

MEMO ESTABLISHING THE BUDGET PROCESS FOR CHAMPAIGN COUNTY FOR FY2021

MEMORANDUM

TO: COUNTY OFFICIALS & COUNTY BOARD MEMBERS
 FROM: DARLENE A. KLOEPEL, COUNTY EXECUTIVE
 DATE: MAY 19, 2020
 RE: 2021 COUNTY BUDGET PROCESS

It is again time for the County Executive to prepare the annual county budget for board approval.

Budget Calendar

The County's fiscal year begins on January 1 and ends on December 31. These steps offer opportunities for required public input, input from all elected officials and appointed department heads, and time for review and possible incorporation of revisions to the proposed budget by the County Board prior to approval in November.

June 10	Deputy Director of Finance provides <i>Budget Instruction and Training Seminar</i> for department budget preparers and <i>Instructions for Budget Submission</i> to outside agencies
July 10	FY2021 Department Budgets DUE to Deputy Director of Finance
July 13-24	Department Budget Reviews with County Executive
Aug. 3-7	County Executive confirms tax revenues & other revenue estimates
Aug. 24-25	6:00pm each evening – Legislative Budget Hearings before the County Board
Sept. 15	County Executive presents <i>FY2021 Budget Overview</i> to Finance Committee
Oct. 1	Special Finance Committee of the Whole Meeting for Public Comment on the Proposed FY2021 Budget and to provide direction regarding the Tentative Budget
Oct. 13	<i>FY2021 Tentative Budget Recommendation</i> forwarded by Finance Committee to County Board
Oct. 22	County Board – receive & place on <i>File FY2021 Tentative Budget</i> ; County Board Truth in Taxation Public Hearing <i>(if required)</i>
Nov. 10	Finance Committee forwards <i>Final FY2021 Budget</i> to County Board for approval
Nov. 19	County Board approval of <i>Final FY2021 Budget & FY2021 Tax Levy Ordinance</i>

Form of the Budget

The proposed budget will be linked to the county's strategic planning priorities. The final budget will be prepared in acknowledgement of the *Champaign County Board Financial Policies* and will include the following, showing specific amounts:

- Statement of financial information including prior year revenue and expenditure totals, and current year and ensuing year revenue and expenditure projections

- Statement of all moneys in the county treasury unexpended at the termination of the last fiscal year
- Statement of all outstanding obligations or liabilities of the county incurred in any preceding fiscal year
- Any additional information required by state law

Property Tax Levy

The preparation of the property tax levy for FY2021 will be calculated in accordance with the Property Tax Extension Limitation Law (PTELL).

Capital Asset Replacement Fund (CARF)

Capital asset replacement programs have an impact on the General Fund and Public Safety Sales Tax Fund. In-progress commitments for inclusion in the FY2021 CARF budget:

1. Funding for maintenance scheduled in FY2021 at 50% of the County's Facilities Capital Plan; and
2. Funding for Enterprise Resource Planning (ERP) to replace the County's in-house financial system; and
3. Funding for other CARF equipment and items previously scheduled for replacement in FY2021 on a case by case basis due to funding constraints, and
4. An estimated calculation of full reserve funding required for future CARF replacement schedules.

General Corporate Fund

County Executive's Department Budget Guidance

Considerations for preparing the budget include:

- Is the county meeting its fiduciary obligation to the public?
- Is the county meeting its statutory obligations to the public?
- Are budgeted items tied to strategic planning goals?
- How will budgeted investments impact other priorities of the county?
- What level of service can the public expect for this level of budget support?
- Will this be a one-time or recurring expense?

Budget documents will include:

1. Department operation analysis and planning documentation
2. Alignment to the County's Strategic Plan
3. Department objectives and performance indicators
4. An objective and analytic projection of revenues including any recommendations for fee increases or modifications to revenue structure

5. Expenditures (personnel expenditures will be completed by Administrative Services based on negotiated labor contracts and County Board direction for non-bargaining salary administration)

Non-General Corporate Fund Budget Requests

1. Presented within the County Board’s definition of a balanced budget
2. Include revenues, expenditures, fund balance information, goal statements and an explanation for variances in ending fund balance
3. Document and analyze operations, and provide FY2020 strategic planning information including alignment with the County’s Strategic Plan, and specific fund objectives and anticipated performance indicators

General Corporate Fund Budget Requests

The financial forecast projects a decline in General Fund revenues due to the COVID-19 pandemic resulting in significant decreases in fund balance during 2020 and 2021. While acknowledging many uncertainties at this time, conservative budgeting is needed to mitigate these anticipated revenue losses. All General Fund departments will be asked to identify a 4% decrease in department budgets against the original FY2020 budgets through strategies that may include both personnel and non-personnel items.

Requests for budget increases outside of these allowable exceptions must be submitted in separate documents and include:

1. A detailed explanation for the reason a budget increase is being requested; and
2. A detailed breakdown of the increase requested by budget line; and
3. Whether there are outside funding sources available to subsidize increased costs; and
4. Problems, issues, or concerns that might arise if the request is not able to be funded; and
5. Whether the request can be deferred to a future fiscal year, and if so, when.

We have a challenge this year, which also presents the opportunity to set a clearer path for the future.

I look forward to working with other county officials and the Board on the 2021 County Budget.