Financial Forecast
Champaign County, Illinois

FY2025-FY2030

SEAL OF THE COUNTY OF CHAMPAIGN, ILLINOIS
FEBRUARY 20, 1833

Introduction

The County's budget process begins with the presentation of the Financial Forecast in April. It is difficult to accurately forecast beyond one year due to unknown variables in future fiscal years such as Consumer Price Index (CPI) changes, new Equalized Assessed Valuation (EAV) added to the tax rolls, legislative changes, and unknown rates for health insurance and Illinois Municipal Retirement Fund (IMRF). Additionally, small deviations in one year can result in significant differences in later years since projections in future years are based on outcomes in previous years.

The uncertainty of economic conditions and therefore, the Financial Forecast is significantly higher due to the current federal administration's economic policy decisions.

The Forecast provides a framework for future financial decisions and can be used as a planning tool prior to beginning the FY2026 budget process. Presentation is by summary of revenue and expenditure categories and is based on current and projected economic conditions, historical performance, recognized budget impacts, and anticipated trends in revenues and expenditures. Over fifty funds support County operations; however, the Forecast's focus is on the following funds: General, Public Safety Sales Tax (PSST), Capital Asset Replacement (CARF) and American Rescue Plan Act (ARPA).

Strategic Plan

The County Board approved a Six-Year Strategic Plan with five goals in July 2019.
Champaign County Strategic Plan.

Financial Rating and Outlook

Prior to the County's issuance of bonds in December 2022, Moody's Investors Services upgraded the County's bond rating to Aa1. This is the highest rating ever awarded to Champaign County. This rating was maintained in October 2024 when the County refunded a current bond. Moody's cited available fund balance and liquidity with low long-term liabilities ratio and fix costs as credit strengths. However, available fund balance was much lower than other agencies with the same score. Moody's stated in its rating action that significant growth in long-term liabilities ratio and/or declines in fund balance ratio could lead to a rating downgrade. As such, it may be prudent to increase fund balance policy from 16.7% to 25% going forward.

- For the period ending December 31, 2023, the unreserved General Fund budgetary fund balance was $13.0 million, or 28.0% of operating expenditures (inclusive of transfers out).

- Rate setting Equalized Assessed Value (EAV) for tax year 2024 increased 10.53% to $5.93 billion.

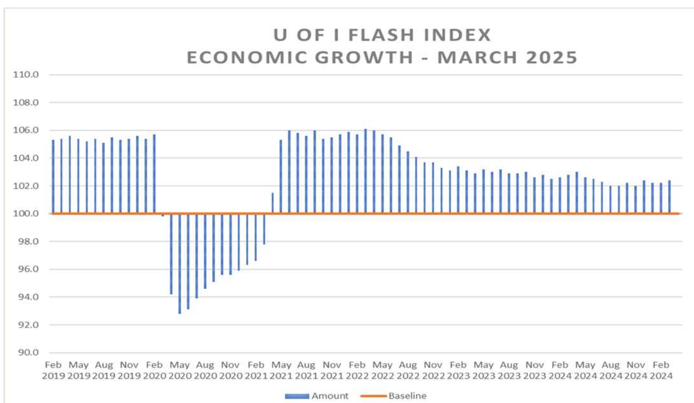
Economic Conditions

The inflationary percentage recognized by the Illinois Department of Revenue (IDOR) for the 2024 levy, paid in FY2025, calculations under the Property Tax Extension Limitation Law (PTELL) were limited to 3.4%, which is the lower of CPI or 5%. For the 2025 levy, payable in FY2026, the PTELL limit is 2.9%. The prior two levy years, 2022 and 2023, were capped at 5%, while CPI was 7.0% and 6.5% in those years. This limitation can be problematic when the increasing cost of operations exceeds the ability of the County to generate enough revenue to cover increasing costs.

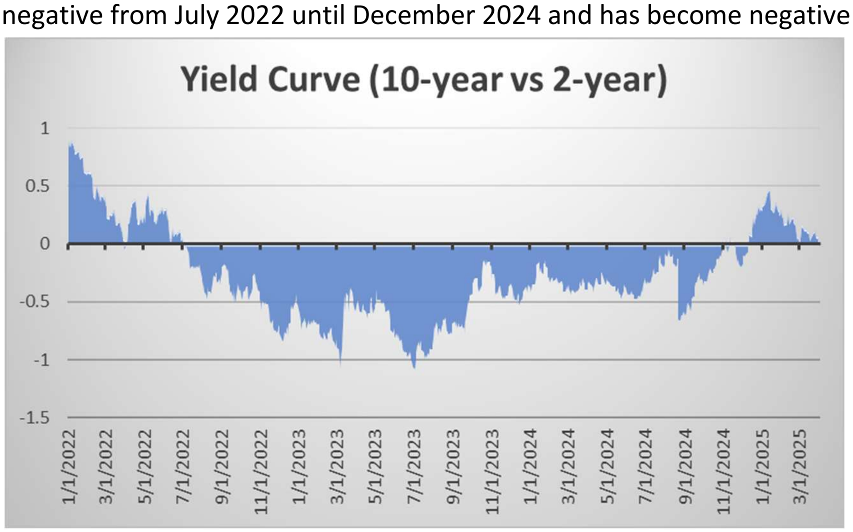
Sales Tax revenue for both the County and the State are at all-time highs. In 2021, legislative changes with the Level the Playing Field Act provided the County with a permanent increase to revenue. Also, since these taxes are paid on a percentage of goods sold, high inflation has also been a significant factor to the growth of these revenues. Additional factors are historically low interest rates, stimulus money, and ARPA spending in the community. There is concern that these revenues could flatten out, or potentially drop, in the near future as interest rates rise, ARPA and stimulus money in the community are fully spent, inflation slows down, and/or an economic downturn occurs.

References to a possible recession or economic slowdown are a recurring theme in public and private sector finance publications. Many economists are stating that the likelihood of a recession is rising, especially with the new Federal policies, such as tariffs.

In March 2025, the University of Illinois Flash Index, designed to give a quick reading of the state economy, is down from 102.8 to 102.4 compared to the prior year. The Flash Index analyzes Illinois growth rates in corporate earnings, consumer spending, and personal income. Amounts over 100 represent an expanding economy. Consistent with other indicators, the economy has been growing since 2021 but has recently slowed.

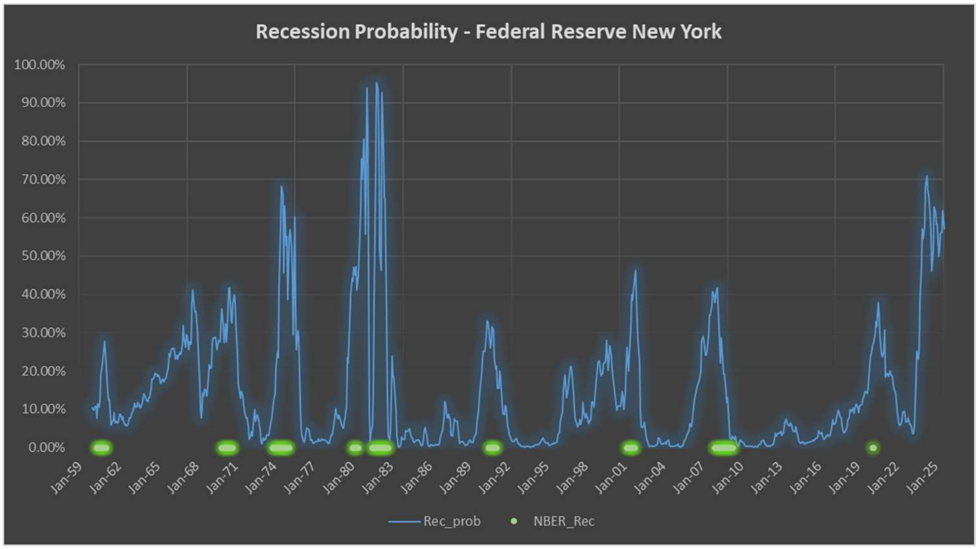


The 10-2 Treasury Yield Curve is the difference between the 10-year treasury rate and the 2-year treasury rate. A negative 10-2 yield curve has historically been viewed as a precursor to a recessionary period. Nearly each recession since 1955 was proceeded by a negative yield curve 6 to 24 months prior to the start of the recession. The yield curve was negative from July 2022 until December 2024 and has become negative again in April 2025.



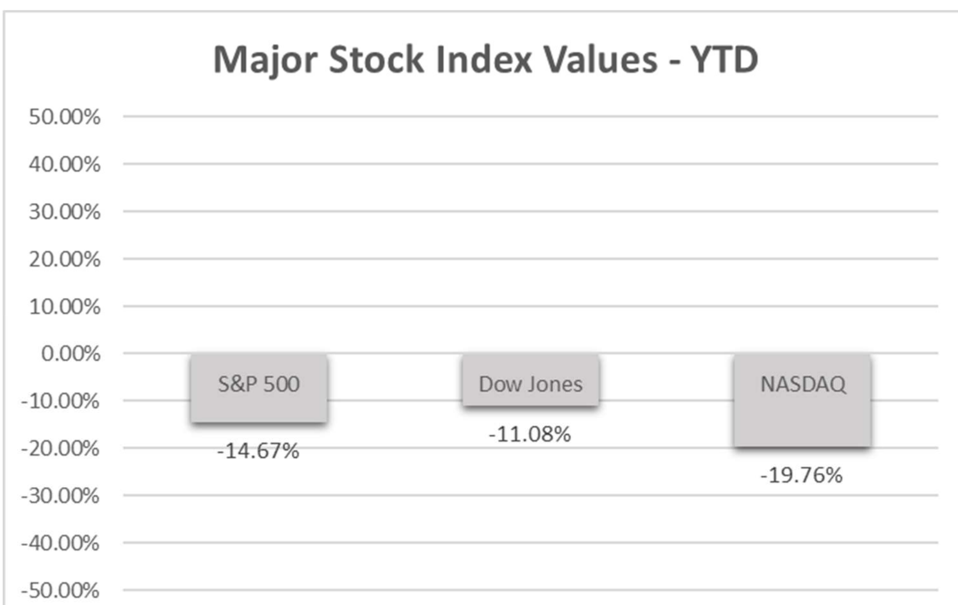
Source:https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202206

The Federal Reserve Bank of New York uses a variation of the yield curve to calculate the probability of a recession in the United States in the twelve months ahead. The graph below shows this probability (blue line) back to January 1959 compared to recessions that occurred (green dot) defined by the National Bureau of Economic Research (NBER).



Source: https://www.newyorkfed.org/research/capital_markets/ycfaq#/interactive

At the time of writing this, the values for three of the major stock market indexes have significantly dropped this year. Much of the drop in value occurred when tariff policies were enacted by the Federal Government earlier this month.



News and Highlights

1. **Investment in County Facilities** The County issued $36 million in bonds at the end of 2022 for the purpose of consolidating the jail facilities, and for renovating the Scott M. Bennett Administrative Center, formerly County Plaza building, to relocate various County offices. All of the bond proceeds have been spent and the County will be paying debt service on the jail bond until FY2036 and the Bennet Administrative Center bond until FY2042. An additional $6.4 million of American Rescue Plan Act (ARPA) funds will support the jail consolidation project taking some burden off of CARF, which would have required additional transfers from the General Fund or Public Safety Sales Tax Fund. The work for the Bennett Administrative Center and the jail consolidation project is expected to wrap up in FY2025. These investments reflect the County Board's strategic goal to maintain high quality public facilities.

2. **American Rescue Plan Act (ARPA)** The County Board appropriated $22 million of ARPA funding. This is helping support a countywide broadband expansion. Funding has been allocated for affordable housing assistance, community violence intervention, county department projects, early learning assistance, water infrastructure projects, small business support, mental health services, and household assistance. ARPA helped to ease some costs from the General Fund and CARF on a short-term basis. Some of these costs will need to be absorbed back into the General Fund budget going forward, for example about $200 thousand in annual software costs. More information about projects is posted on the County website Champaign County ARPA.

3. **Capital Plan and IT Plan** The County is currently working on updating the latest capital and IT plans. This will help keep the County's facility infrastructure and IT hardware/software up to date in order to provide high quality services to the public. The move to the Bennett Administrative Center will hopefully help to reduce yearly maintenance costs of County facilities in the future. The County is exploring options for the Brookens Administrative Center, but are still in preliminary stages.

Challenges

1. **Recruiting, Retention, and Retirements** A state and local government workforce survey conducted in 2023 asserts the rate of state and local government job openings are still some of the highest they have been over the past 20 years. While the private sector has largely recovered to pre-pandemic employment levels, state and local government still lags behind.[1] Policing and Corrections/Jails are listed among some of the hardest positions to fill in the report, which is consistent with the County's present vacancies.

   Per the survey, the top three reasons public sector employees listed for leaving are 1.) compensation is not competitive, 2.) retirement and 3.) advancement with another public employer.[2] The acceleration of retirement plans after the pandemic increased dramatically, which is problematic for the public sector since its workforce tends to be older.

[1] https://research.missionsq.org/resources/state-and-local-government-workforce-survey-2023
[2] https://research.missionsq.org/resources/state-and-local-government-workforce-survey-2023

In 2024 the County asked the voters to increase the Public Safety Sales Tax, and this would have allowed the County to make significant progress towards offering competitive wages, increasing rates for long term employees. Unfortunately, the referendum did not pass, and the County is financially unable to enact any of the recommendations from the 2024 Gallagher Salary Study at this time.

2. **Adding Additional Positions to Operating Funds** In FY2022, FY2023, and FY2024, the County added new positions to the General Fund. The positions were funded through increased sales tax revenue generated by Level the Playing Field legislation. In the FY2025 budget, 3.5 FTEs were added.

   As the County begins the FY2026 budget process, balancing requests for new positions alongside the County's need to maintain a healthy fund balance is essential. New positions put additional financial pressure on County funds, thereby competing with available funds to replace equipment, maintain facilities, and increase wages to retain current staff and recruit for vacancies. Limited revenue sources require the County to approach the addition of positions with caution as it deals with its current high level of vacancies.

3. **Legislative and Administrative Changes** Decisions made at the State and Federal level impact County operations as well as revenue and expenditure streams.

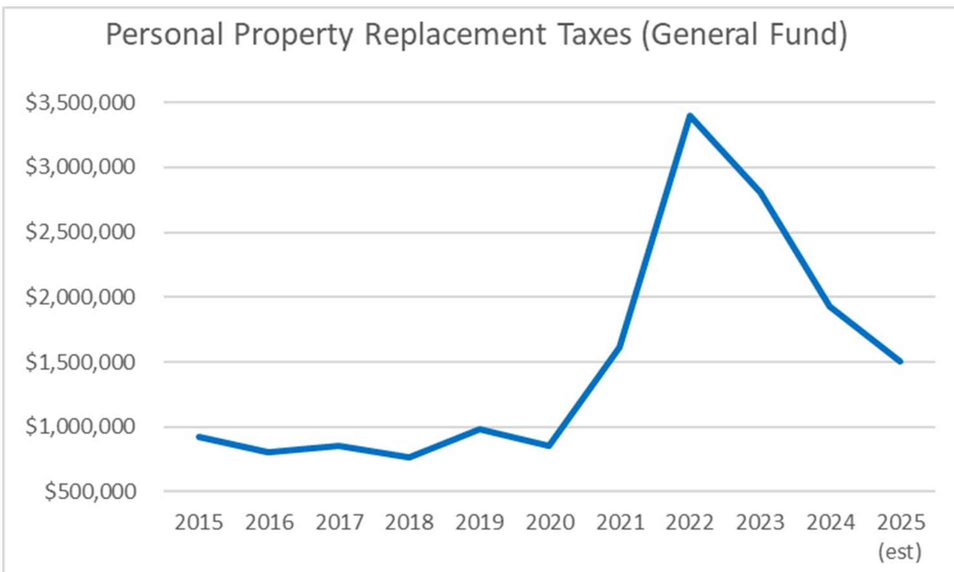
   - <u>Veterans Assistance Commission</u>
     Legislation passed by the State makes significant changes to the laws governing the Veteran's Assistance Commission (VAC). Discussions between the County and the VAC are ongoing to plan for the required changes. One provision establishes a minimum annual funding requirement of 0.02% of EAV or an amount determined by the VAC to be "just and necessary." If funding at the established minimum is required without implementation of a new revenue stream it will result in a serious financial hardship on the County.

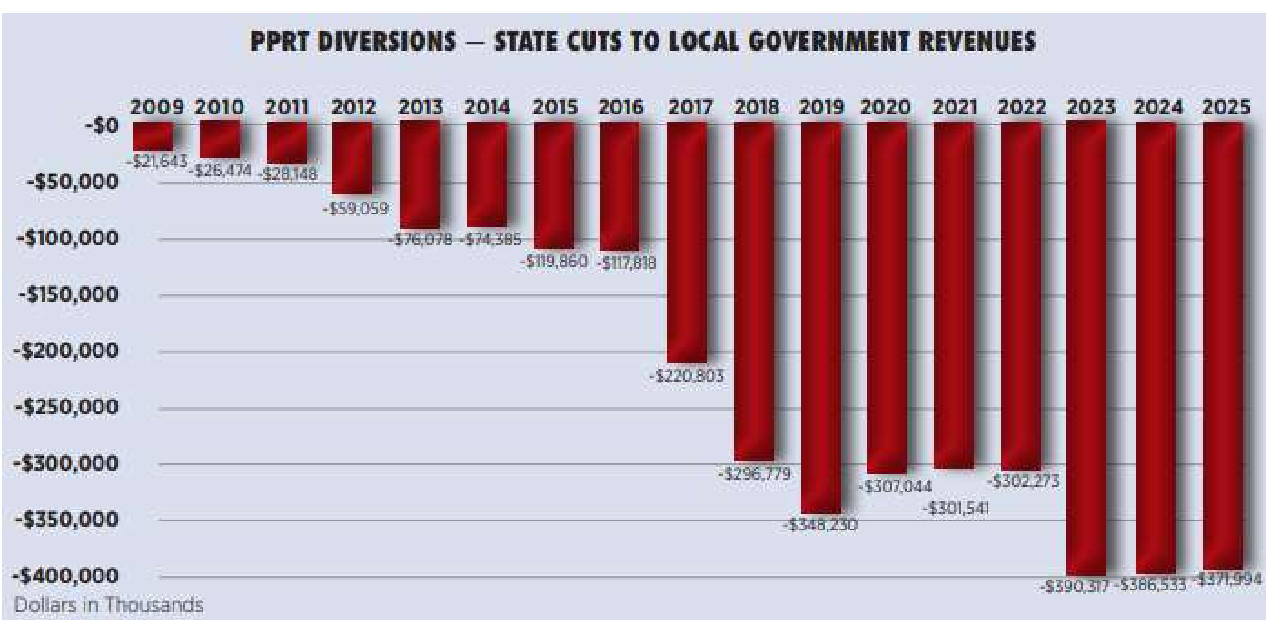
     Sangamon County is currently litigating the ambiguity of the statute language regarding "shall" and "just and necessary."

- <u>Personal Property Replacement Tax</u>

  This revenue is collected by the Illinois Department of Revenue (IDOR) to replace money lost by local governments when their powers to impose personal property taxes were taken away. Prior to distributing to local governments, the State garnishes funds at a level that has increased significantly since 2009 and then applies a formula with 51.65% of revenues going to Cook County and the remainder being split between the other 101 counties.

  Legislation approved in 2021 eliminating corporate loopholes is expected to result in sustainable revenue levels; however, separate legislation enacted for pass-through entities causing 2022 revenue increases is not expected to be ongoing. Fiscal year 2024 through 2026 revenues are adjusted down from the prior years based on IDOR and Illinois Municipal League (IML) projections due to the State changing their formula and claw back of past revenue due to this formula error.





Source: https://legal.iml.org/file.cfm?key=14820

- Administrative Fees
  State imposed administrative fees on local sales taxes have been in effect for several years now. The total amount of funding lost from the County's Public Safety Sales Tax has reached over $500,000. This fee is also imposed on the County Cannabis Sales Tax.

- Criminal Justice Reform
  Legislation known as the SAFE-T Act eliminated bond processing fees. A separate financial impact is the loss of revenue from the application of bond payments to court-ordered fees. A Civic Federation report for the Illinois Supreme Court found that 70% of bond payments were used to pay court-ordered [3] The legislature has not replaced these lost revenues used to fund the offices of the circuit court clerks and other county-level court services. Reform mandates also implement changes that increase County costs while reducing County revenues.

- Future Legislation
  There are current discussions of bills on the State and Federal levels that could have a significant impact on the County if they are passed. On the State side, there are multiple discussions on possible changes to property taxes and PTELL caps. On the Federal side, are discussions on removing tax-exempt status on government bonds, which would significantly increase cost of capital projects. In addition, there are questions on Federal funding for grants and other programs in the future.

4. **Health Insurance** For the FY2025 plan, the County implemented a Health Reimbursement Arrangement (HRA). With the County taking on extra risk for employee health costs instead of the insurance company, another double-digit premium increase was avoided and the 5% reduction to premiums was passed back to County employees. The County budgeted just over $650 thousand in FY2025 in order to cover the costs of the HRA, but the actual amount needed won't be known until the end of the plan year, so additional funds may need to be transferred from the General Fund to cover any amount over the budgeted estimate.

5. **Technology Investment** The County has been progressively and strategically investing in its technology. One important system still requiring evaluation is the Justice Case Management System, presently JANO. The County budgeted in 2022 and 2023 to engage outside services to study the current system to determine whether it meets the County's needs and recommend an action plan. The County budgeted $2 million from PSST in FY2025 to start moving forward with implementing necessary changes to the court case management system.

6. **Hospital Property Tax Liability** The County settled one case, 2008-L-202, last year. There are presently two outstanding cases against Champaign County and other taxing districts related to hospital property tax exemptions, 2013-CH-170 and 2015-L75. These two cases are expected to be settled in FY2025. The County has not set aside funds specifically for this liability, and any ruling against the County in either of these cases would come from fund balance of the General Fund.

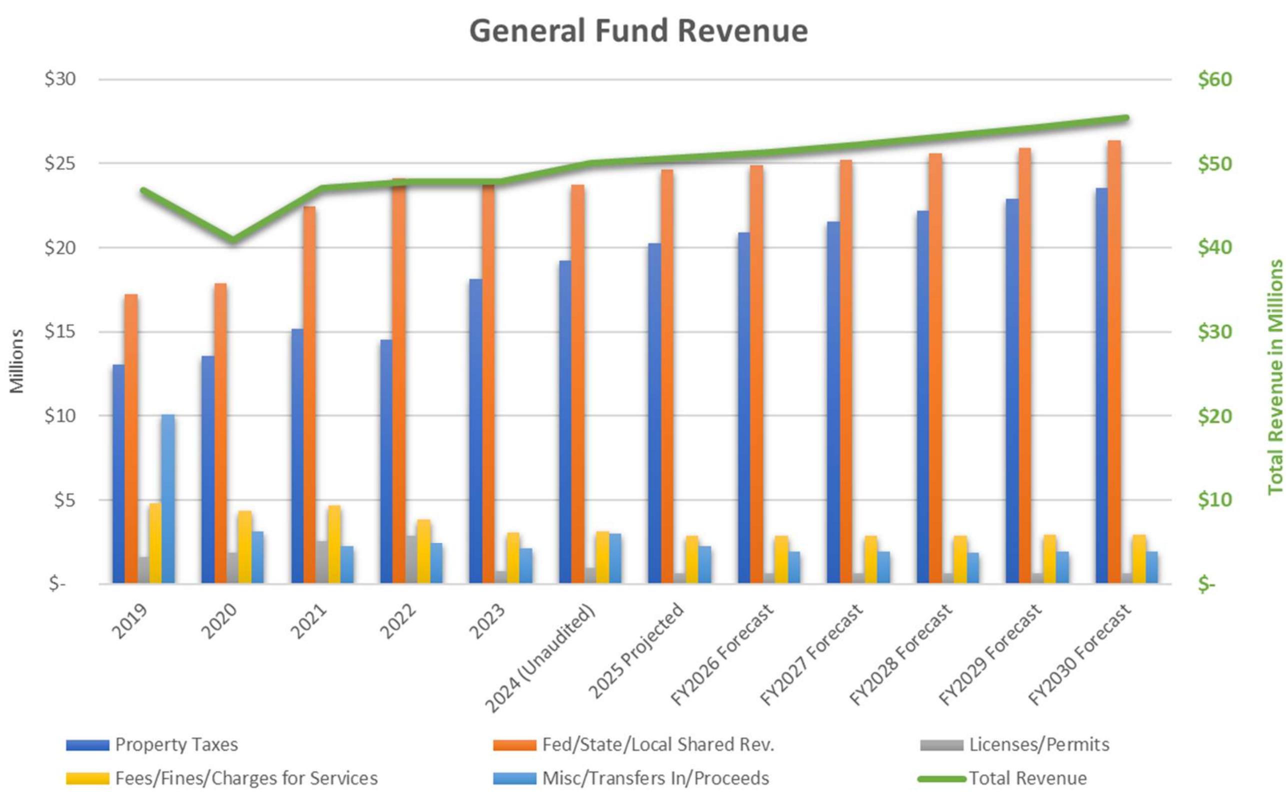
[3] https://www.civicfed.org/sites/default/files/financial_impact_of_eliminating_cash_bail_report_revised_august_2022.pdf

General Fund

Revenue

Forecast Assumptions

Revenue assumptions are based on historical averages, information provided by outside sources such as IDOR and IML, contracts and agreements, and anticipated growth or decline based on economic and legislative factors. Because the County has limited control over most of its revenue sources, fiscal year revenues must guide General Fund budgeting. Some of the expenses paid from the General Fund are eligible to be paid with Public Safety Sales Tax funds; therefore, transfers from the Public Safety Sales Tax Fund to the General Fund are often budgeted to help support the operating expenses of eligible departments. The level of transfers fluctuates annually based on the need to balance budgeted funds.



Federal, State, and Local Revenue

This category is the largest source of General Fund revenues. Beginning in 2021, sales taxes have generated additional permanent revenue largely due to legislation that imposes both state and local taxes based on the delivery destination, essentially "leveling the playing field" between remote and brick-and-mortar businesses.

With a possible economic slowdown pending, sales and income tax revenues are forecasted at 2.25%. Personal Property Replacement Tax revenues, as explained previously, are expected to drop while still remaining at higher levels than the past.

Property Taxes

The second principal source of General Fund revenue is property taxes. The County has relied on consistent increases in property tax revenues primarily due to inflationary growth allowed under PTELL, and new property added to the tax rolls. The CPI increase for taxes to be levied is capped at the lower of CPI or the 5% PTELL cap. Considering historical growth based on new property added to the tax rolls, this forecast projects combined inflationary and new growth in the levy for fiscal years 2026-2030 at 3.2%

Fees/Fines/Charges for Services

Due to legislative changes, criminal justice fees, fines, and charges have declined from prior levels. FY2025 was budgeted nearly flat compared to FY2024 as the declines have started to flatten out. In addition to declining fees and fines revenues, there has been a significant shift in fees/fines revenue allocation between County funds starting in the spring of 2022.

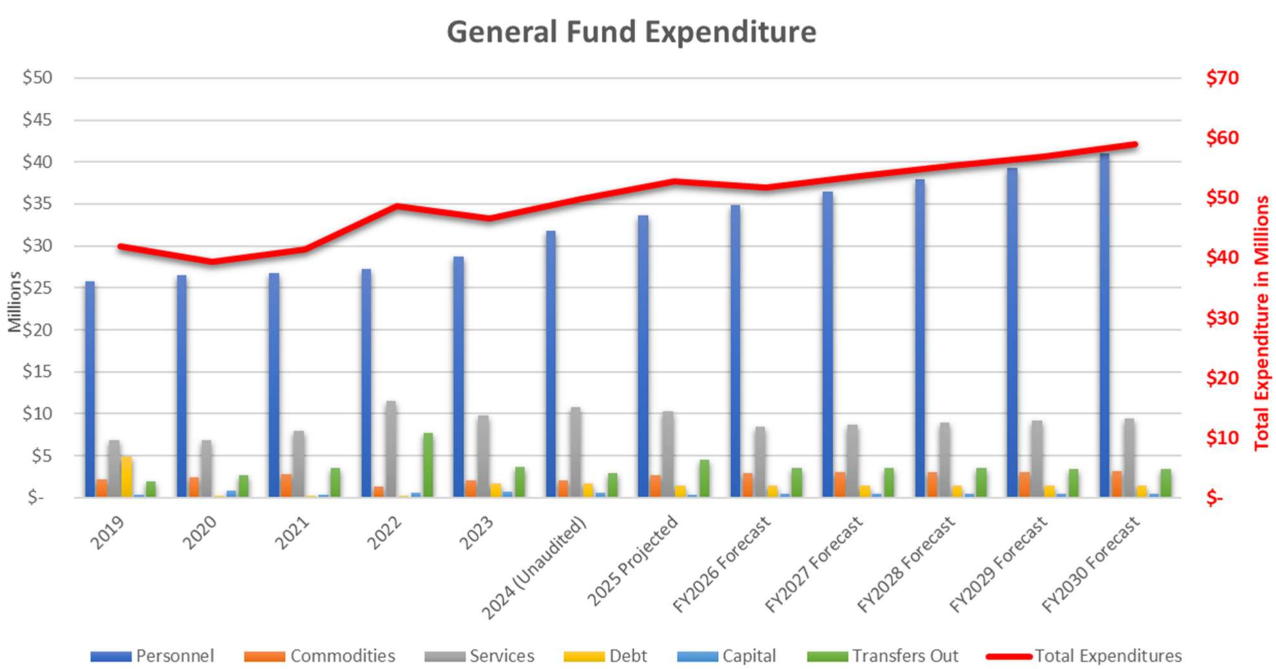
Other Revenue

Rent, royalties (includes aggregation and cable television fees) and transfers are the largest revenue sources in this category. Not all transfers between the funds in future fiscal years are included in the forecast, since the need is determined each year, but some additional transfers will be necessary to support the operating costs of the County. This is discussed in more detail later in the report.

Expenditure

Forecast Assumptions

Expenditure assumptions are based on historical trends, anticipated increases in wages and health insurance costs, contracts, agreements, known and anticipated debt service payments, and strategic funding per the County's capital and technology plans.



Personnel

Personnel expenditures, which include wages and health insurance, account for the largest percentage of the General Fund budget, about 64%. Although IMRF, workers compensation and FICA expenditures are budgeted in separate funds, fluctuations in those rates can have an impact on General Fund revenue since the County is under PTELL. As an example, when IMRF rates fluctuate, the County must fully fund the annual amount mandatory to support the pension plan, which may require reallocation between the General Corporate levy and the IMRF levy. Health insurance rates for future fiscal years are unknown but are expected to grow significantly.

Commodities and Services

Historically, the state's portion of pass-through funds for revenue stamps and the Rental Housing Support Program (RHSP) were recorded on the County financials artificially inflating both revenue and expenditure. Beginning in FY2023, the County is recording state pass-through funding as 'due to others' thereby reducing total expenditures and slightly improving the General Fund balance as a percentage of operating expenditures. From FY2022 through FY2024, just over $8.1 million was spent on out of county housing of inmates while the jail consolidation project was being completed. With the project on track to complete in early FY2025, there is just over $500 thousand budgeted for these costs remaining. Some commodities and services costs are forecasted assuming increases based on historical trends such as year-over-year increases in the jail medical and food contracts, utility costs, and METCAD fees. However, other commodities and services are otherwise forecasted as flat.

Debt

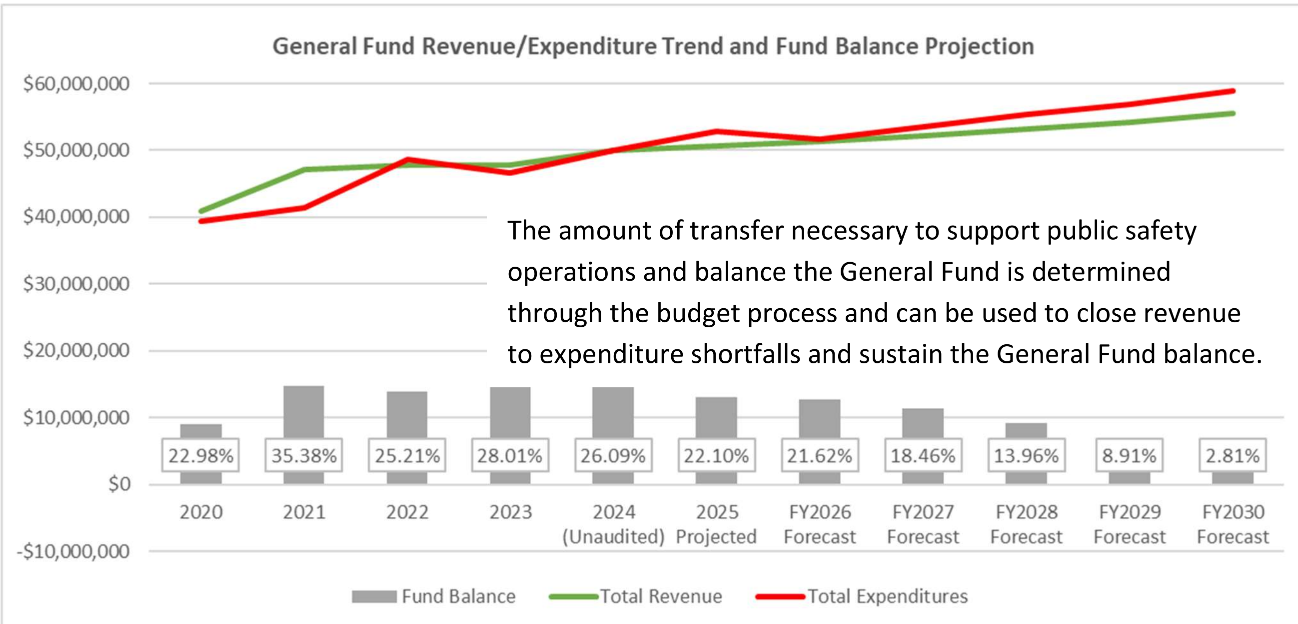
The Forecast includes debt service payments that began in FY2023 based on a 20-year, $20 million issue for Bennett Administrative Center renovations. Future fiscal year debt service payments are just under $1.5 million per year.

Transfers

Future fiscal year transfers for CARF are estimated based on County plans for facilities, technology, software, and equipment. However, these transfers do not include funding for replacement of the Justice Case Management System or reserve funding in CARF.

General Fund Summary

The chart below does not reflect transfers from the Public Safety Sales Tax Fund to the General Fund in future fiscal years. Through the budget process, it is determined whether a transfer from the Public Safety Sales Tax fund is necessary, if funding is available, to support public safety operations and balance the General Fund.



County policy is to maintain a minimum unrestricted General Fund budgetary fund balance percentage of 16.7%, although based on the County's financial advisor's recommendation and the GFOA fund balance worksheet, there is a goal of maintaining 25%, which could be made into policy in the future.

Fiscal Year	Budget Performance Explanation
2019	A budget surplus was generated when $1.98 million was transferred back to the General Fund following the sale of the home. Additional budget factors included the early receipt of AOIC reimbursement, redemption of the nursing home bond eliminating the debt service payment, posting an additional income tax distribution to the fiscal year aligning the income and use tax deposits, and underspending in personnel and services.
2020	Budget surplus driven by underspending and receipt of Coronavirus Urgent Remediation Emergency (CURE) funding.
2021	Due to economic uncertainty and the financial impact of the ongoing pandemic, the budget was prepared with conservative revenue estimates. Underspending, better than expected economic performance, and the boost in sales tax revenues due to Level the Playing Field legislation resulted in a budget surplus.
2022	The budget was prepared with a planned draw on fund balance to pay for the architecture and engineering costs for Bennett Administrative Center and the Jail Consolidation project. Increased revenue and underspending resulted in a smaller revenue to expenditure deficit than originally budgeted.
2023	A surplus was largely due to underspending from larger than normal vacancies.
2024 (unaudited)	FY2024 was budgeted at a deficit but is projected to end with a small surplus due to carry over of vacancies.
2025 - 2030	Future fiscal year revenues and expenditures, and thus fund balance projections, are conceptual based on forecasted performance, and as stated do not include transfers from the Public Safety Sales Tax fund. Through the budget process the County will determine what actions are necessary to balance the General Fund budget.

General Fund

General Fund	2025 Projected	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast	FY2030 Forecast
Property Taxes	20,234,120.00	20,891,435.88	21,531,120.23	22,191,274.48	22,872,553.66	23,575,633.78
Fed/State/Local Shared Rev.	24,606,874.00	24,893,202.67	25,206,696.54	25,576,402.76	25,922,601.64	26,405,580.49
Licenses/Permits	666,509.00	666,509.00	666,509.00	666,509.00	666,509.00	666,509.00
Fees/Fines/Charges for Services	2,911,333.00	2,915,263.00	2,918,222.30	2,921,211.19	2,924,229.97	2,927,278.94
Misc/Transfers In/Proceeds	2,254,828.00	1,907,312.00	1,919,812.00	1,882,624.50	1,895,757.31	1,909,218.45
Total Revenue	**50,673,664.00**	**51,273,722.55**	**52,242,360.07**	**53,238,021.93**	**54,281,651.59**	**55,484,220.66**
Personnel	33,594,463.00	34,858,287.83	36,446,932.23	37,970,017.36	39,306,360.01	40,959,225.08
Commodities	2,645,692.00	2,932,799.71	2,981,846.72	3,031,874.67	3,082,903.18	3,134,952.26
Services	10,270,473.00	8,431,310.72	8,673,613.62	8,897,828.22	9,134,674.75	9,384,919.14
Debt	1,467,200.00	1,465,200.00	1,466,700.00	1,466,450.00	1,464,450.00	1,465,700.00
Capital	312,479.00	495,060.01	495,060.01	495,060.01	495,060.01	495,060.01
Transfers Out	4,528,470.00	3,571,300.00	3,486,572.24	3,526,793.56	3,461,776.51	3,461,776.51
Total Expenditures	**52,818,777.00**	**51,753,958.27**	**53,550,724.82**	**55,388,023.81**	**56,945,224.45**	**58,901,632.99**
Difference	(2,145,113.00)	(480,235.72)	(1,308,364.75)	(2,150,001.88)	(2,663,572.87)	(3,417,412.33)

Public Safety Sales Tax Fund

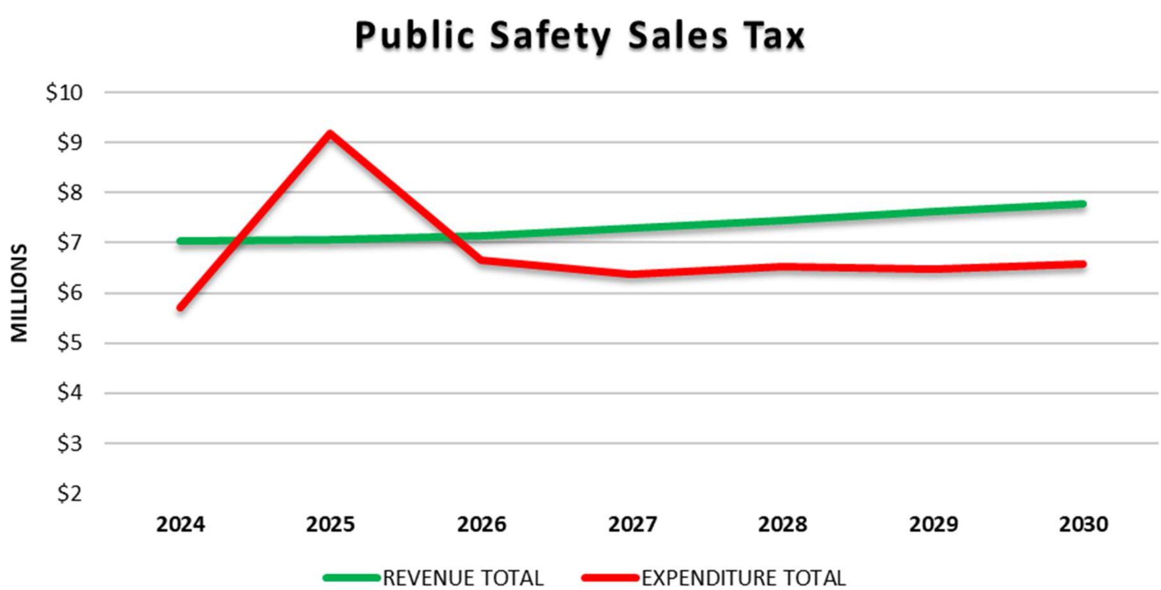
Revenue

Revenue assumptions for future fiscal years are forecasted at 2.25%. The fund balance at the end of FY2023, which is calculated based off the most recently finalized audited, was a healthy at $7.6 million, as a result of intentionally building fund balance over the past few years. In FY2025, $3.1 million of the balance is pledged for debt service. Reserve funding sufficient to pay debt service on the bonds is required prior to the abatement of the pledged taxes.

Expenditure

Generally, 45% of revenues are required for annual debt Service payments. Other costs paid from this fund are for delinquency prevention, justice technology, the utility and minor maintenance costs of public safety facilities, re-entry programming, jail classification, and a transfer to the General Fund and CARF to help support public safety operations.

In FY2025, increased expenditures were budget for the replacement of the court case management system. This fund had been purposefully growing fund balance in previous years in order to fund this large expense. Also, additional money was budgeted for transfers to CARF in FY2025 to provide some relief to the General Fund.



Capital Asset Replacement Fund (CARF)

The primary revenue sources for this fund are transfers from the General and Public Safety Sales Tax funds. The fund was established to implement long-term planning for facilities, technology, software, vehicles, and office equipment for the General Fund departments. If CARF is fully funded on an annual basis, equipment and vehicles scheduled for replacement will have reserve funding sufficient to purchase items in the year they are scheduled. Most items scheduled for replacement in the fund are on a five-to-seven-year cycle. Due to the lack of available revenue in some years, the budget can only support current-year funding. The inability to build reserve funding prevents costs from being smoothed out over multiple years and puts additional pressure on County funds, especially in years when there are higher cost items scheduled.

ARPA funding has reduced pressure on CARF in recent years, temporarily relieving the General and Public Safety Sales Tax funds. However, beginning in FY2025, some software costs, such as the Digital Evidence Management System (DEMS), was shifted back to CARF, resulting in the need for increased contributions from County funds.

The most significant recurring appropriations within the fund requiring annual contributions are for software and facilities. Facilities maintenance investment per the County's Facilities Plan requires an average of $2 million per year. Many of the County's annual software costs are paid from CARF, including Microsoft and Adobe licenses, property tax, financial, payroll, backup, jail management, and security software. On average, these total costs exceed $800,000, with many contracts increasing yearly.

In FY2022, the County funded architecture and engineering fees for the Jail Consolidation and Bennett Administrative Center projects, reflecting increased expenditures in that fiscal year. In FY2023, the two facility projects were budgeted in CARF, with most of the funding coming from bond proceeds in addition to a $6.4 million ARPA contribution for the Jail Consolidation project. In FY2024, funding for the facilities projects was once again budgeted in CARF, and the ARPA contribution was carried over to be used in FY2024 and FY2025 once bond funds for the Jail Consolidation project have been fully expended. It is anticipated that both projects will be completed FY2025.

The Court Case Management System, JANO, is one County system still requiring evaluation and consideration for replacement. In FY2022, FY2023, and FY2024, the County budgeted to engage outside services to study the current system to determine whether it meets the County's needs and recommend an action plan. In FY2025, funding to start implementing this project was budged in the Public Safety Sales Tax fund.

American Rescue Plan Act Fund (ARPA)

The following is a summary of ARPA revenues and expenditures to date and projections for fiscal years 2024-2026. This summary is intended to give a high-level financial overview of the fund.

All funds needed to be obligated by the end of 2024 as unobligated funds need to be returned. Obligated funds that are not expended by December 31, 2026 must also be returned.

	Projected 2021	Actual 2021 (12/31/202	Projected 2022	Actual 2022 (12/31/202	Projected 2023	Actual 2023 (12/31/202	Projected 2024	Actual 2024 (12/31/202	Projected 2025	Actual 2025 (1/31/2025)	Projected 2026	Projected Totals
INCOME												
Dept of Treasury	$20,364,815	$20,364,815	$20,364,815	$20,364,815								$40,729,630
Investment Interest (flex funds)	$40,000	$10,963	$195,211	$206,995	$120,000	$348,551		$108,419				$674,929
TOTAL INCOME	$20,404,815	$20,375,778	$20,560,026	$20,571,810	$120,000	$348,551	$0	$108,419	$0	$0	$0	$41,404,559
EXPENSES												
Administration Subtotal	$49,862	$33,609	$127,334	$116,986	$107,017	$105,028	$110,664	$112,652	$126,727	$0	$130,130	$625,131
Affordable Housing Subtotal	$0	$0	$1,195,000	$150,000	$1,705,000	$135,000	$1,415,490	$512,793	$902,697	$0	$0	$1,700,490
Broadband Projects Subtotal	$0	$0	$3,000,000	$154,228	$9,845,773	$4,993	$4,165,112	$132,219	$4,836,310	$0	$4,732,642	$9,860,391
Community Violence Intervention Subtot	$0	$0	$1,500,000	$185,769	$3,874,391	$1,595,238	$2,317,427	$1,160,213	$1,263,935	$0	$0	$4,205,154
County Department Projects Subtotal	$0	$0	$4,361,791	$3,940,300	$9,173,151	$1,088,409	$8,989,689	$3,605,948	$5,383,740	$0	$0	$14,018,398
Early Learning Assistance Subtotal	$0	$0	$2,000,000	$25	$1,999,975	$2,000,025	$0	$0	$0	$0	$0	$2,000,050
Household Assistance Subtotal	$0	$0	$450,000	$438,000	$0	$0	$150,000	$130,000	$20,000	$0	$0	$588,000
Mental Health Services Subtotal	$770,436	$373,276	$269,625	$219,621	$120,000	$30,000	$90,000	$61,697	$28,304	$0	$0	$712,897
Non-Profit Assistance Subtotal	$0	$0	$250,000	$83,333	$566,667	$254,700	$311,967	$167,031	$144,936	$0	$0	$650,000
Small Business Assistance Subtotal	$0	$0	$1,000,000	$81,400	$918,600	$416,157	$502,443	$25,656	$476,787	$0	$0	$1,000,000
Water Infrastructure Projects Subtotal	$0	$0	$3,500,000	$1,039,378	$4,460,622	$1,330,554	$1,337,160	$729,119	$2,608,042	$0	$0	$5,707,092
TOTAL EXPENSES	$820,298	$406,885	$17,653,750	$6,409,040	$32,771,196	$6,960,102	$19,389,953	$6,637,328	$15,791,477	$0	$4,862,772	$41,067,603

Final Thoughts

Projections for FY2025 are still very preliminary as the County has only receipted one month of state-shared revenues in the fiscal year due to the delay between collection and disbursement. Forecasted expenditures include wage and health insurance increases in addition to increases for some non-personnel costs such as METCAD fees, jail food and medical contracts. As previously cautioned, small deviations in one year can result in significant differences in later years since projections in future years are based on outcomes in previous years.

IMPORTANT INFORMATION TO UNDERSTAND: There are County needs and/or desires that are not yet addressed in the forecasts summarized below. An incomplete list includes:

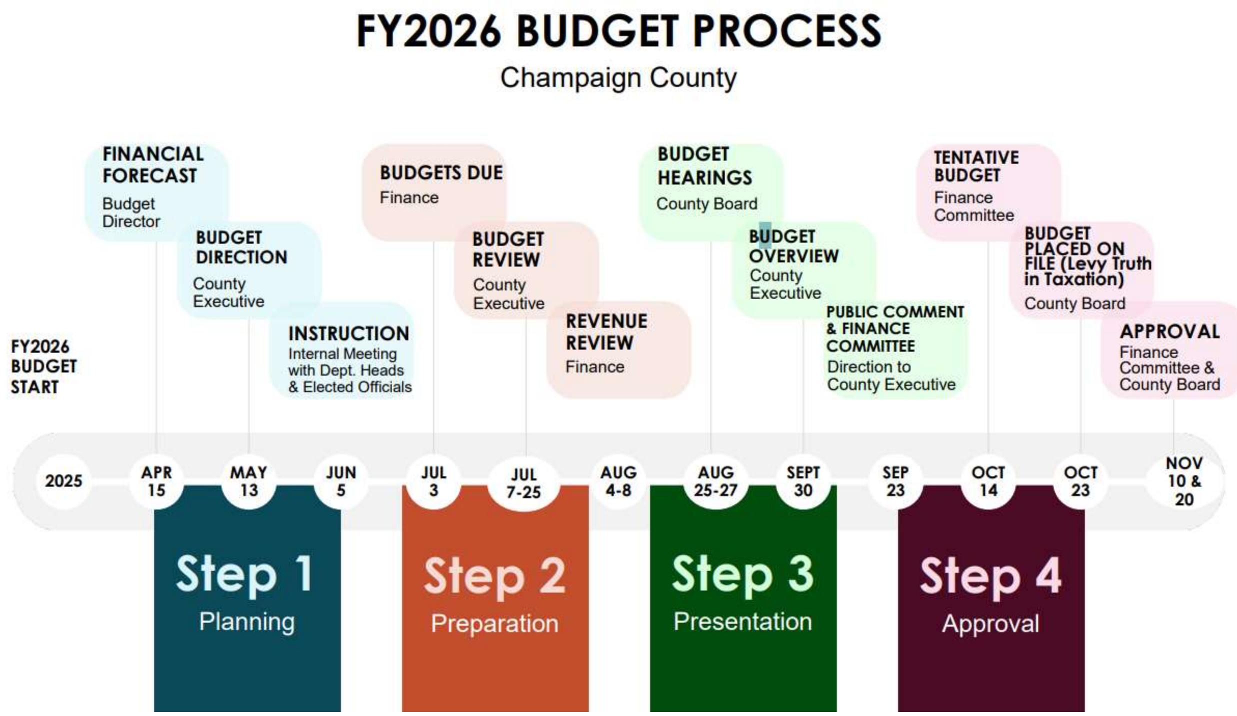
- **Increased funding for Veteran's Assistance Commission**
- **Reserve CARF funding for future fiscal years**
- **Implementing the Gallagher Salary Study recommendations**
- **Addressing space needs at the Courthouse**
- **Funding for new position requests**
- **Additional BUAs throughout the year**

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
General Fund	$ (2,145,113)	$ (480,236)	$ (1,308,365)	$ (2,150,002)	$ (2,663,573)	$ (3,417,412)
Public Safety Sales Tax Fund	$ (2,117,954)	$ 480,261	$ 914,083	$ 926,640	$ 1,150,906	$ 1,211,569
Difference	$ (4,263,067)	$ 25	$ (394,282)	$ (1,223,362)	$ (1,512,667)	$ (2,205,843)

While the County has large known expenses driving up the deficit in FY2025, a steadily growing deficit is forecasted to emerge if projected revenues fail to keep pace with expenditures. While it is conceivable that property tax and state-shared revenue streams may perform better than forecasted, it is just as likely that they perform worse due to economic factors. Some revenue streams such as PPRT already reflect declines. Year-over-year expenditure increases will happen even if the County holds most non-personnel costs flat, growth in wages and benefits are certain and represent the largest costs in the General Fund.

As stated previously, the Forecast is meant to serve as a framework for financial decision making. The County has consistently demonstrated sound fiscal management by balancing its budgets and improving its fund balances the past few years, placing itself in a solid financial position to head into any recession that might happen. The actual work to ensure fiscal responsibility occurs during each fiscal year budget process and includes collaboration between elected officials, department heads, outside entities, staff, and the County Board.

The County Executive's Office will provide information for the FY2026 budget process in May. Budget instructions will be given to Department Heads and Elected Officials in June, followed by meetings in July to begin developing the FY2026 budget. By this time, more data will be available to better analyze revenue and expenditure performance in the current fiscal year and fine tune projections for the upcoming fiscal year.



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4/15/25