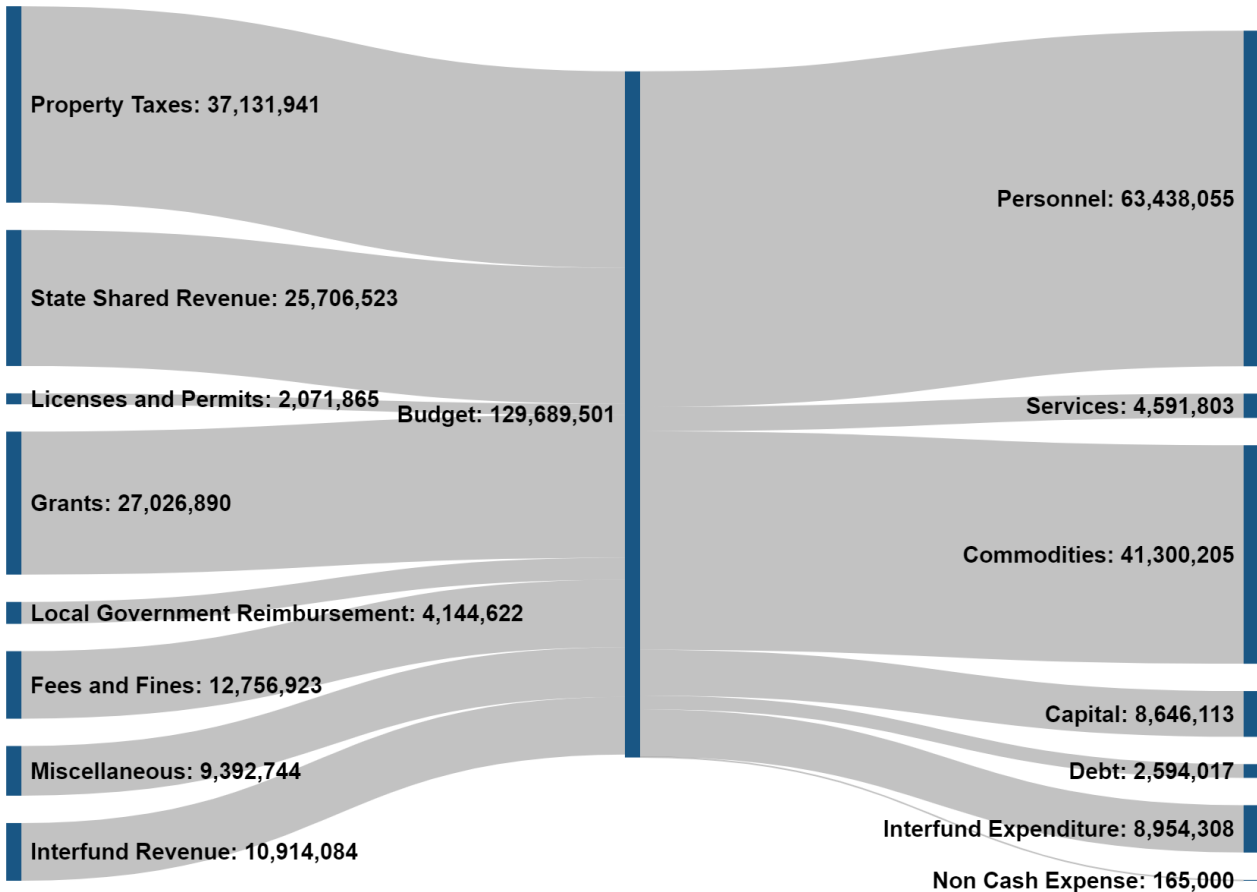


FY2020 BUDGET SUMMARY



FY2020 Champaign County Budget

Revenue	\$129,145,592
Expenditure	\$129,689,501

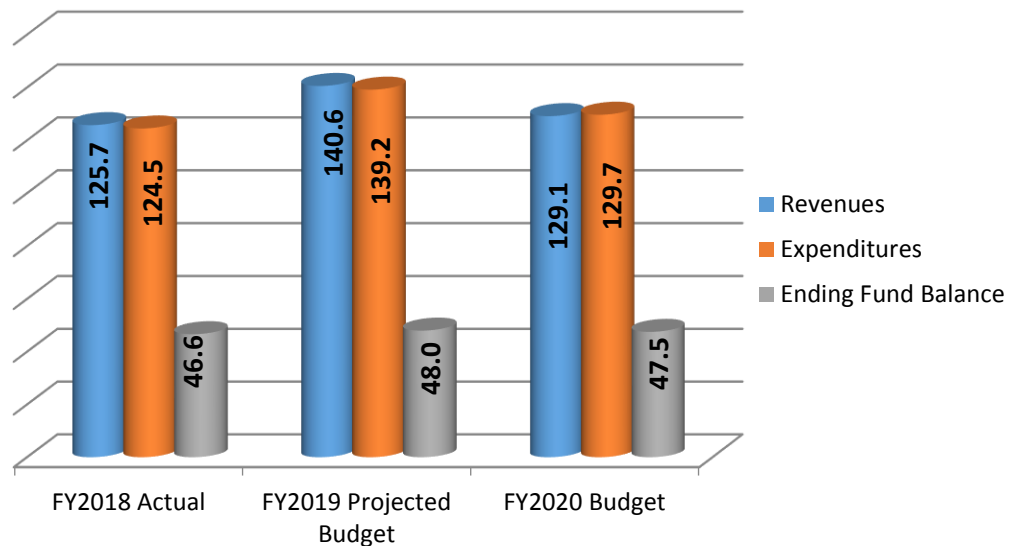
The Champaign County budget is prepared by the County Executive per 55 ILCS 5/2-5009 in conjunction with the County's elected officials and department heads, and submitted to the County Board for its approval. The County Board receives and places the budget on file for public review in October, with final approval scheduled for November 21, 2019. The FY2020 budget is a balanced budget per Champaign County's Financial Policies. The nominal revenue to expenditure deficit is the result of appropriating reserve balances within individual funds for planned projects and capital expenditures.

Budgeted revenue includes \$1.06 million in property tax revenue the County is uncertain whether it will receive in FY2020. The property tax levy was prepared in order to capture new growth revenue in the event the OSF and Carle properties are assessed as non-exempt in the upcoming levy year. The Board of Review will make the initial determination as to whether this happens, based upon the submissions of each hospital and the state of the law at the time the Board of Review acts. If the EAV associated with the hospital properties is included in the

extension and the properties are treated as non-exempt, the Property Tax Extension Limitation Law (PTELL) will not prevent the County from capturing new revenue associated with them.

The following table reflects an aggregated roll-up of the FY2020 Champaign County Budget.

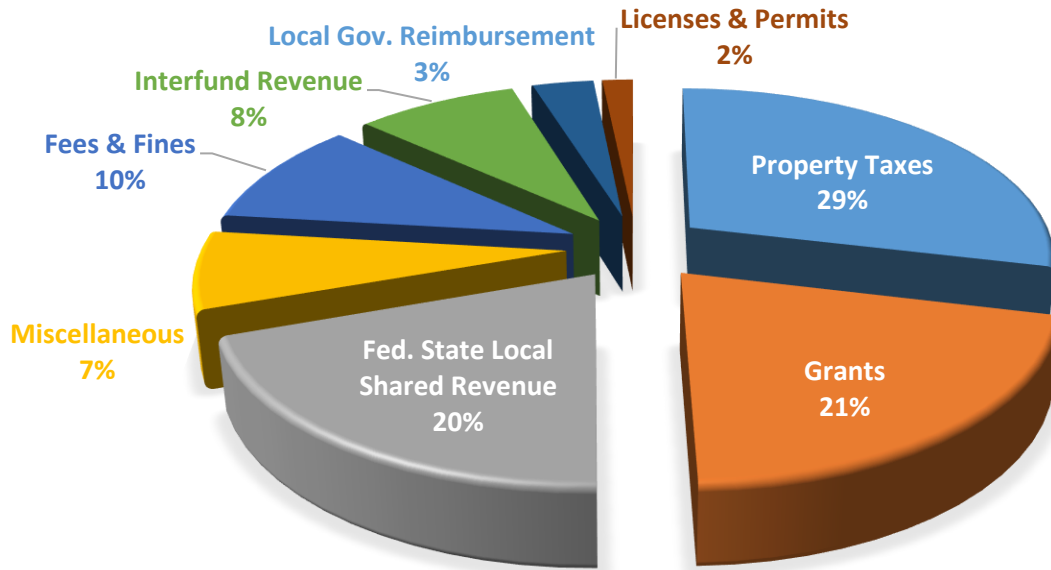
Champaign County Budget	FY2018 Actual	FY2019 Original Budget	FY2019 Projected Budget	FY2020 Budget	\$ Variance	% Variance
Property Taxes	34,245,832	36,961,526	34,504,997	37,131,941	170,415	0.5%
Federal State & Local Shared	22,914,147	22,494,846	24,264,373	25,706,523	3,211,677	14.3%
Licenses & Permits	2,502,423	2,093,149	2,042,606	2,071,865	(21,284)	-1.0%
Grants	21,104,513	23,925,537	26,070,517	27,026,890	3,101,353	13.0%
Local Gov. Reimbursement	3,556,621	3,606,949	3,918,021	4,144,622	537,673	14.9%
Fees & Fines	24,344,354	14,568,720	14,031,343	12,756,923	(1,811,797)	-12.4%
Miscellaneous	8,353,595	8,978,829	17,291,823	9,392,744	413,915	4.6%
Interfund Revenue	8,725,641	8,146,111	18,446,623	10,914,084	2,767,973	34.0%
TOTAL REVENUE	125,747,126	120,775,667	140,570,303	129,145,592	8,369,925	6.9%
Personnel	61,889,969	59,533,389	60,991,544	63,438,055	3,904,666	6.6%
Commodities	6,017,236	4,676,265	4,715,174	4,591,803	(84,462)	-1.8%
Services	40,853,297	38,459,511	39,780,065	41,300,205	2,840,694	7.4%
Capital	4,461,679	7,162,529	8,046,074	8,646,113	1,483,584	20.7%
Non-Cash Expense	125,521	175,000	165,000	165,000	(10,000)	-5.7%
Interfund Expenditure	6,804,626	8,531,151	14,230,727	8,954,308	423,157	5.0%
Debt	4,334,940	4,436,718	11,247,501	2,594,017	(1,842,701)	-41.5%
TOTAL EXPENDITURE	124,487,268	122,974,563	139,176,085	129,689,501	6,714,938	5.5%



FY2020 Total Budgeted Revenue \$129,145,592

A 6.9% increase compared to the original FY2019 Budget.

Includes \$10.9 million in Interfund Transfers.



The \$8.4 million increase in FY2020 budgeted revenue, as compared to the original FY2019 budget, is largely related to increases in federal and state funding for the Regional Planning Commission Early Childhood Education Program and Independent Service Coordination (ISC) Program, and Highway Motor Fuel taxes.

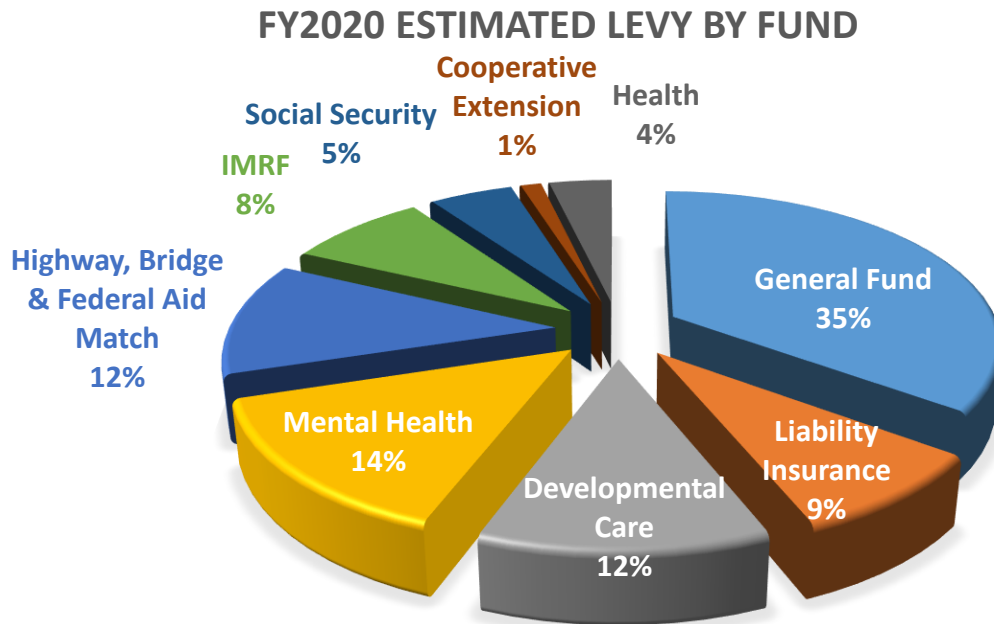
Property Taxes ▲0.5%

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, 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. In comparing the FY2019 and FY2020 budgets, the total increase in budgeted property tax revenue is nominal. This is the result of the defeasance of the 2011 General Obligation bonds subsequent to the sale of the Champaign County Nursing Home. While there is growth in the individual levy lines, the defeasance of the bonds in 2019 resulted in the elimination of \$1.5 million that was previously levied for debt service.

PTELL allows for annual inflationary increases which are limited by the lesser of 5% or the Consumer Price Index (CPI). The CPI used to compute the 2019 extensions (for taxes payable in 2020) is 1.9%. The County’s proposed aggregate levy exceeds a 5% increase over the prior year’s extension; therefore, a Truth in Taxation public hearing was held in October 2019. The proposed FY2020 property tax levy, \$36.3 million, represents a 7.8% increase over the FY2019 extension, a projected increase of \$2.6 million. Of this total, \$1.06 million is attributed to potential new growth revenue as explained earlier. If there is no change in the hospitals’ exemption status, the County Clerk’s Office will limit the total extension, and the County will

receive the property tax it is allowed under the PTELL calculation which is expected to be \$35.3 million in FY2020.

Under PTELL, the former Nursing Home operating levy is reallocated to the Liability levy in FY2020 for outstanding amounts owed by the Home. An increase in the County’s IMRF rates effective January 1, 2020, required reallocation of a portion of the General Fund levy to the IMRF levy.



Federal, State and Local Shared Revenue ▲ 14.3%

Revenue primarily originates from sales and use tax, income tax, motor fuel tax (MFT) and state reimbursement. Significant growth in FY2020 is attributed to increased motor fuel tax and state reimbursement, which represent 17% and 9% of total state shared revenue respectively. Illinois MFT doubled in July 2019 from \$0.19/gallon to \$0.38/gallon. This is the first increase since 1990, and reflects an 82% increase over the FY2019 original budget (approximately \$2 million).

To offset operating expenses for the Probation and Court Services Department, the Illinois Supreme Court, through the Administrative Office of the Illinois Courts (AOIC), provides reimbursement for a portion of personnel costs. The County has not received full allocations since 2015; however, was notified in August 2019 its salary reimbursement for State FY2020 was set at \$2.2 million. This is an increase of \$682,422 (44.4%) over the SFY2019 allocation and represents the restoration of full allocations for probation salary reimbursement.

The County’s sales and use tax revenues, excluding MFT, are described in the following table with the quarter-cent tax representing the largest source of sales tax revenue. Total budgeted sales and use tax revenues reflect a nominal increase of 0.3% over the original FY2019 budget as year-to-date revenues continue to lag following strong growth in FY2018.

Tax	% of State Shared Revenue	Description
One-cent	5.4%	Collected on general merchandise and qualifying food, drug and medical appliances purchased in the <u>unincorporated area</u> of Champaign County.
Quarter-cent	22.5%	Collected on general merchandise and qualifying food, drug and medical appliances purchased <u>anywhere</u> in Champaign County.
Use	4.4%	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	19.1%	Collected on general merchandise purchased <u>anywhere</u> in Champaign County excluding qualifying food, drug and medical appliances, and titled or registered personal property (i.e. vehicles, boats, trailers, motorcycles).

In June 2019, the Illinois General Assembly passed legislation that changes how sales and use taxes are collected in the state. Both remote retailers and marketplace facilitators will be required to collect and remit state and locally-imposed sales tax where the product is delivered starting July 1, 2020. It is expected there will be improved compliance and an increase in both state and local revenues. Some revenue previously receipted as use tax will be receipted as sales tax per this legislation; making it difficult to project the impact on the County's one-cent and use tax revenues. The *South Dakota v. Wayfair Inc.* decision resulted in strong growth in Use tax in FY2019, which is anticipated to continue in FY2020. The State imposed collection fee on the County's Public Safety Sales Tax revenue has cost the County \$188,000 since its inception in July 2017.

According to the Illinois Department of Revenue, in FY2018, 62% of Champaign County government's one-cent sales tax revenues came from its top ten contributors. 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 one-cent sales tax revenue, the loss of one top-ten payer can significantly impact this revenue stream. The top-ten contributors for FY2018 are listed below in no particular order.

Staley Concrete Co. Inc.	Richards Building Supply Co.
Illini FS	Prairie Gardens Inc.
LS Building Products	Country Arbors Nursery Inc.
Road Ranger LLC	Sport Redi-Mix LLC
Hicksgas LLC	CIT Trucks LLC

Income Tax is calculated based on population and accounts for 13% of total State Shared Revenue in FY2020. Beginning July 1, 2017, the state legislature imposed a one-time, one-year, ten percent reduction to local government income tax revenue. Rather than allowing the one-time cut to end as initially approved, the state legislature has continued to extend a five percent cut in state fiscal years 2019 and 2020. This cut has resulted in the loss of \$520,000 in County revenue since its inception.

Licenses and Permits ▼1%

The majority of license and permit revenue is in the General Fund and is predominantly associated with revenue stamp fees which are budgeted flat at \$1.5 million FY2020. Two-thirds of the fee revenue must be submitted to the state. The decrease in total licenses and permits revenue is attributed to a decrease in zoning permit fees, which were budgeted higher in FY2019 due to anticipated solar farm permit applications.

Grants ▲20.9%

The County’s federal and state grant revenue predominantly supports the Champaign County Head Start, Workforce Development and Regional Planning Commission (RPC). In FY2020, federal and state grants account for over 90% of the overall RPC budget and include 100 grants in eight program areas.

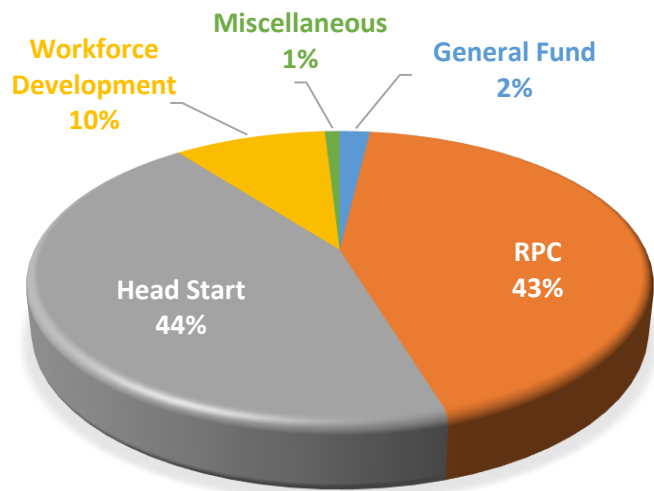
Staffing levels are projected to increase a total of 75 FTEs within RPC funds due to increased and/or new funding, including significant increases in the Early Head Start and Independent Services and Support Advocacy programs.

Fees and Fines ▼12.4%

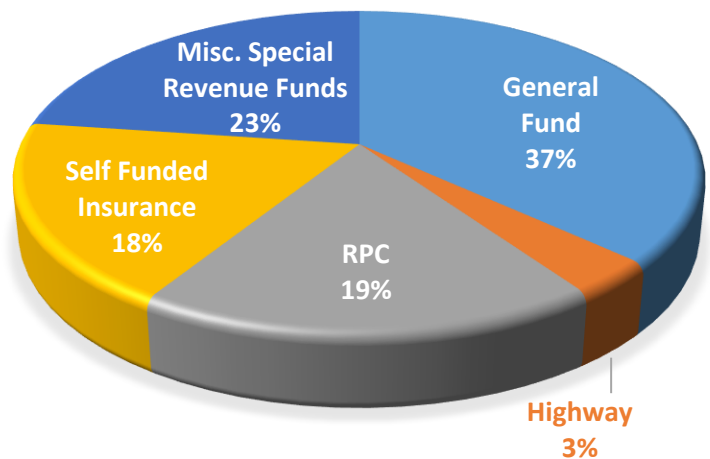
This revenue stream reflects a decline in FY2020 due to the sale of the Nursing Home in April 2019. The County did budget in anticipation of collecting minimal revenue for services previously provided by the Home.

The largest source of fees and fines revenue comes from the General Fund. Effective July 1, 2019, the state legislature approved the Criminal and Traffic Assessment Act (100-987, 100-994 and 100-1161). In summary, the act creates a set of criminal assessment schedules and punitive fines, sets a maximum on civil filing

FY2020 GRANTS



FY2020 FEES & FINES REVENUE



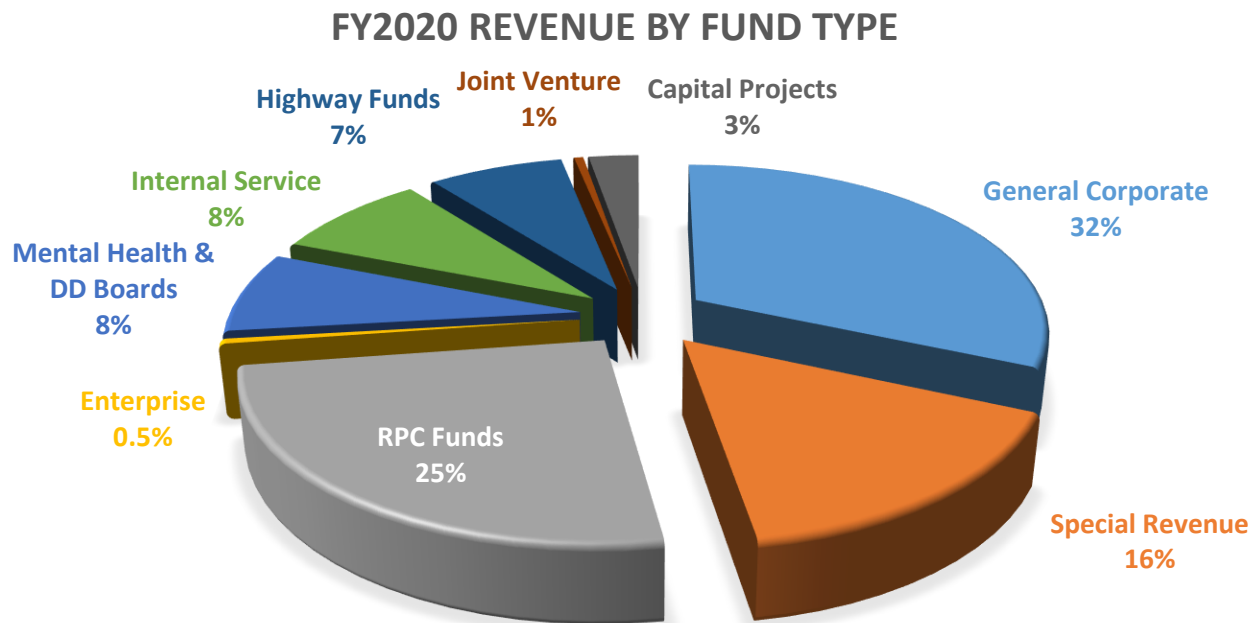
and appearance fees, and creates a graduated fee waiver that will apply to indigency orders in both civil and criminal cases. The impact of these changes will affect multiple county funds including the General Fund and some special revenue funds. In FY2020 fee and fine revenues are budgeted conservatively as the County is unable to fully assess the impact of allowable fee waivers based on the financial ability of an individual to pay.

Miscellaneous Revenue ▲4.6%

The FY2020 budget for miscellaneous revenue increases by \$414,000 largely as a result of budgeting for anticipated investment interest across all county funds, and the release of one-third of the Nursing Home escrow holdback.

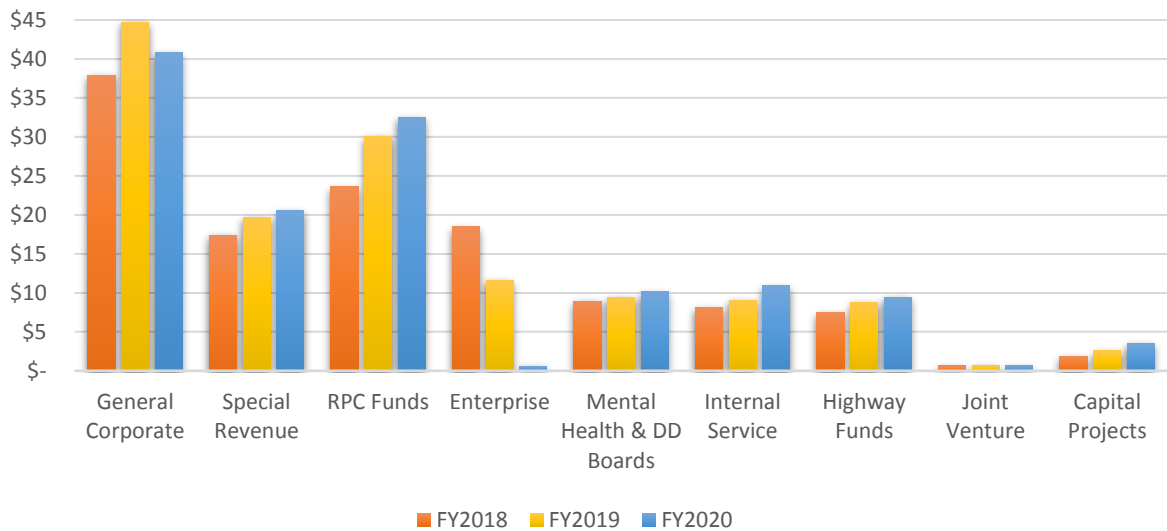
Interfund Revenue ▲8.5%

Increases in Interfund revenue reflect an increase in the transfer from the General Fund to the Capital Asset Replacement Fund for the County’s increased investment in facilities funding per the 10-Year Capital Plan; and a larger transfer between the Tort Immunity and Self-funded Insurance funds due to the reallocation of the former Nursing Home levy for outstanding amounts owed by the Home; and a \$1 million transfer from the Head Start fund to the Economic Development fund to support infrastructure and facility enhancements for expanded/alternative early childhood center locations.



Revenue totals by fund for FY2018, projected FY2019, and budgeted FY2020 are shown in the chart below. The FY2019 increase in the General Fund occurred due to transfers from the Nursing Home fund to redeem the 2015 bonds, and to reimburse the General Fund for the \$1.98 million that was transferred to the Home in 2018 allowing for payment of outstanding accounts payable obligations. The decrease in Enterprise fund revenue results from the sale of the Nursing Home in 2019. The Nursing Home fund is the County’s only enterprise fund. Program expansion within RPC funds is demonstrated by increased revenues in both fiscal year 2019 and 2020.

Revenue by Fund Type (in Millions)

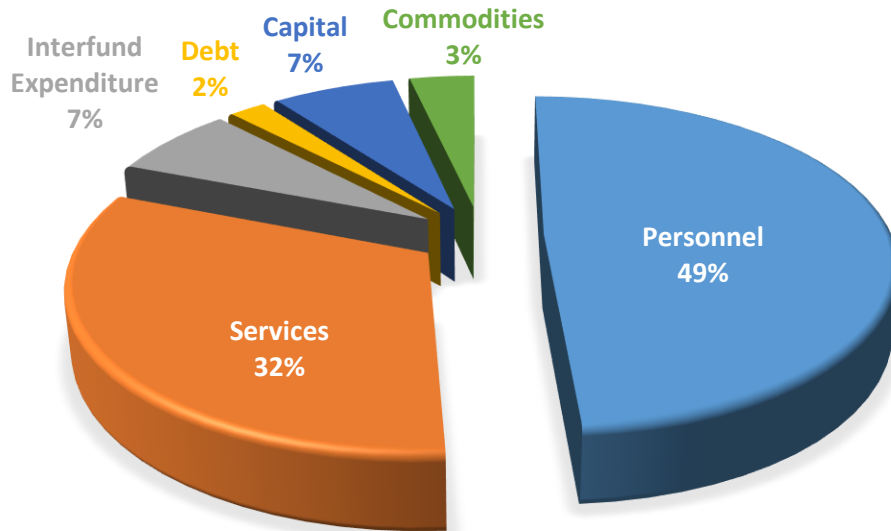


Expenditure Summary begins on the following page.

FY2020 Total Budgeted Expenditure \$129,689,501

A 5.5% increase compared to the original FY2019 Budget.

Includes \$9 million in Interfund Transfers.



Personnel ▲ 6.6%

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 FY2020 the personnel expenditure budget increases \$3.9 million compared to the original FY2019 budget. Expenditure growth is the result of increases in the County’s IMRF rates effective January 1, 2020, employee wage increases, and staffing increases to accommodate RPC program expansion.

Salaries and wages represent 63% of total FY2020 personnel expenditures with the county’s portion of health and life insurance expenditures totaling 17% of the personnel budget. The remaining 20% is for FICA and IMRF benefits and workers compensation and unemployment insurance costs. The FY2020 budget reflects a net increase of 75 full-time equivalents due to new and expanded grant initiatives within RPC funds. The County renewed its health insurance plan with BlueCross BlueShield in FY2020 at a premium increase of 4.5%, which includes ACA health insurer fees and taxes of 2.1%. Should a moratorium on collection of the ACA fee be continued, the insurer will remove that portion of the premium.

Services ▲ 7.4%

Services make up the second largest percentage of the County’s expenditures and in FY2020 reflect an increase of \$2.8 million. The largest budgeted service expenditure, \$10.3 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. In total, the FY2020 budget reflects an increase of \$534,000 in contributions and grants largely due to the increased capacity to provide additional funding to agencies as a result of increases in the Mental Health and Development Disability property tax levies.

Other significant increases in the services expenditure category are summarized below:

- Computer and Information Technology services, which includes law enforcement body camera Software as a Service, State’s Attorney document evidence storage system and increased funding for Enterprise Resource Planning (ERP).
- Facility and office rental costs related to RPC Early Childhood program expansion.
- Energy assistance associated with expansion of the RPC Energy Assistance program.

Commodities ▼ 1.8%

The decrease in commodities is attributed to reduced expenditure budgets for equipment less than \$5,000 across multiple county departments.

Capital ▲ 20.7%

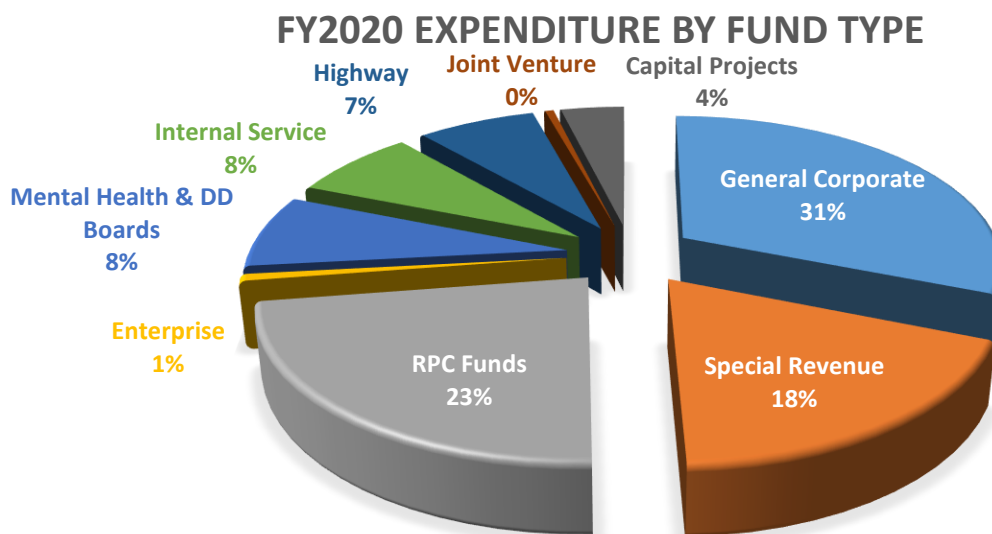
The majority of the County’s capital expenditures are for equipment, bridge, culvert and road improvements in the Highway funds. Much of the FY2020 increase is related to facility improvement funding within the Capital Asset Replacement Fund for projects scheduled in the County’s Capital Facilities Plan. Additionally, the County Clerk’s budget includes funding for replacing the County’s election tabulators.

Interfund Expenditure ▲ 5%

The budget increase for Interfund expenditure reflects a larger transfer from the General Fund to the Capital Asset Replacement Fund for the additional investment in facilities. A larger Interfund transfer from the Tort Immunity fund to the Self-Funded Insurance fund occurs in FY2020 as the former Nursing Home operating levy was reallocated for amounts owed by the Nursing Home. Within the budget is a \$1 million transfer from the Head Start fund to the Economic Development fund to support infrastructure and facility enhancements for expanded/alternative early childhood center locations.

Debt ▼ 41.5%

With the defeasance and redemption of the Nursing Home bonds, the budget reflects a \$1.8 million reduction in debt expenditure in FY2020.



Expenditure totals by fund for FY2018, projected FY2019, and budgeted FY2020 are shown in the chart below. The increase in Special Revenue funds in FY2020 is predominantly due to appropriating fund balance reserves for planned projects or purchases. Program expansion within RPC funds is demonstrated by increased expenditures in both fiscal year 2019 and 2020. The decrease in Enterprise fund expenditure in FY2020 is the result of the sale of the Nursing Home. There is no appropriation for debt service in FY2020 due to the defeasance of the Nursing Home bonds in 2019.

Expenditure by Fund Type (in Millions)

