital | 7,111,273 | 5,658,686 | 5,438,588 | 7,162,529 | 1,503,843 | 26.6% |
| Non Cash Expense | 269,321 | 177,829 | 140,000 | 175,000 | (2,829) | -1.6% |
| Interfund Expenditure | 3,943,453 | 6,580,858 | 11,994,648 | 8,531,151 | 1,950,293 | 29.6% |
| Debt | 5,558,139 | 6,138,312 | 8,981,850 | 4,436,718 | (1,701,594) | -27.7% |
| **TOTAL EXPENDITURE** | **116,133,290** | **129,690,091** | **137,232,466** | **122,974,563** | **(6,715,528)** | **-5.2%** |



**FY2019 Total Budgeted Revenue $120,775,667**

An 8.1% decrease compared to the original FY2018 Budget.
Includes $8.15 million in Interfund Transfers.




The significant decrease in budgeted revenue in FY2019 is due to the planned sale of the Champaign County Nursing Home in FY2018. Sale proceeds for the Home, less the broker fee and required escrow holdback, are budgeted in FY2018 at $10.4 million in the miscellaneous revenue category. There is also a decrease in budgeted nursing home fees in FY2019 since the County will no longer be operating the Home, and will only receive fee revenue for outstanding amounts owed for services previously provided.

**Property Taxes ▲4.2%**

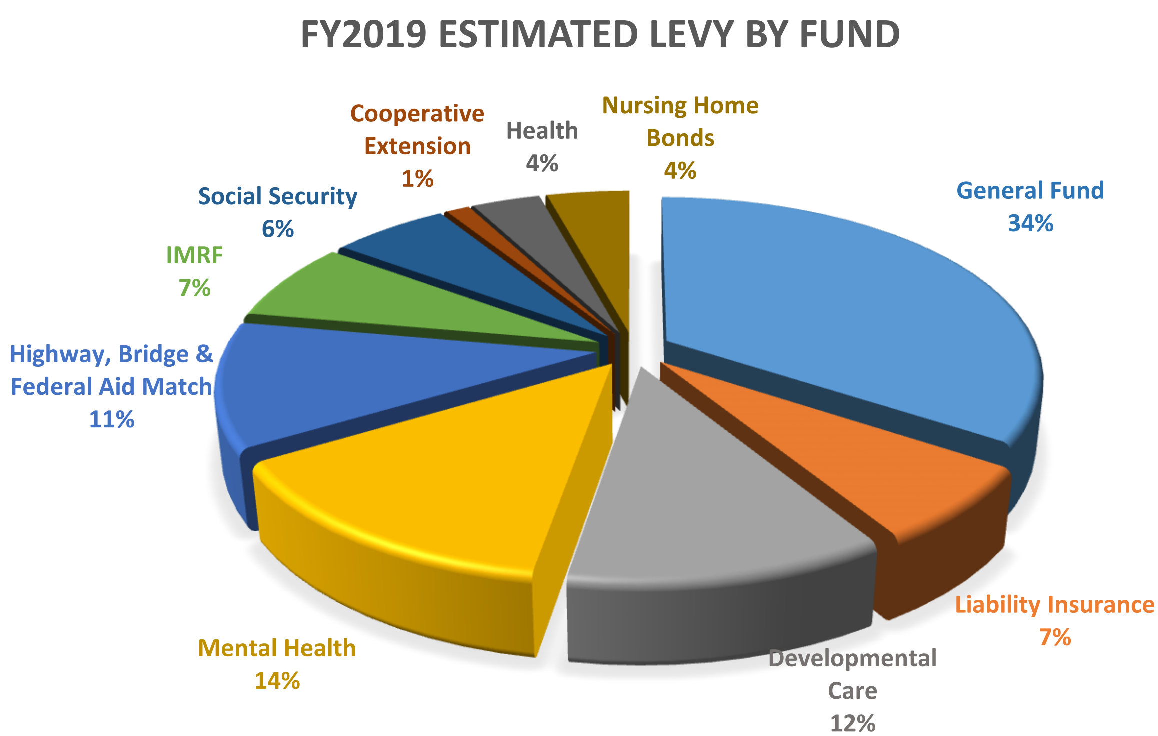
Property taxes are the County's most stable revenue source and support numerous county operations with the largest portions of the levy going to the General Corporate, Highway, Mental Health and Developmental Care funds. This revenue category is comprised of real estate taxes, mobile home taxes, back taxes, payment in lieu of taxes, and delinquent taxes interest and costs. In comparing the FY2018 and FY2019 budgets, the total increase in budgeted property tax revenue is $1.5 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 FY2018 was $33.7 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 2018.

The proposed FY2019 property tax levy, $34.7 million, represents a 2.8% increase over the FY2018 extension. The total projected increase in the levy is $957,590. Of this total, $993,386 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 FY2018, and the County will receive the property tax it is allowed under the PTELL calculation which is an expected to be $33.7 million in FY2019. Although an appropriation for the Nursing Home bonds is included in the FY2019 Budget, the sale of the Nursing Home will result in the defeasance of the Nursing Home bonds and abatement of the taxes levied in the bond ordinances; therefore a levy for the bonds is not included in the FY2019 levy/rate projection.

The Nursing Home operating levy is reallocated to the IMRF, Social Security, and Liability levies in FY2019 for outstanding amounts owed by the Home to those funds for payroll and insurance obligations from prior fiscal years. A drop in the County's IMRF rate effective January 1, 2019, allowed for the reallocation of a portion of the IMRF levy to the General Fund and Liability Fund.

The Consumer Price Index (CPI) used to compute the 2018 extensions (for taxes payable in 2019) under PTELL is 2.1%. Including the hospital properties, Champaign County's estimated 2018 EAV reflects 7.1% growth over the 2017 EAV. Excluding the hospital properties, the estimated EAV reflects a 4% increase over 2017.



**Federal, State and Local Shared Revenue ▲0.7%**

This revenue primarily originates from sales and use tax, income tax, motor fuel tax and state reimbursement. The County's sales and use tax revenues are described below with the Quarter-cent sales tax representing the largest source of sales tax revenue.

| Tax | % of State Shared Revenue | Description |
|---|---|---|
| **One-cent** | 6.5% | Collected on general merchandise and qualifying food, drug and medical appliances purchased in the unincorporated area of Champaign County. |
| **Quarter-cent** | 26% | Collected on general merchandise and qualifying food, drug and medical appliances purchased anywhere in Champaign County. |
| **Use** | 4% | Imposed on the privilege of using, in the State of Illinois, any item of tangible personal property that is purchased anywhere at retail. This revenue source is collected by the State and distributed on a per capita basis. |
| **Public Safety** | 22% | 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 budgeted sales and use tax revenues reflect an increase of 5.8% over the original FY2018 Budget as strong economic growth is expected to continue in FY2019. According to the Illinois Department of Revenue, in FY2017, the County's top-ten sales tax contributors made up 59% of total one-cent revenues. This revenue stream has displayed extreme fluctuations over the past few years. Because the top-ten taxpayers make up such a large percentage of the total revenue, the loss of one top-ten payer can significantly impact one-cent tax revenue.

Use tax is budgeted to reflect strong growth in FY2019, as it has for the past several years. The *South Dakota v. Wayfair Inc.* decision could result in an even larger increase than budgeted; however, there are multiple uncertainties that preclude the County from including additional revenue as a result of this ruling in the budget at this time. Beginning in July 2017, the State of Illinois imposed a 2% collection fee on the County's Public Safety Sales Tax revenue, which cost the County $95,000 in the first 12-months. The fee was reduced to 1.5% in July 2018.

Income Tax is calculated based on population and accounts for 14% of total State Shared Revenue in FY2019. Beginning July 1, 2017, the state legislature imposed a one-time, one-year, ten percent reduction to local government income tax revenue. This cut resulted in the loss of $322,000 for Champaign County. Rather than allowing the one-time cut to end as initially approved, the state legislature extended a five percent cut for an additional year effective July 1, 2018.

Motor Fuel Tax represents 10.7% of total State Shared Revenue and is flat against the FY2018 Budget.

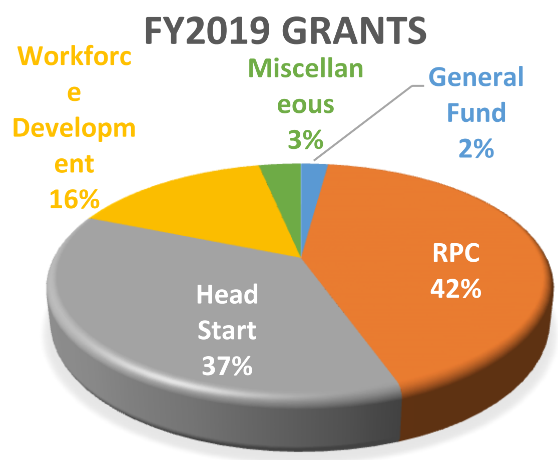
State Reimbursement, 7.3% of total State Shared Revenue, is primarily made up of salary subsidies from the Administrative Office of the Illinois Courts (AOIC) for Probation and Court Services employees. Beginning in FY2016, the allocation from AOIC has reflected funding declines, with a significant decrease of $288,676 in FY2019. Since a supplemental allocation was received in FY2015, the reimbursement from AOIC has been reduced by $638,000.

**Licenses and Permits ▲7.7%**

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 FY2019. An increase in revenue stamp revenue also corresponds to an increase in purchase document stamp expenditure as sixty-seven percent of this revenue must be submitted to the state.

**Grants ▲2.8%**

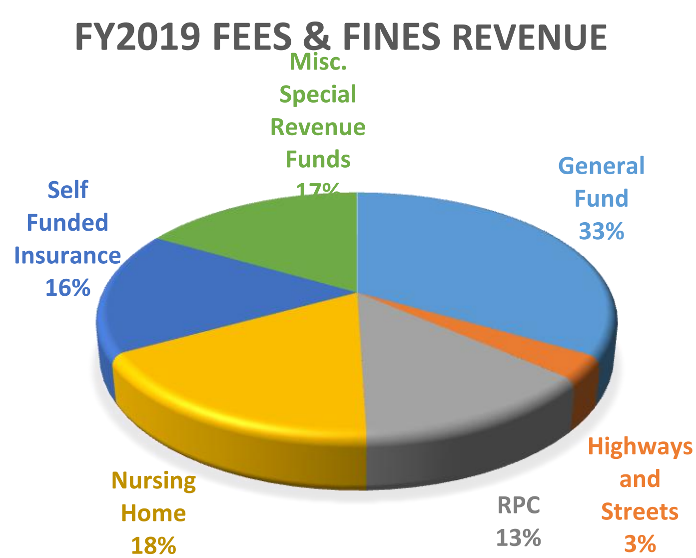
The majority of the County's federal and state grant revenue goes to support the Champaign County Head Start, Workforce Development and Regional Planning Commission. In FY2019, federal and state grants make up 86% of RPC budgets and include 100 grants in eight program areas.




Staffing levels are projected to increase in all RPC departments due to increased grant funding, which includes an additional $1.2 million for new transportation planning initiatives and a 39-month $1.5 million Department of Labor Young Adult Reentry Project grant.

**Fees and Fines ▼18.2%**

This revenue stream reflects a decline in FY2019 due to the planned sale of the Nursing Home in 2018. The County will continue to collect revenue for services previously provided by the Home; however, the FY2019 Budget is significantly less than the original FY2018 budget as a result of the discontinuation of County operation of the Home.

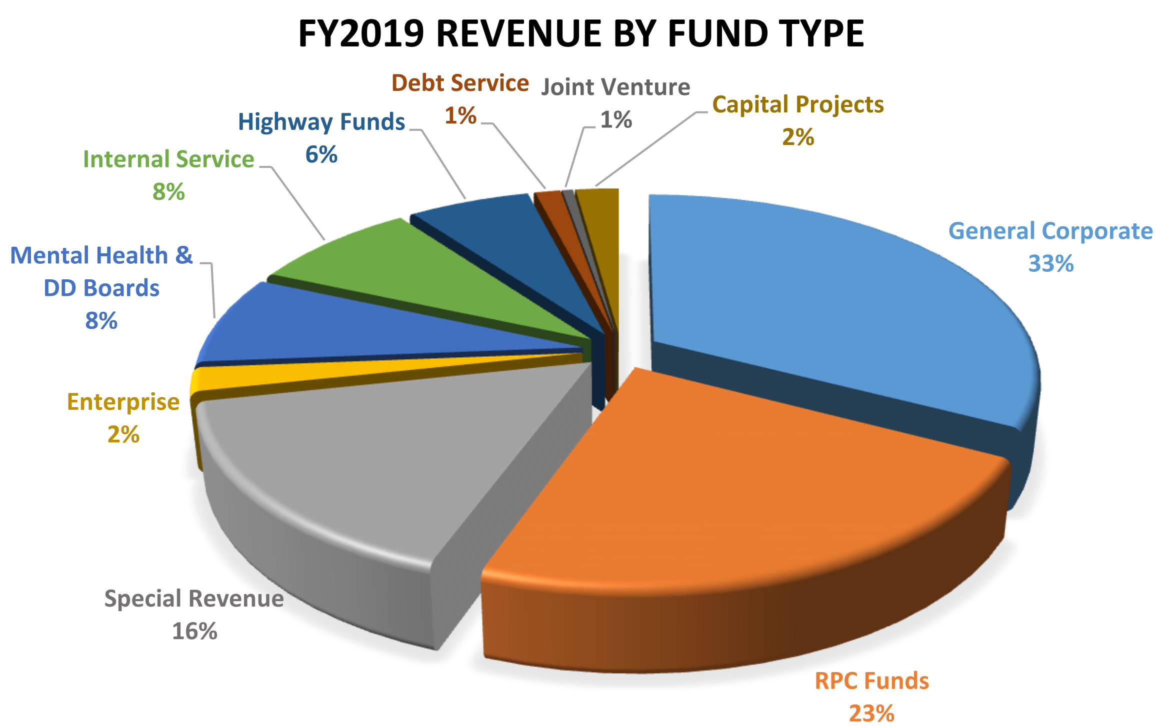



The largest source of fees and fines revenue comes from the General Fund, which increases $248,000 in FY2019. Although there are increases and decreases within the fees and fines revenue lines, the total increase is due to the planned receipt of one-time revenues for services provided by General Fund departments to the Nursing Home in prior fiscal years.

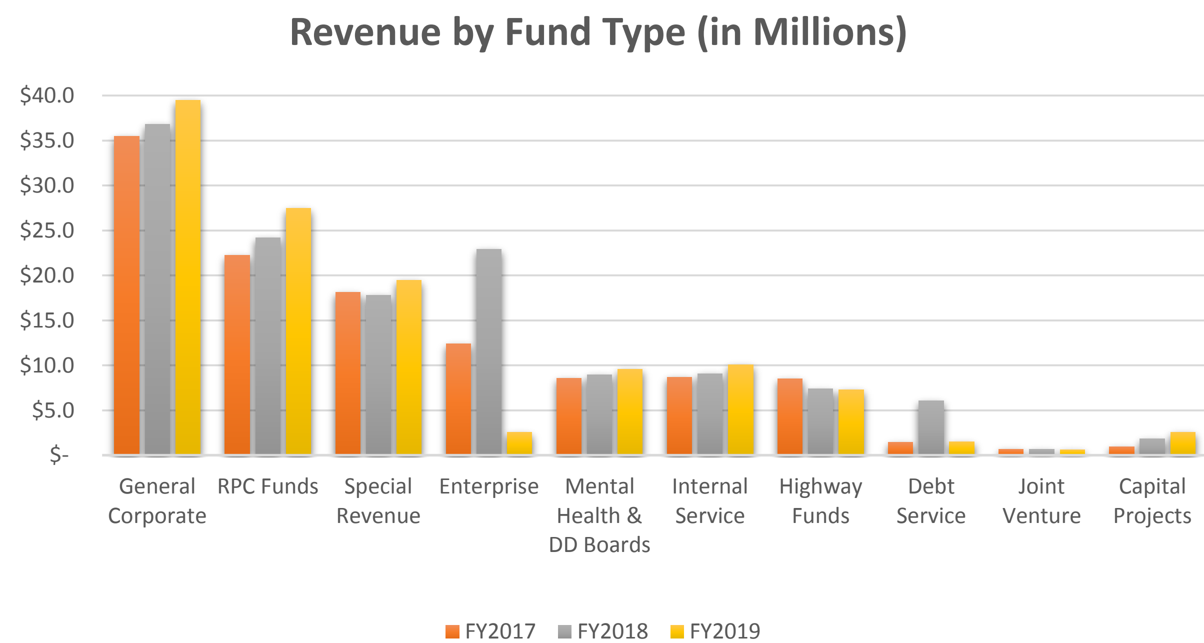
In August of 2018, the state legislature approved the Criminal and Traffic Assessment Act (Public Act 100-0987). The Act significantly changes the collection and distribution of fees and fines effective July 1, 2019, and will have an impact on multiple county funds including the General Fund and some special revenue funds with fee and/or fine revenues. The Circuit Clerk's Office has completed a preliminary analysis of the impact of the legislation on County funds, although the Supreme Court has not yet determined which civil filings will be placed in certain categories. The FY2019 Budget was prepared without consideration for this legislation as the County was not able to fully assess the consequence of the Act on the last six months of the fiscal year at the time of budget preparation.

**Miscellaneous Revenue ▼54.5%**
The FY2019 Budget for miscellaneous revenue decreases by $10.7 million as this revenue category in the FY2018 Budget included proceeds for the sale proceeds of the Nursing Home.

**Interfund Revenue ▲9.7%**
The transfers from the General Fund and Public Safety Sales Tax Fund reflect increases, which will allow for an increased transfers to the Capital Asset Replacement Fund for the County's investment in facilities and technology in FY2019 as directed by the County Board. The Probation Services Fund transfer to the General Fund increases to partially offset further losses in AOIC funding. A new Interfund transfer line from the Tort Immunity Fund accommodates a transfer to the Self-Funded Insurance Fund for the amount levied for some of the outstanding balance the Nursing Home owes to that fund.



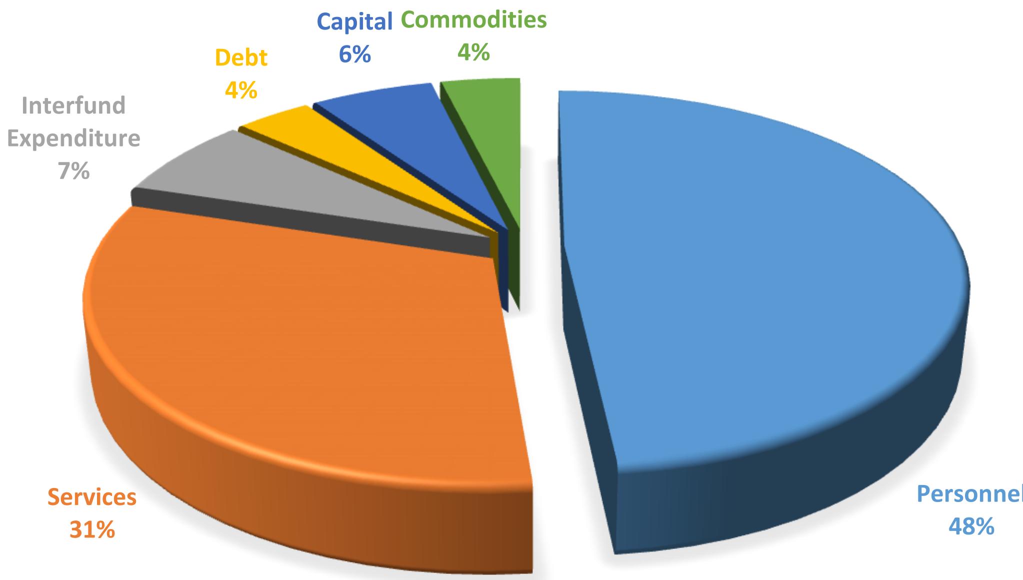
Revenue totals by fund for FY2017, projected FY2018, and budgeted FY2019 are shown in the chart below. The significant increase in the Enterprise Fund and Debt Service Fund in FY2018 is due to budgeting for the planned sale of the Nursing Home and subsequent defeasance and redemption of the bonds issued for the facility.




*Expenditure Summary begins on the following page.*

## FY2019 Total Budgeted Expenditure $122,974,563

A 5.2% decrease compared to the original FY2018 Budget.




**Personnel ▼7.3%**

Personnel costs represent the largest expenditure for Champaign County and include salaries and wages, worker's compensation insurance expenses, health and life insurance benefits, social security expenses and IMRF pension benefits. In FY2019 the personnel expenditure budget decreases $4.7 million compared to the original FY2018 Budget. This decrease reflects a drop in the County's IMRF rates effective January 1, 2019, and the elimination of personnel expenditures for the Nursing Home as a result of the planned sale of the Home in FY2018.

Salaries and wages represent 63% of total FY2019 personnel expenditures with the county's portion of health and life insurance expenditures totaling 20% of the personnel budget. The remaining 17% of the budget is for FICA and IMRF benefits and workers compensation and unemployment insurance costs. The FY2019 Budget reflects a net reduction of 140 full-time employees. While the sale of the Nursing Home reduces headcount by 191 employees, new and expanded grant initiatives increase budgeted personnel within RPC departments by 50 full-time employees. A net increase of one full-time employee in the General Fund is the result of a new Planner position in the Planning and Zoning department, the addition of a Data Analyst position in the Sheriff's Office, and the reclassification of the County Board Chair position from full-time to part-time.

The County renewed its health insurance plan with BlueCross BlueShield in FY2019 at a premium increase of 2%.

**Services ▼7.5%**

Services make up the second largest percentage of the County's expenditures and in FY2019 are budgeted to reflect a decrease of $3.1 million. This significant decrease in service expenditures is due to the absence of an operating budget for the Nursing Home in FY2019 due to the planned sale of the Home. The largest budgeted service expenditure, $9.8 million, is for contributions and grants, which are predominantly accounted for in the County's Mental Health Care and Treatment of Persons with a Developmental Disability budgets.

Large fluctuations in this expenditure category are summarized below:

- Decreases in gas, electric and professional services, and the elimination of IPA licensing fees, contract nursing, and Nursing Home facility repair due to the sale of the Home; and
- A decrease in the Regional Planning Commission's energy assistance program and an increase in emergency shelter/utilities expenditures; and
- An increase in contributions and grants in the Mental Health Board and Developmental Disabilities Board's budgets; and
- In the General Fund, a decrease in election judge pay expenditure based on the number of elections scheduled for FY2019; and
- An increase in general liability claims expenditures within the County's Self-Funded Insurance Fund; and
- A decrease in engineering services in Highway funds subsequently resulting in an increase in capital expenditures in FY2019 for projects that were engineered in FY2018.

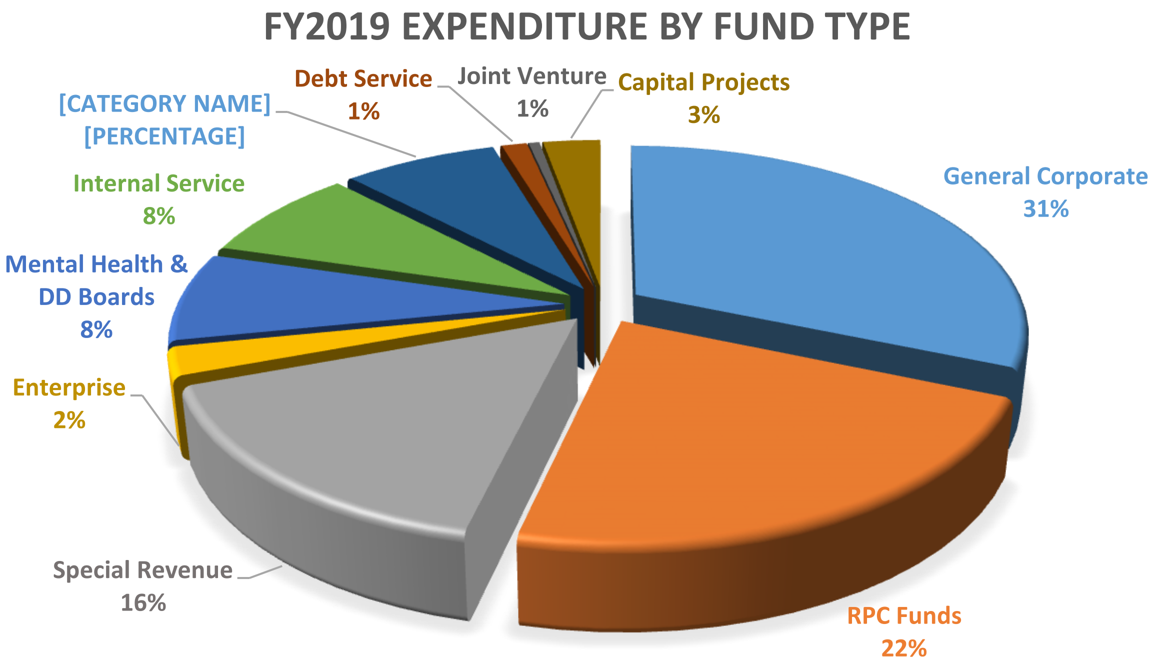
**Commodities ▼12%**
The decrease in commodities is attributed to the discontinuation of Nursing Home operations resulting in the elimination of pharmacy charges, and reductions in food and operational supplies expenditures. Increases in purchase document stamps and equipment less than $5,000 resulted in a net decrease of $641,000 in budgeted expenditures for commodities.

**Capital ▲26.6%**
The majority of the County's capital expenditures are for bridge, culvert and road improvements in the Highway funds. In FY2019, the County is increasing capital expenditures within the Highway funds by approximately $1.4 million. For capital facility improvements in FY2019, the Capital Asset Replacement Fund budget for facility repairs increases $588,000 allowing for a $1.12 million budget for projects scheduled in the County's Capital Facilities Plan.

**Non-Cash Expense ▼1.6%**
Non-cash expenditure is for bad debt that is budgeted in the Regional Planning Commission's Economic Development Fund.

**Interfund Expenditure ▲29.6%**
The budget increase for Interfund expenditure reflects larger transfers from the General Fund and Public Safety Sales Tax Fund to the Capital Asset Replacement Fund for investment in facilities and technology. The increase in the transfer to the General Fund is for amounts the Nursing Home owes to the County for services provided to the Home, loans, bills paid on the Home's behalf, and unpaid debt service reimbursement. A new Interfund transfer to the Self-Funded Insurance Fund accommodates a transfer from the Tort Immunity Fund for amounts owed by the Nursing Home to that fund.

**Debt ▼27.7%**
The FY2018 Budget was prepared to reflect some outstanding amounts owed by the Nursing Home in the debt category. In FY2019, amounts owed to the General Fund are budgeted in the Interfund expenditure category, rather than the debt category.




Expenditure totals by fund for FY2017, projected FY2018, and budgeted FY2019 are shown in the chart below. The significant increase in the Enterprise Fund and Debt Service Fund in FY2018 is due to budgeting to pay outstanding amounts owed by the Nursing Home following the sale, and subsequent defeasance and redemption of the bonds issued for the facility.