



JO DAVIESS COUNTY

Office of the County Administrator

330 North Bench St.

Galena, IL 61036

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DATE: November 18, 2008

TO: Members of the Jo Daviess County Board

From: Dan Reimer, County Administrator

RE: FY2009 Final Budget Draft Summary

The following is a summary of the proposed Jo Daviess County FY2009 Annual Budget. The budget along with the FY2009 Appropriations Ordinance and Tax Levy Ordinance is respectfully presented to the Jo Daviess County Board for approval on November 18, 2008. This summary includes two budget revisions made by the County Board on 11/18/08.

Annual Budget and Appropriations Ordinance

The proposed Jo Daviess County FY2009 Annual Budget and Appropriations Ordinance consists of twenty-seven (27) individual General Fund budgets and fifty two (52) Special Fund budgets. The General Fund is the primary operating fund of the County and contains the operational budgets of a majority of County departments. Operational budgets of four (4) County departments can be found in Special Funds; they include the Health Department (including Home Health Care), the Highway Department, the CVB, and the GIS Department. The overall FY2009 Jo Daviess County budget is balanced within each fund using projected revenues and/or fund balance which is anticipated to be available to the County during fiscal year 2009. The Jo Daviess County budget is prepared according to Illinois law and is based on accounting for transactions on the modified accrual basis of accounting.

Generally each fund is an independent accounting entity with appropriations budgeted from each fund based on the sum of estimated net revenues and appropriated fund balances. Several funds derive a portion of their revenue from interfund transfers which reflect the cost of specific improvements and/or services provided. Reserve fund balance policies have been established for all of the County's major operational funds. The purpose of these policies are to ensure that individual operational funds retain sufficient revenues in order to provide for the revenue and cash timing needs of the department's operations, to ensure against fluctuations in revenue receipts, and to provide funding for unforeseen emergencies.

FY2009 Budget Preparation Process

The FY2009 Jo Daviess County budget was prepared using a target based budgeting process. This 14-step process began in late May when County Department Heads were asked to begin preparation of FY2009 revenue estimates (round one) and will conclude on November 18, 2008 when the FY2009 budget is presented to the Jo Daviess County Board for adoption.

Expense estimates were prepared using target guidelines established by the Jo Daviess County Finance Committee. These guidelines included maximum increases for salaries and benefits



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calculated as follows:

- a) Salaries and wages – non-union- 3% increase, union- increase per contract
- b) Employer retirement contribution rate – IMRF 8.72%, SLEP 13.14%
- c) Health Insurance – 8% (later reduced to actual renewal increase of 3.03%)
- d) S.S./Medicare – increased/decreased proportionally to payroll estimates

General Fund target amounts for all non-personnel expense line items were set at the same level (zero increase) as the FY2008 target amount, less any non-recurring expenses added during the FY2008 budget process. If a new necessary expense exceeded the target amount, the department head was requested to submit an overage request with a letter of explanation. If approved, the necessary expense was allowed to increase the target proportionally. Any request or activity not considered mandatory or necessary to maintain current operations was required to be submitted as an unfunded request.

Special Fund departments were requested to follow the same expense guidelines as General Fund departments. Any significant increase or decrease in expense line item estimates that deviated from the previous 3-year period or any appropriation of fund balance were required to be explained in a detailed memorandum.

All General Fund and Special Fund budgets were presented by Department Heads and reviewed by the Finance Committee and the responsible reporting Committee during one of four (4) joint committee meetings held in August. All budgets were again reviewed by the County Board and moved forward to the comprehensive budget document during one of three (3) budget workshop meetings held on September 30th, October 8th, and October 16th.

The proposed FY2009 Budget was developed with the intention of implementing the policies and priorities established by the Jo Daviess County Board, while continuing to provide essential services to the residents and taxpayers of Jo Daviess County in a fiscally responsible manner.

General Fund Revenue

FY2009 General Fund (GF) revenue of \$6,785,497 is projected to increase \$320,597 or 4.96% over the FY2008 budget amount to \$6,464,900. Approximately 50% of this increase can be contributed to net increases in federal and state grants. Core revenues (total revenue less grants and interfund transfers) are projected to increase \$104,512 or 2.11%.

There are ninety six (96) individual GF revenue source line items. Twenty six (26) line items indicate an increase, twenty (20) indicate a decrease, forty four (44) indicate no change, and six (6) revenue sources are being budgeted for the first time. GF revenues are derived from a variety of sources, most significant of which are intergovernmental revenues \$2,048,000 (30.2%), property taxes \$1,561,928 (23.0%), and interfund transfers \$1,048,923 (15.5%). Combined these three revenue categories are projected to increase \$208,187 or 4.7% over the FY2008 budget amount of \$4,450,664.

There is concern for future revenues as several revenue categories continue to show a downward



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trend from prior years. These categories for the most part are dependent on the economy. The categories - Licenses & Permits, Fines & Forfeitures and Service Charges combined show projected FY2009 revenue of \$1,036,875. This compares to combined actual revenue in FY2005 for these three categories of \$1,411,808 and represents a \$374,933 or 26.6% decrease over a four year period. Another decreasing GF revenue source is interest income which peaked in FY2007 at \$86,040 and is projected to decrease to \$40,923 in FY2009.

| GF Revenue by Category | Budget FY2008 | Estimated FY2009 | \$ Amount Change | Percent Change |
|---|--------------------------|-----------------------------|-----------------------------|---------------------------|
| Property Taxes | 1,466,187 | 1,561,928 | 95,741 | 6.53% |
| Licenses & Permits | 209,355 | 191,950 | (17,405) | -8.31% |
| Intergovernmental | 1,996,000 | 2,048,000 | 52,000 | 2.61% |
| State Grants | - | 312,500 | 312,500 | - |
| Federal Grants | 514,486 | 357,625 | (156,861) | 30.49% |
| Other Intergovernmental | 294,062 | 312,725 | 18,663 | 6.35% |
| Fines & Forfeitures | 476,750 | 453,050 | (23,700) | -4.97% |
| Service Charges | 406,075 | 391,875 | (14,200) | -3.50% |
| Printing Fees | 22,500 | 22,500 | 0 | 0.00% |
| Other Revenues | 91,008 | 84,421 | (6,587) | -7.24% |
| Interfund Transfers | 988,477 | 1,048,923 | 60,446 | 6.12% |
| TOTAL REVENUE | 6,464,900 | 6,785,497 | 320,597 | 4.96% |
| Total less Fed/State Grants | 5,950,414 | 6,115,372 | 164,958 | 2.77% |
| Total less Grants & IFT's (Core Revenue) | 4,961,937 | 5,066,449 | 104,512 | 2.11% |

General Fund Expenditures

The FY2009 budget of the General Fund, the County's largest operational fund, was developed using target based budget guidelines established by the Finance Committee. Total GF expenditures of \$7,054,255 are projected to increase \$97,136 or 1.4% over the FY2008 budget amount of \$6,957,119.



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By category, the most significant projected GF expenditures are for Public Safety \$3,027,618 (43.0 %), General Control & Administration \$1,543,392 (21.9%), and Judiciary & Court Related \$1,290,697 (18.3%). The largest category increase is \$119,763 or 18.7% for Health, Education and Social Services (H,E, &SS). This increase is due primarily to the addition of a new \$312,500 Downstate Operation Assistance Program grant. This State grant is a pass through to the Jo Daviess County Transit to provide additional transportation services to needy county residents. Offsetting this increase is a reduction in the Federal 5310 grant. In FY2008 \$251,746 was budgeted for 5 transit vehicles through the 5310 grant program, only one vehicle valued at \$36,000 is budgeted for in FY2009. GF target amounts (less H, E, & SS) show an increase of \$336,586 or 5.6%, of which \$100,963 is non-recurring expense including \$59,857 for two patrol grants received by the Sheriff's Department. The Contingencies category is projected to decrease \$296,061 or 70.2%. This is primarily due to the reduced level of funds available for capital related projects.

Without appropriation of fund balance the proposed FY2009 GF budget is a deficit budget in the amount of \$268,758 (the difference between revenues and expenses). During budget deliberations consideration was given for allocation of fund balance in excess of reserve policy requirements. The projected beginning of the year (12/01/08) fund balance is estimated at \$2,267,240, the GF fund balance policy requires that a minimum of three (3) months of operating expense or \$1,695,000 be held in reserve. Prior to allocation of fund balance the estimated GF deficit was \$18,757. During the budget workshop process the County Board approved the allocation of \$203,672 to fund unfunded requests (summary attached). After an initial allocation of \$30,000 to the Contingency Fund an additional \$173,672 was allocated for the purpose of funding unfunded requests including \$69,715 for capital improvements to the Courthouse and Public Safety building, \$16,100 for capital equipment, \$35,656 for three part-time positions and \$10,511 to supplement funding requirements for a full-time IT position. The County Board allocated an additional \$15,000 to the Building & Zoning budget on 11/18/08 for costs associated with the Zoning Ordinance. The estimated year end GF fund balance is \$1,998,482.

| GF Expenditures by Category | Budget FY2008 | Estimated FY2009 | \$ Amount Change | Percent Change |
|--|--------------------------|-----------------------------|-----------------------------|---------------------------|
| General Control & Administration | 1,458,822 | 1,543,392 | 84,570 | 5.80% |
| Miscellaneous | 62,480 | 75,355 | 12,875 | 20.61% |
| Public Safety | 2,924,915 | 3,027,618 | 102,703 | 3.51% |
| Judiciary & Court Related | 1,239,175 | 1,290,697 | 51,522 | 4.16% |
| Health, Education & Social Services | 640,277 | 760,039 | 119,763 | 18.70% |
| Economic & Physical Dev. & Planning | 209,575 | 231,338 | 21,763 | 10.38% |
| Contingencies | 421,876 | 125,815 | (296,061) | 70.18% |
| TOTAL EXPENDITURES | 6,957,119 | 7,054,255 | 97,136 | 1.38% |



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All Funds

The FY2009 Jo Daviess County Budget for all funds is:

- Revenues - \$15,995,354
- Expenses - \$18,166,920

Estimated revenue for all County funds in FY2009 is projected to be \$15,995,354; this is a decrease of \$58,772 or 0.37% less than the FY2008 budget amount of \$16,054,126. Total estimated expenditures for all County funds in FY2009 are projected to be \$18,166,920; this is a decrease of \$598,643,643 or 3.19% less than the FY2008 budget amount of \$18,765,563.

Operational fund expenditures, which include General Fund expenditures and five (5) operational special funds (Highway, Public Health, Home Health Care, Tourism Promotion and GIS), are projected to increase \$270,643 or 2.29% in FY2009 to \$12,064,202 and represent 66.4% of the County's total estimated expenditure budget. Three (3) new special revenue funds were established for FY2009, the 064 GIS Capital Equipment & Investment Fund, the 065 EMS Communications Fund, and the 066 Sale in Error Fund.

| All County Funds | FY2008 Budget | FY2009 Budget | \$ Change | % Change |
|------------------|---------------|---------------|-------------|----------|
| Revenues | \$16,054,126 | \$15,995,354 | (\$58,722) | -0.37% |
| Expenditures | \$18,765,563 | \$18,166,920 | (\$598,643) | -3.19% |

| All Operational Funds | FY2008 Budget | FY2009 Budget | \$ Change | % Change |
|-----------------------|---------------|---------------|-----------|----------|
| Expenditures | \$11,793,559 | \$12,064,202 | \$270,643 | 2.29% |

The difference between estimated all fund revenues of \$15,995,354 and all fund expenditures of \$18,166,920 is \$2,171,566. This amount is budgeted for and scheduled to be appropriated from available resources within specific fund balances. Appropriation of fund balance is primarily budgeted to occur as a result of planned capital projects or county economic development. In most cases specific purpose fund balance has accumulated over time and has been scheduled for appropriation in FY2009 as needed for specific projects or purposes. In FY2009, the following funds have budgeted to spend \$160,000 or more from resources (fund balance) available at the beginning of the fiscal year, in addition to resources (revenues) received during the fiscal year:

| | |
|------------------------------------|--------------------|
| County Aid to Bridges Fund | \$435,363 |
| General Capital Investment Fund | \$464,680 |
| Economic Dev. Investment Fund | \$403,050 |
| General Corporate Fund | \$253,758 |
| County Motor Fuel Tax Fund | \$201,262 |
| ETSB (911) Emergency Services Fund | \$163,020 |
| Total | \$1,921,113 |



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Property Tax Extension (Levy)

Jo Daviess County is subject to the Illinois Property Tax Extension Limitation Law (PTELL). This law, which is designed to restrict taxing districts to a maximum overall tax levy amount, was adopted by Jo Daviess County as a result of a November 1997 voter referendum. PTELL limits the growth in property tax extensions on existing property to an annual increase of 5 percent or the change in the consumer price index (CPI), whichever is less plus increases for new construction and annexations of territory into a district. A CPI factor of 4.1% was utilized in administering the 2008 Property Tax Extension Limitation Law formula. Total growth in 2008 Equalized Assessed Valuation (EAV) is estimated to be approximately \$67,262,848 or 9.4% over the 2007 total (\$718,040,690 compared to \$785,303,538).

Proposed 2008 Property Tax Extension (Levy)

The total proposed aggregate property tax extension for Jo Daviess County in 2008 (payable in 2009), less special service areas (exempt from PTELL), is estimated to be \$4,857,593. This is an increase of \$422,040 or 9.5% over the 2007 property tax extension of \$4,435,553. Proportionally, approximately \$181,858 or 43.1% of this proposed property tax levy increase is the result of a 4.1% inflationary CPI increase on existing property, approximately \$153,178 or 36.3% is from estimated new construction and approximately \$87,004 or 20.7% is from expiration of the Galena TIF district.

The overall Jo Daviess County property tax levy is comprised of ten (10) individual special purpose property tax levies, including: General Corporate, County Highway, Federal Aid Matching, County Bridge, Health, Mental Health, IMRF, Social Security, Extension Education, and Insurance.

At the beginning of the FY2009 budget process, the Jo Daviess County Finance Committee prepared an initial property tax levy estimate and established the following tax levy distribution guidelines: a) the levy amounts for the **IMRF, Social Security and Insurance Funds** where set at levels which would fully meet the minimum requirements of the reserve fund balance policy of each respective fund b) the levy amounts for the **General Fund, Highway Fund, Health Fund, Mental Health Fund, Extension Education Fund, Federal Aid Matching Fund** and the **County Aid to Bridge Fund** where increased and set by using an equal percentage increase distribution formula that proportionally distributed the remaining balance of estimated increase in tax extension and c) to provide for the immediate operational needs of the Highway Department the total combined tax levy of the three Highway Department Funds where redistributed; the **Highway Fund levy** was increased to a level 21.37% over the prior year levy amount and both the **Federal Aid Matching** and **County Aid to Bridge Fund** where decreased to levels 5.55% below prior year levy amounts.

During the budget process the final proposed County tax levy was increased, by \$60,889, to account for the possible addition of new construction not accounted for in original EAV estimates. This possible increase was designated, within the guidelines of PTELL, to the Highway Fund levy.

The proposed 2008 property tax levy of \$4,857,593 represents 30.6% of the County's aggregate FY2009 all fund revenue budget projection of \$15,899,471. The proposed General Corporate property tax levy of \$1,561,928 represents 23.0% of the General Fund's FY2009 revenue budget of \$6,785,497.



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The proposed 2008 County tax rate of 0.61856/hundred dollars of assessed value is a 0.00083 or 0.1% increase over the 2007 rate of 0.61773. The proposed 2008 tax levy rate is the second lowest County property tax rate (2007) since PTELL was adopted 11 years ago. The five years prior to PTELL the tax levy rate ranged from a high of 0.8363 in 1994 to a low of 0.7214 in 1997. One of the reasons property tax levy rates have trended down since PTELL was adopted in 1998 is due to the fact that in general the equalized assessed value (EAV) of existing property in Jo Daviess County has increased at a faster rate than the CPI, limiting the tax levy extension rate.

Acknowledgements

The preparation of the FY2009 budget was accomplished through the combined effort and cooperation of all County elected officials, department heads, members of the County Board, staff and agencies. I wish to thank all of the elected officials, department heads and board members for their continued participation and cooperation over several months of budget preparation and review.

A special thank you to members of the JDC Finance, Tax & Budgets Committee, for your dedication and commitment in developing this budget, and to County Treasurer Carol Soat and County Clerk Jean Dimke and members of their respective staff for providing timely financial information during the budget process. I would also like to thank Melisa Hammer and Cindy Ramirez for their assistance and technical support in preparing this budget.

I am pleased to present to you the FY2009 Jo Daviess County Annual Budget, Appropriations Ordinance, and Tax Levy Ordinance for your approval and adoption.

Respectfully submitted,

Dan Reimer
Jo Daviess County Administrator