



JO DAVIESS COUNTY

Office of the County Administrator

330 North Bench St.

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Tele: 815-777-6557 Fax: 815-777-2285

E-mail: countyadministrator@jodaviess.org

DATE: November 18, 2010

TO: Members of the Jo Daviess County Board

From: Dan Reimer, County Administrator

RE: Summary of the proposed FY2011 Jo Daviess County Annual Budget

The following is a summary of the proposed FY2011 Jo Daviess County Annual Budget. The budget along with the FY2011 Appropriations Ordinance and Tax Levy Ordinance is respectfully presented to the Jo Daviess County Board for approval on November 18, 2010.

Annual Budget and Appropriations Ordinance

The proposed Jo Daviess County FY2011 Annual Budget and Appropriations Ordinance consists twenty-seven (27) individual General Fund budgets and fifty-seven (57) Special Revenue Fund budgets. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund contains the operational budgets of a majority of County departments including County Treasurer, County Clerk & Recorder, Sheriff, Coroner, Courts, Probation, Circuit Clerk, State's Attorney, Supervisor of Assessments, IT, Building & Zoning, Animal Control, County Board and County Administrator. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes or projects. The operational budgets of four (4) County departments are found in the Special Revenue Funds; they include the Highway Department, the Health Department (Public Health and Home Health Care), the Convention & Visitors Bureau, and the GIS Department. 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 inter-fund transfers which reflect the cost of specific improvements and/or services provided. Reserve fund balance policies were established for all of the County's major operational funds. The purpose of reserve fund balance policies is to ensure that individual operational funds retain sufficient revenues in reserve in order to provide for the revenue and cash flow timing needs of the department's operations, to ensure against fluctuations in revenue receipts, and to provide funding for unforeseen emergencies.

Budget Preparation Process

The Jo Daviess County FY2011 budget was prepared using a target based budgeting process. This 15-step process began in May with Round 1 revenue estimates and will conclude on November 18, 2010 with the presentation of the FY2011 budget to the Jo Daviess County Board for adoption. All General Fund and Special Fund budgets were presented by Department Heads and reviewed with the Finance Committee and the responsible parent Committee during one of four 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 budget workshop meetings held in October.

The proposed FY2011 Budget was developed with the intention of implementing the policies, priorities and goals established by the Jo Daviess County Board, while continuing to maintain and provide essential services to the residents and taxpayers of Jo Daviess County in a fiscally responsible manner.



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Budget Guidelines

FY2011 General Fund expense budgets were established using guidelines approved by the Finance, Tax, & Budgets Committee. FY2011 budget guidelines included:

- The target-based budgeting process was used to establish FY2011 General Fund expense budgets.
- Personnel related expense line items were considered mandatory expenses and included salaries and wages, employee fringe benefits and postage, calculated as follows:
 - Employer retirement contribution rate – IMRF 10.55%, SLEP 16.20%
 - Health Insurance - 8% rate increase (subsequently reduced to 4.62% per actual renewal)
 - Salaries and wages – wage freeze for all non-union employees; per contract wage scale for union employees or a 0% increase for any open or unsettled union contract (FY2010 and FY2011). If a union contract is settled with more than a 0% wage increase or if employee benefit costs increase as a result of a settled union contract no associated personnel line item increase or target increase will be allowed. Non-personnel line items may not be used to cover increases in union costs. Expenditure increases associated with a settled union contract may result in layoffs.
 - S.S./Medicare – increase/decrease proportionally to payroll estimates.
 - Postage – no increase in FY2011.
- Reductions made to meet the 3% General Fund budget reduction requirement for the FY2010 budget were not reinstated in the FY2011 budget.
- After allocating increases/decreases for allowable mandated expenses, General Fund target expense amounts were set at the same level (zero increase) as the final FY2010 target amount less any non-recurring expenses added during the FY2010 process.
- Inter-fund Transfers scheduled in FY2010 were maintained unless otherwise instructed.
- Any **new mandated** expense or any new expense which increased per an existing contract or agreement was allowed to increase the target amount accordingly.
- Any **new necessary** expense that caused the target amount to be exceeded was submitted to the Finance, Tax & Budgets Committee as an overage request with a detailed letter of explanation. If the request was determined to be a necessary expense the target amount was increased accordingly. If the Committee did not consider the request a necessary expense, the request was submitted to the un-funded activity list.
- Any **new request** or activity not considered a mandatory or necessary expense was required to be submitted as an un-funded activity request.
- Departments with Special Fund budgets 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 three year period, or any appropriation of fund balance, were required to be explained in a detailed memorandum.
- Agency funding amounts were set at the same level of funding as appropriated in the FY2010 budget.



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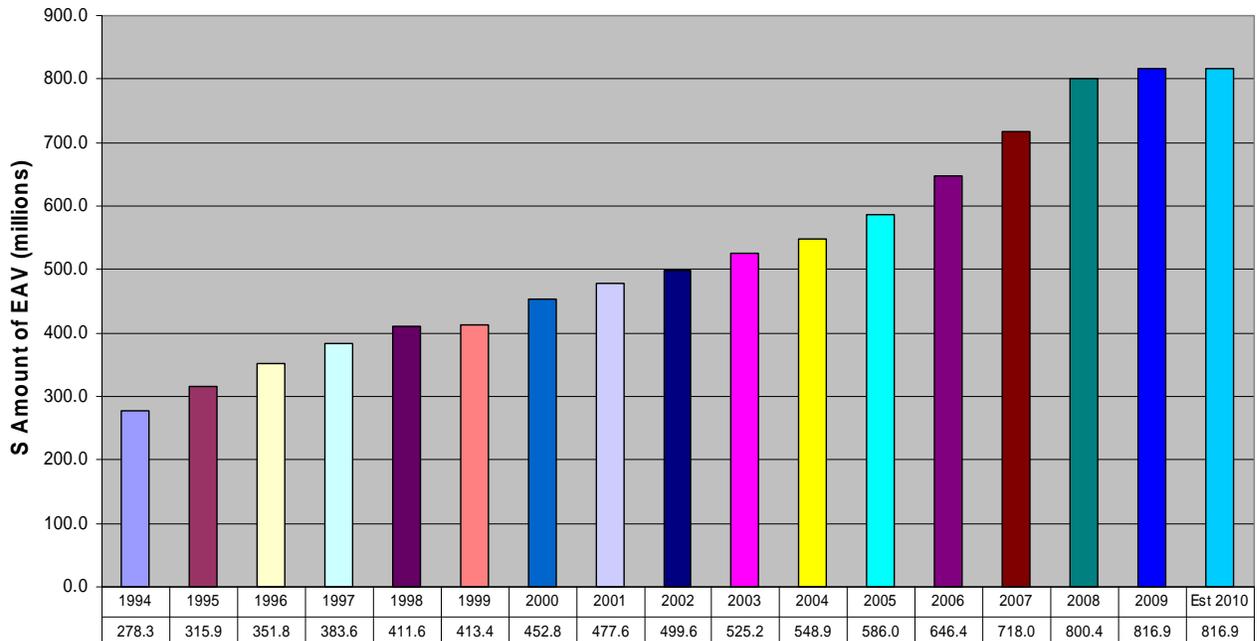
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Proposed 2010 Jo Daviess County Property Tax Extension (Levy)

Jo Daviess County is subject to the Illinois Property Tax Extension Limitation Law (PTELL) pursuant to 35 ILCS 200/18-185. This law was adopted by Jo Daviess County as a result of a November 1997 voter referendum. PTELL limits the growth in property tax extension on existing property to an annual increase of 5 percent or the change in the consumer price index (CPI), whichever is less. Special Service Areas are exempt from PTELL and are not included in the County’s total aggregate extension. There are provisions in the law which does allow extensions to increase more than the limit; they include increases in proportion to the amount of new property/construction and annexations of territory into a district. A CPI factor of 2.7% was utilized in administering the 2010 Property Tax Extension Limitation Law formula.

The estimated allowable extension increase for 2010 (payable 2011) is \$182,940. The County Assessor’s Office estimated the 2010 taxable assessed valuation to be \$816,953,398, the same as the 2009 valuation (see chart below).

**Jo Daviess County
 Taxable Assessed Values (EAV)
 1994 - 2010**



The County Clerk’s Office estimated the overall maximum aggregate tax levy to be \$5,106,473. This amount represents an increase of \$182,940 or 3.72% over the 2009 total aggregate levy of \$4,923,533. Approximately \$132,935 or 72.7% of the proposed 2010 property tax levy increase (payable 2011) is the result of a 2.7% inflationary CPI increase on existing property, while approximately \$50,005 or 27.3% is from the addition of an estimated \$8 million increase in EAV associated with new construction/property.



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The following table compares the variables used to estimate the allowable tax increase for the Jo Daviess County property tax levy, per guidelines of PTELL, for tax years 2008, 2009, and 2010.

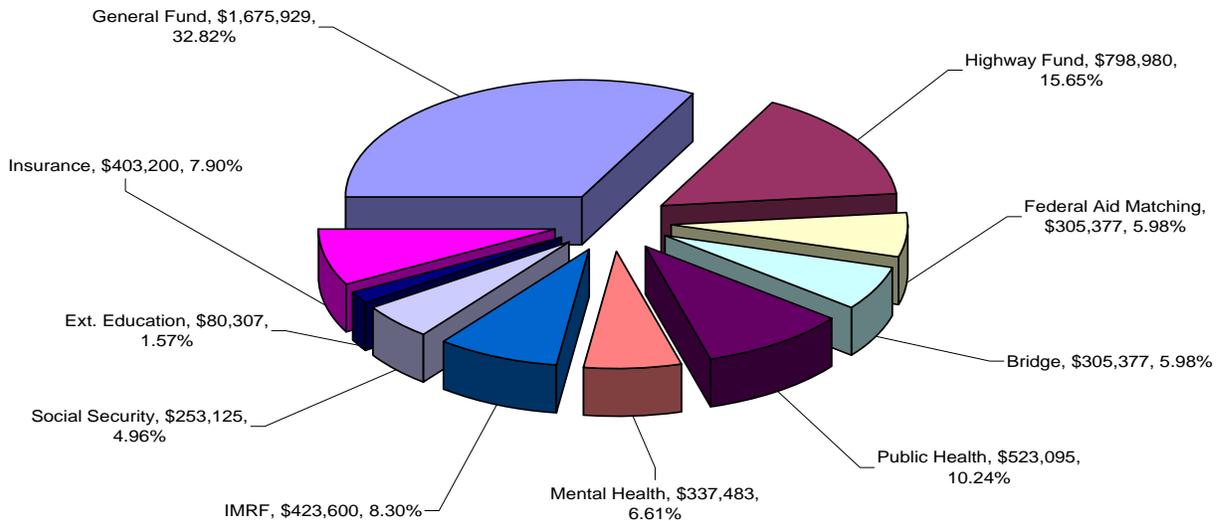
Year	Total \$ Increase	CPI	Increase per CPI	New Property	Increase per New Prop.	Galena TIF District	Increase per TIF
Actual 2008	\$416,770	4.1%	\$181,858	\$23.8 m	\$143,937	\$14.9 m	\$90,975
Actual 2009	\$71,211	0.1%	\$4,852	\$11.0 m	\$66,359	\$0	\$0
Est. 2010	\$182,940	2.7%	\$132,935	\$8.0 m	\$50,005	\$0	\$0

The overall Jo Daviess County property tax levy is distributed between ten (10) individual special purpose property tax levies, they include: General Corporate, County Highway, Federal Aid Matching, County Bridge, Health, Mental Health, IMRF, Social Security, Extension Education, and Insurance. In addition the County is responsible for three special service area (SSA) levies, SSA #1- Warren Ambulance, SSA #2 & #4- Elizabeth Ambulance and SSA #5- Hanover Ambulance.

For purposes of developing revenue estimates, the Finance, Tax & Budgets Committee established initial 2010 property tax levy distribution amounts (payable 2011) as follows:

- The levy amount for the **IMRF, Social Security and Insurance Funds** were set at levels that will fully meet the minimum requirements of the reserve fund balance policy of each respective fund.
- The levy amount for the **Highway, Health, Mental Health, Extension Education, Federal Aid Matching and the County Aid to Bridge Fund** were set at levels equal to the 2009 actual levy extension amount for each respective fund.
- The levy amount for the **General Fund** was set at a level equal to the estimated increase in levy available for distribution after the levy amounts for the IMRF, Social Security and Insurance Funds were established.

Jo Daviess County Proposed 2010 Property Tax Levy (Payable FY2011) (Less Special Service Areas) \$5,106,473





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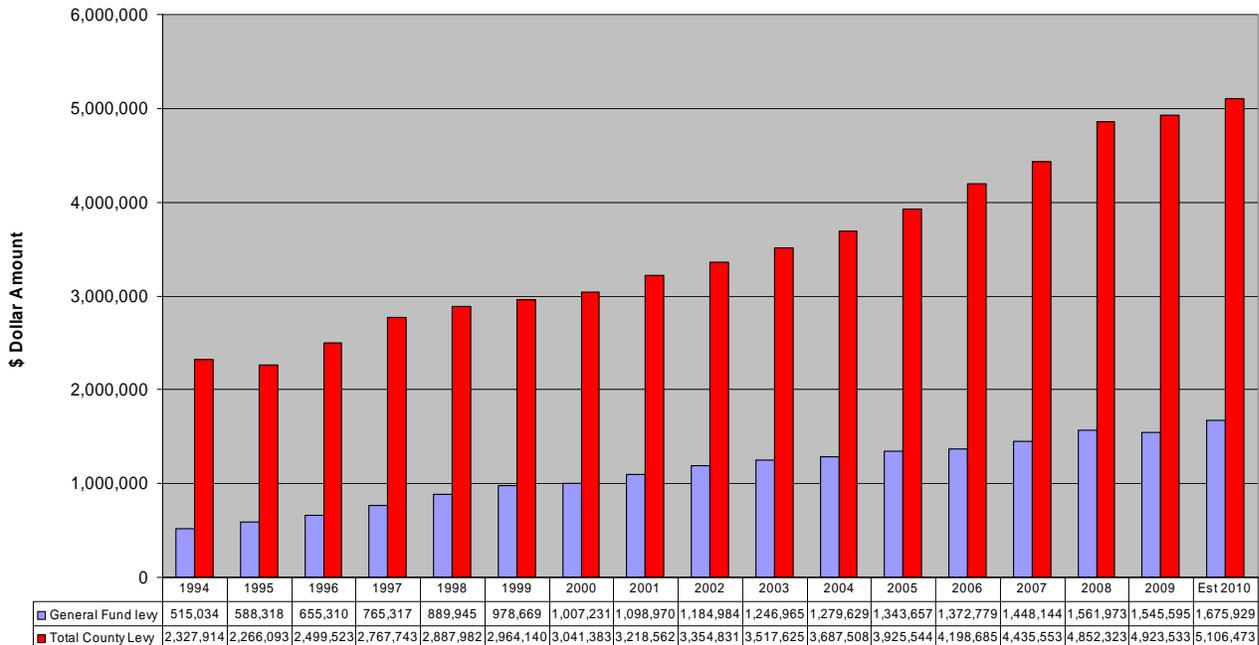
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The proposed total aggregate property tax extension for Jo Daviess County in 2010 (payable in 2011), less special service areas (exempt from PTELL), is estimated to be \$5,106,473. This is an increase of \$182,940 or 3.72% over the 2009 property tax extension of \$4,923,533. This amount while significant represents the second lowest dollar increase since 2005 and fourth lowest percentage increase since 1995 (see table below).

**Jo Daviess County Tax Levy
Total County Extension and General Fund Extension
1994-2010**



The proposed 2010 property tax levy (payable 2011) of \$5,106,473 represents 31.3% of the County's aggregate FY2011 all fund revenue estimate of \$16,323,253. The proposed General Corporate property tax levy of \$1,675,929 represents 26.8% of the General Corporate Fund's FY2011 revenue budget amount of \$6,260,377.

	FY2010	Est. Tax Levy	%	FY2011	Est. Tax Levy	%
General Fund Revenue Estimate	\$6,741,499	\$1,549,366	23.0%	\$6,260,377	\$1,675,929	26.8%
All Funds Revenue Estimate	\$15,675,177	\$4,934,388	31.5%	\$16,323,253	\$5,106,473	31.3%

Proposed 2010 Special Service Area Property Tax Extension (Levy)

Special Service Areas (SSA) are exempt from PTELL and are not included in the County's total aggregate property tax levy. SSA are, however, subject to a maximum property tax rate; these rates were established by ordinance (after public hearing) by the Jo Daviess County Board. SSA do fall under the Truth in Taxation Law and are included in the County's calculations for this purpose. The maximum property tax levy rates for individual SSA in Jo Daviess County are as follows: SSA #1 Warren Ambulance - \$0.100/hundred dollars of



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assessed value, SSA #2 & #4 Elizabeth Ambulance – \$0.100/hundred dollars of assessed value, and SSA #5 Hanover Ambulance – \$0.110/hundred dollars of assessed value.

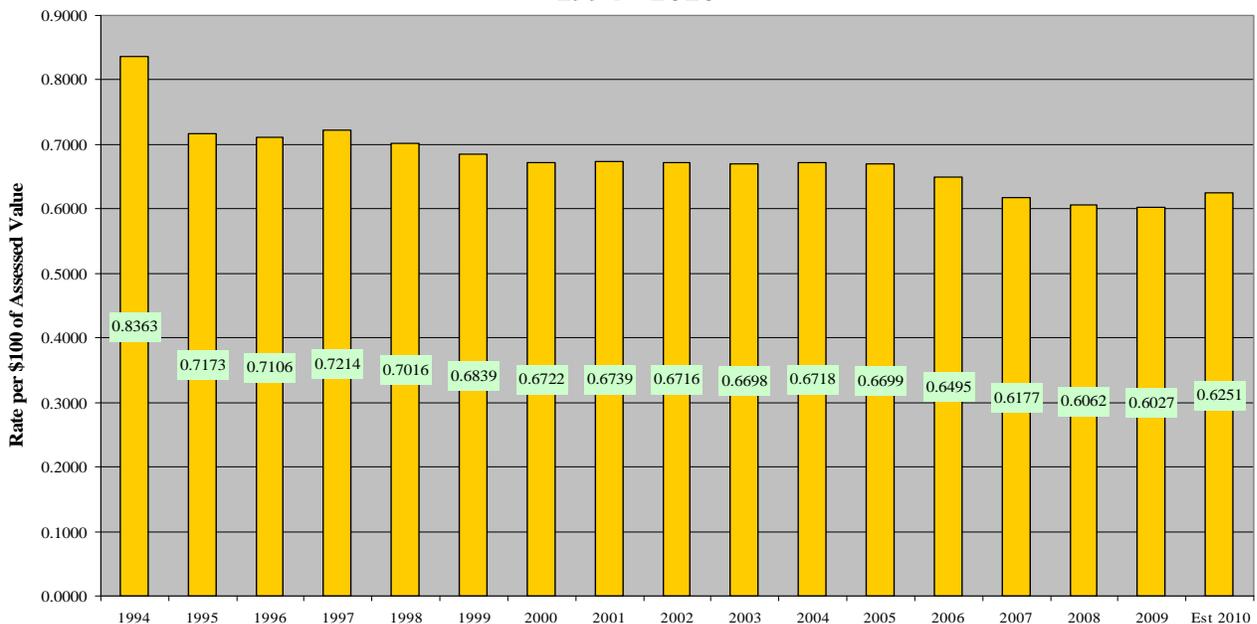
The combined 2010 total property tax levy (payable 2011) for all three SSA is \$163,273. This represents an increase of \$150 or 0.01% over the actual 2009 combined SSA property tax levy amount of \$163,123. SSA #1 has a proposed levy of \$70,000 which is a \$6 decrease from the 2009 actual levy of \$70,006, SSA #2 & #4 has a proposed levy of \$64,956 which is an increase of \$156 or 0.024% over its 2009 actual levy of \$64,956, and SSA #5 has a proposed levy of \$28,317 which is the same amount as its 2009 actual levy.

Proposed 2010 Property Tax Extension Rate

The proposed 2010 Jo Daviess County property tax rate is 0.62506/hundred dollars of assessed value. This is a 0.02239 or 3.07% increase over the 2009 rate of 0.60267. The primary reason that the property tax rate will increase in 2010 is because equalized assessed values are beginning to decline in certain township assessment districts. This is a reversal of a multi-year trend that in general saw property values and equalized assessed values increase at a rate faster than the CPI which in turn limited (lowered) property tax extension levy rates. The EAV of existing Jo Daviess County property increased 6.57% in 2006, 7.85% in 2007 and 8.09% in 2008. The CPI for PTELL purposes was 2.5% in 2006, 4.1% in 2007, and 0.1% in 2008.

The proposed 2010 property tax levy rate is the first rate increase since 2004 and only the third property tax levy rate increase since PTELL was implemented in 1998. During the four year period (1994-1997) prior to PTELL the property tax levy rate averaged about 15% higher than the proposed 2010 levy rate of 0.62506; ranging from a high of 0.8363 in 1994 to a low of 0.7214 in 1997. (See chart below)

Jo Daviess County Property Tax Levy Rate 1994 - 2010





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Truth in Taxation

Jo Daviess County is subject to the Truth in Taxation Law, pursuant to 35 ILCS 200/Article 18-55 through 100 of the property tax code. This law applies to all units of local government and school districts which levy taxes based upon the value of real property. The purpose of the law is to provide disclosure by publication and public hearing, if the taxing unit is planning to adopt an aggregate levy greater than 105% (increase of more than 5%) of the final aggregate taxes extended or estimated to be extended for the preceding year, including abatements. The aggregate levy includes the annual corporate levy and all special purpose levies.

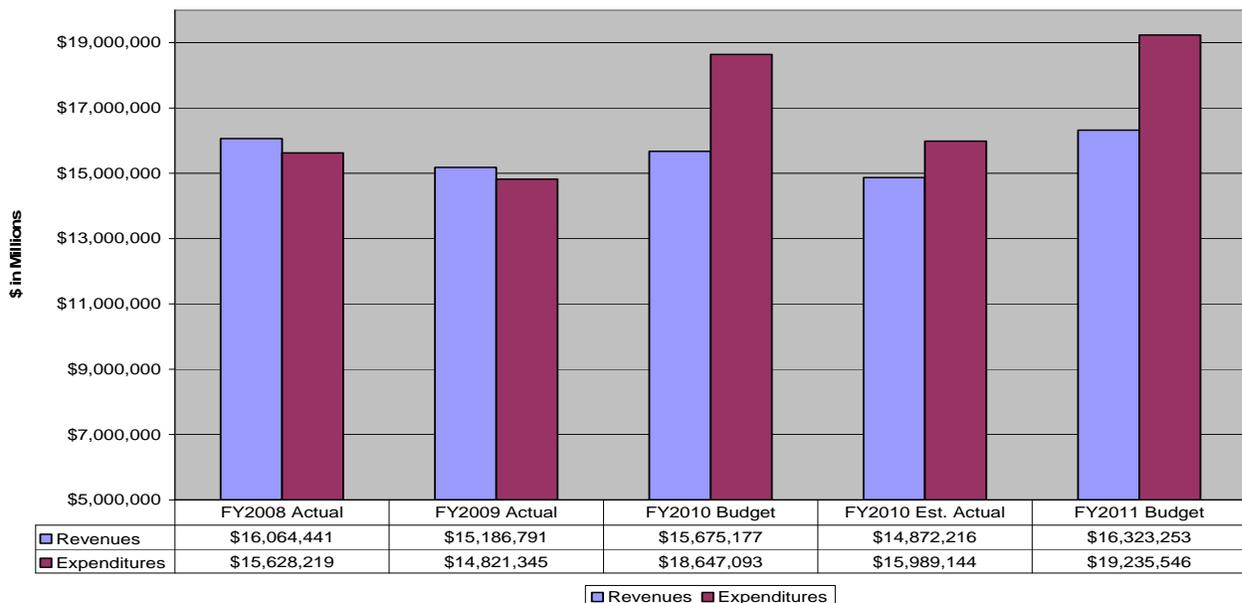
In 2009 the corporate, special purpose, and special service area property taxes extended or abated for Jo Daviess County were \$5,086,656. The proposed corporate, special purpose, and special service area property taxes extended or abated for 2010 are \$5,269,746. This represents an \$183,090 or 3.60% increase over the previous year. Because the proposed 2010 Jo Daviess County aggregate property tax levy extension is 103.6% greater than the aggregate taxes extended in 2009 and below the Truth in Taxation Law threshold of 105%, a Truth in Taxation hearing will not be required prior to adopting the 2010 Jo Daviess County tax levy.

SUMMARY OF ALL FUNDS (GENERAL FUND AND SPECIAL FUND)

Estimated FY2011 revenue for all County funds is projected to be \$16,323,253; this is an increase of \$648,076 or 4.1% more than the FY2010 budget amount of \$15,675,177. Estimated FY2011 expenditures for all County funds are projected to be \$19,235,546; this is an increase of \$588,453 or 3.2% more than the FY2010 budget amount of \$18,647,093.

All County Funds	FY2009 Budget	FY2010 Budget	FY2011 Budget	\$ Change 10-11	% Change10-11
Revenues	\$15,995,354	\$15,675,177	\$16,323,253	\$648,076	4.1%
Expenditures	\$18,166,920	\$18,647,093	\$19,235,546	\$588,453	3.2%

REVENUES and EXPENDITURES for ALL FUNDS





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The difference between estimated all fund revenue of \$16,323,253 and projected all fund expenditures of \$19,235,546 is a deficit of \$2,912,293. This difference is scheduled to be appropriated from available resources within fund balances. The majority of appropriation from existing fund balances is scheduled to occur in the capital or public works related funds and in several cases is the result of carrying over a project that was planned but not completed during the fiscal year. Carry over projects include the Public Safety Building HVAC project, the Willow Road resurfacing project, and expansion of the JDC Transit Building. New projects include the GIS Digital Orthophotography project, the Bethel Road Bridge project and the Welch Bridge and Holland Bridge Projects on Scout Camp Road. In addition appropriation of fund balance is historically scheduled on an as needed basis for purposes such as economic development loans, Public Health catastrophic emergencies and ETSB/911 contingency. A majority (93.7%) of FY2011 all fund expenditures in excess of estimated all fund revenue is anticipated to occur within ten funds. (See chart below)

Fund	Estimated Deficit
County Aid to Bridges Fund	\$745,423
Federal Aid Matching Fund	\$484,623
Economic Dev. Investment Fund	\$369,542
ETSB (911) Emergency Services Fund	\$261,788
General Capital Investment Fund	\$229,393
Public Health Catastrophic Emergency	\$199,425
General Corporate Fund	\$142,937
Contingency Fund	\$113,515
County Highway Fund	\$96,828
GIS Capital Equipment & Investment Fund	\$85,400
Total	\$2,728,874

SUMMARY OF SPECIAL FUNDS

Revenue - Estimated Special Funds revenue is projected to be \$10,062,876; this is an increase of \$1,119,198 or 12.5% more than the FY2010 budget amount of \$8,943,678. A majority of this increase is due to the establishment of a new special revenue fund to account for Jo Daviess County Transit grant revenue. Federal and State transit grants are estimated to be \$770,000 in FY2011; previously this revenue was accounted for in the General Fund. A second significant revenue increase of \$470,419 is projected for the County Aid to Bridge Fund and is primarily due to anticipated State reimbursements associated with the completion of repair projects associated with the 2010 flood. A third revenue increase of \$55,000 is associated with the new Natural Hazard Mitigation Fund. If revenue increases from these three funds are subtracted out, revenue from the remaining 54 special funds is projected to decrease \$216,721 or 2.6%.

Expenditures - Estimated Special Funds expenditures are projected to be \$12,832,232; this is an increase of \$1,145,748 or 9.8% more than the FY2010 budget amount of \$11,686,483. Similar to revenue a majority of this increase is associated with the three funds already discussed; the Jo Daviess Transit Fund (\$808,750), County Aid to Bridge Fund (\$435,000), and the Natural Hazard Mitigation Fund (\$55,000). In addition a fourth fund the GIS Capital Equipment & Investment Fund is projected to show a \$132,500 increase from prior year due to the planned Digital Orthophotography project. If expenditure increases from these four funds are subtracted out, expenditures from the remaining 53 special funds are projected to decrease \$285,502 or 2.8%.



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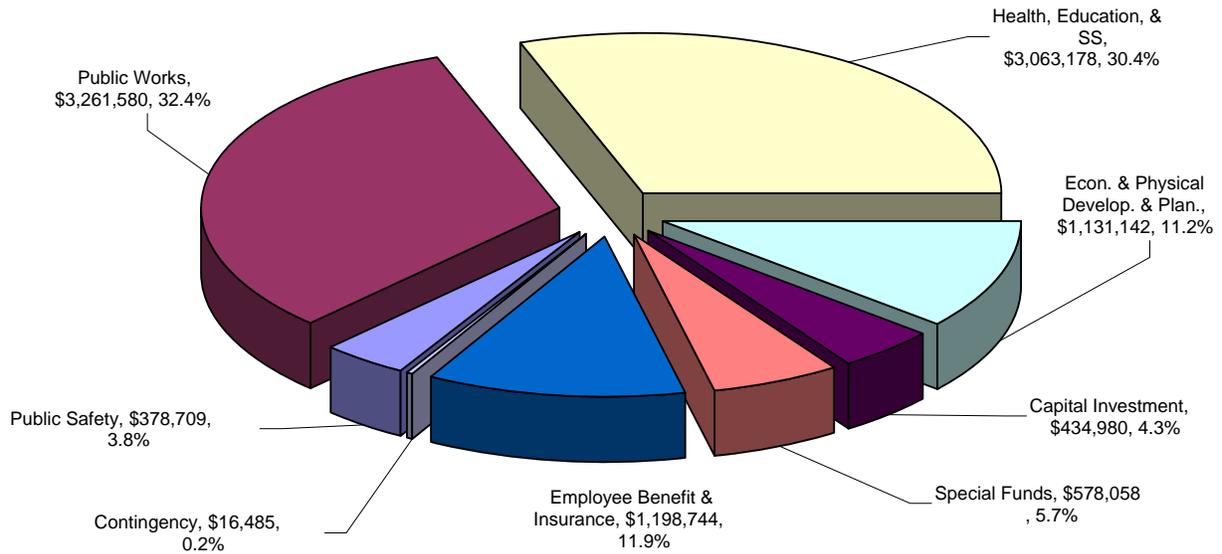
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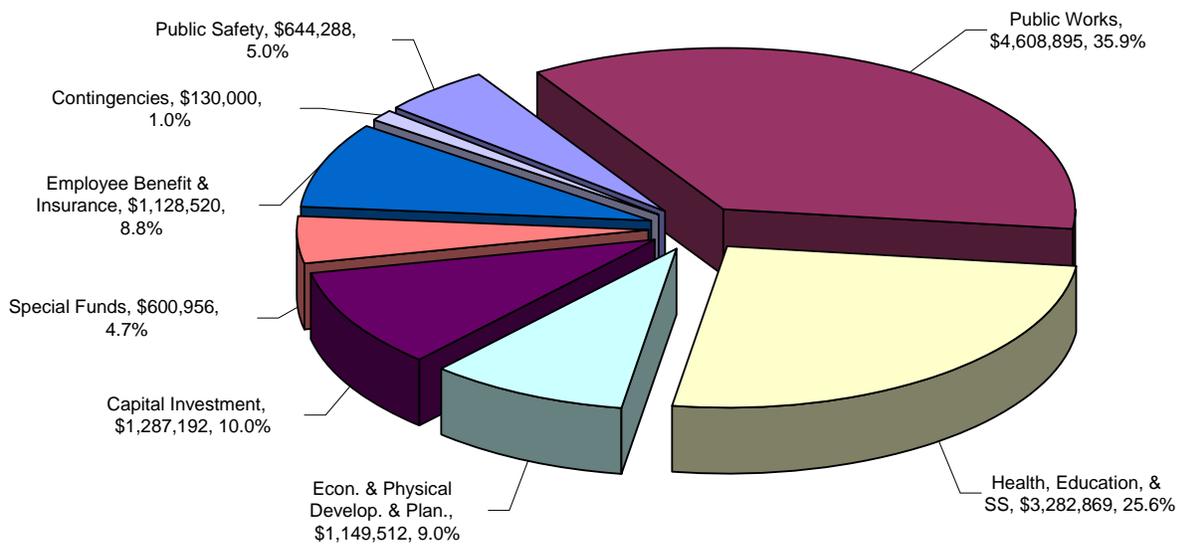
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Jo Daviess County Special Fund Revenues as projected FY2011 - \$10,062,876



Jo Daviess County Special Fund Expenditures as projected FY2011 - \$12,832,232





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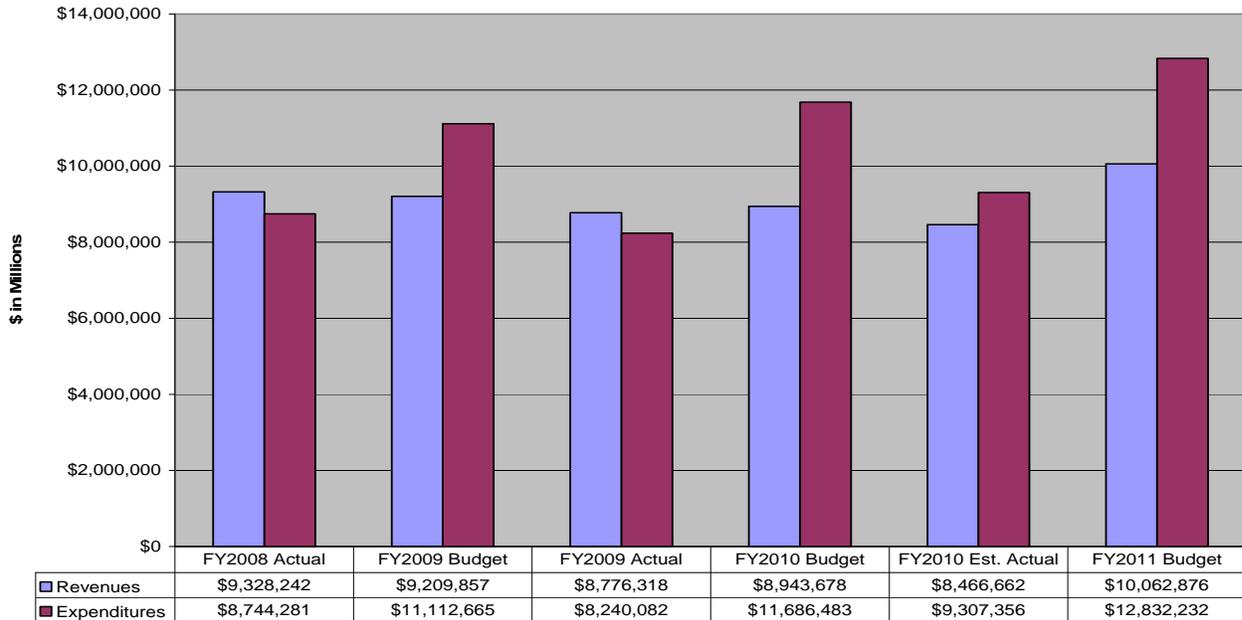
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REVENUES and EXPENDITURES for SPECIAL FUNDS



During FY2010 the Jo Daviess County Board adopted resolutions to establish five new special revenue funds. Three of these new special revenue funds were implemented in FY2010: (068) JDC Sobriety Court Fund, (069) County Jail Medical Costs Fund and (070) Coroner's Equipment & Operations Fund. Two of these new special revenue funds will be implemented effective with the FY2011 budget: (071) JDC Transit Fund and (072) JDC Natural Hazard Mitigation Fund.

SUMMARY OF ALL OPERATING FUNDS

All operating funds include the General Corporate Fund and five (5) special revenue funds – Highway Fund, Public Health Fund, Home Health Care Fund, Tourism Promotion Fund and GIS Automation Fund.

Revenue - Projected FY2011 combined revenues for these six (6) funds is \$10,528,223, this is a decrease of \$605,751 or 5.4% less than the FY2010 amount of \$11,133,974 and is \$1,066,309 or 9.2% less than the FY2009 budget amount of \$11,425,442. A majority of this decrease is the result of moving JDC Transit grant revenue (\$770,000) from the General Fund to a new special revenue fund. If we were to add back the decrease associated with JDC Transit grants; FY2011 all operating fund revenue would be projected to increase \$164,249 or 1.5% over the prior year budget amount. FY2011 all operating fund revenues represent 64.5% of the County's total budgeted revenue.

Expenditures – Projected FY2011 expenditures of \$10,799,777 are projected to decrease \$963,113 or 8.2% less than the FY2010 budget amount of \$11,762,890 and are \$1,264,425 or 10.5% less than the FY2009 budget amount of \$12,064,202. Similar to revenue a majority of this decrease is associated with moving JDC Transit grant expenditures from the General Fund to a new special revenue fund. If we were to add back expenditures associated with JDC Transit grants; FY2011 all operating fund expenditures would be projected to decrease \$193,113 or 1.6% from the prior year budget amount. FY2011 all operating fund expenses represent 56.2% of the County's total budgeted expenditures.



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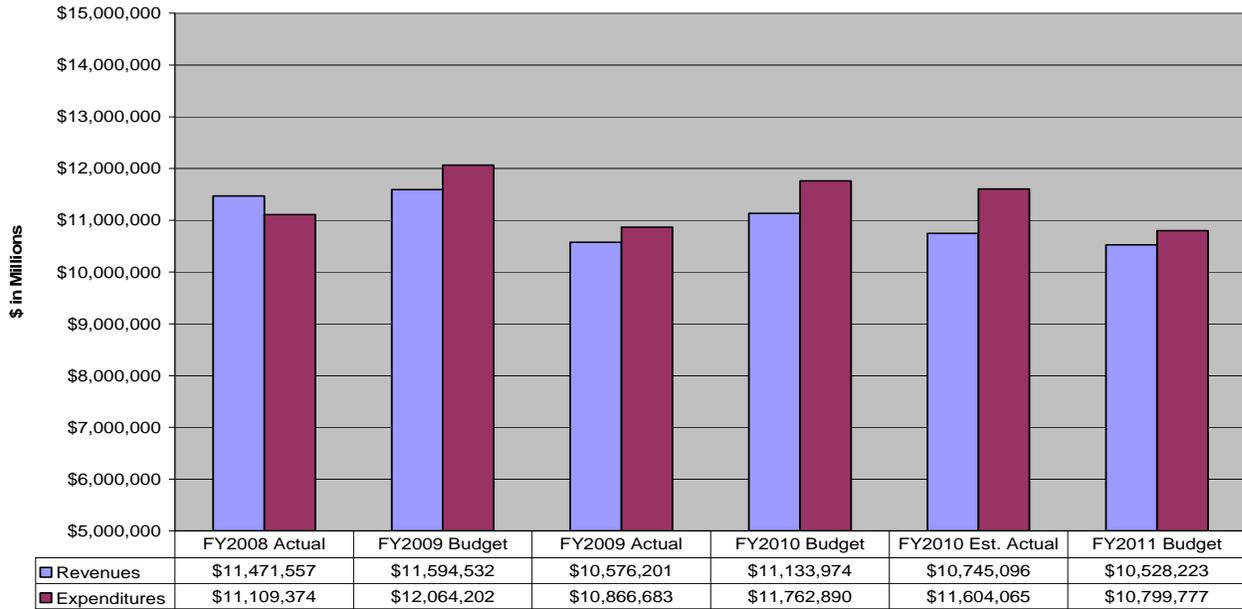
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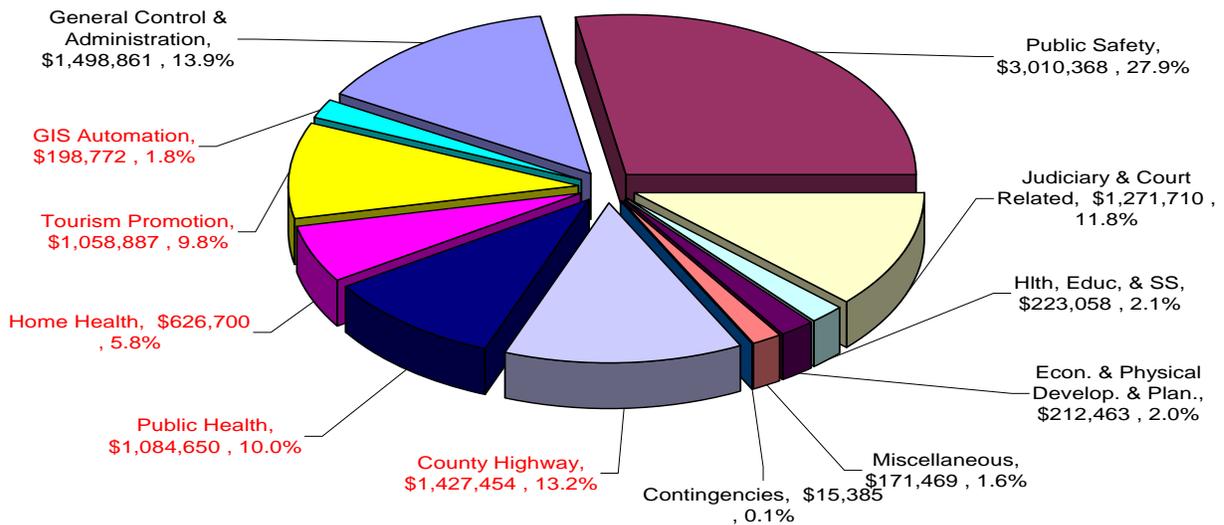
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ALL OPERATING FUNDS REVENUES and EXPENDITURES



Jo Daviess County FY2011 All Operating Fund Expenditures - \$10,799,777 (Includes GF and **operational special funds**)





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Summary of FY2011 General Corporate Fund Revenue Estimates

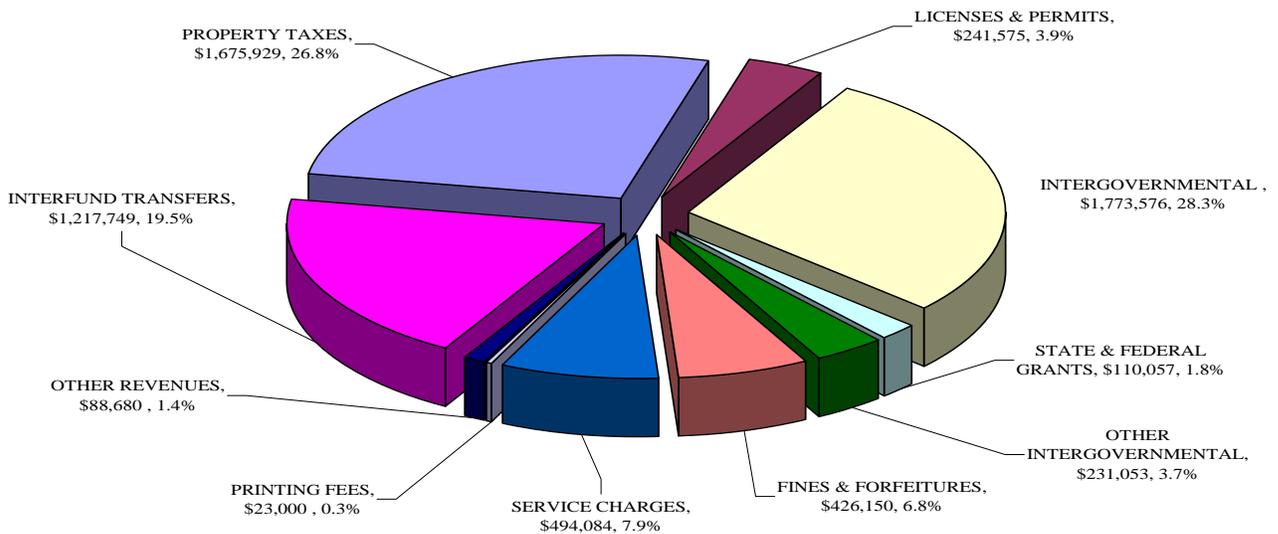
Total FY2011 General Fund (GF) revenue is projected to be \$6,260,377; this is a decrease of \$481,122 or 7.14% less than the FY2010 revenue budget amount of \$6,741,499. Total **available GF revenue** (total revenue less estimated federal/state grants and state revenue stamps) is estimated to increase \$184,806 or 3.15%. Total **core GF revenue** (total revenue less estimated federal/state grants, state revenue stamps and inter-fund transfers) is estimated to increase \$94,939 or 2.0%.

GF Revenue	FY10 Budget	FY11 Budget	\$ Change	% Change
Total Revenue	\$6,741,499	\$6,260,377	(\$481,122)	-7.14%
Total Available Rev.	\$5,873,514	\$6,260,377	\$184,806	3.15%
Total Core Revenue	\$4,745,632	\$4,848,122	\$94,939	2.00%

General Fund revenue consists of eleven (11) revenue categories and a total of ninety-four (94) individual revenue line items. Twenty-eight (28) revenue line items indicate an increase, thirty-two (32) indicate a decrease, and thirty-four (34) indicate no change.

Estimated FY2011 General Fund Revenue \$6,260,377

11/18/10



Revenue Decrease - The most significant sources of revenue decrease in FY2011 is anticipated to occur in two categories, State Grants (\$344,600) and Federal Grants (\$413,328). These decreases are primarily the result of moving JDC Transit grant revenue (\$440,000 State and \$330,000 Federal) from the General Fund to a new special revenue fund. In addition the Sheriff's Holiday Patrol grant (\$30,000) will not be received in FY2011. Other revenue categories projected to decrease in FY2011 include: Intergovernmental (\$55,214), Other Intergovernmental (\$40,955), Fines & Forfeitures (\$21,100) and Other Revenues (\$21,476). Significant line item revenue decreases (\$15,000 or more) are projected for: state income tax (\$28,370), corporate



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personnel property replacement tax (\$29,661), local use tax (\$17,233), salary reimbursement (\$59,383), criminal fines (\$19,000), county clerk’s earnings (\$19,147) and CD interest (\$15,000).

Revenue Increase – The most significant sources of FY2011 revenue increase are anticipated to occur in four categories: Property Taxes \$126,563, Service Charges \$117,637, Inter-Fund Transfers \$89,867 and Licenses & Permits \$81,484.

The table below identifies two significant actions taken by the Finance, Tax & Budgets Committee and/or County Board to increase FY2011 General Fund revenue. The first action was to increase certain fees charged for county services. This action was the result of a 2009 cost/fee study and is estimated to increase General Fund revenue in FY2011 by \$143,643. The second significant action was to increase the 2010 General Fund property tax levy (payable 2011) by \$126,563 over the prior year budget amount and \$130,334 over prior year actual, this follows a \$16,378 decrease in 2009 General Fund property tax levy.

Significant Actions taken by the Finance, Tax & Budget Committee and/or County Board to Increase FY2011 General Fund Revenue	
Action	\$ Increase
Fee increases per results of 2009 cost study	\$143,643
General Fund Property Tax Levy increase	\$126,563
Revenue Increase	\$270,206

GF Revenue by Category	FY2010 Budget	FY2011 Budget	\$ Change	% Change
Property Taxes	\$1,549,366	\$1,675,929	\$126,563	8.17%
Licenses & Permits	160,091	241,575	81,484	50.90%
Intergovernmental	1,818,790	1,773,576	(55,214)	-3.02%
State Grants	344,600	0	(344,600)	-100.00%
Federal Grants	523,385	110,057	(413,328)	-78.97%
Other Intergovernmental	272,008	231,053	(40,955)	-15.06%
Fines & Forfeitures	447,250	426,150	(21,000)	-4.72%
Service Charges	376,447	494,084	117,637	31.25%
Printing Fees	23,000	23000	0	0.00%
Other Revenues	88,680	67,204	(21,476)	-24.22%
Inter-fund Transfers	1,127,882	1,217,749	89,867	7.97%
TOTAL REVENUE	\$6,741,499	\$6,260,377	\$(481,122)	-7.14%
Available Revenue- (Total less Grants & State Rev Stamps)	\$5,873,514	\$6,058,320	\$184,806	3.15%
Core Revenue- (Total less Grants State Rev Stamp & IFT's)	\$4,745,632	\$4,840,571	\$94,939	2.00%

FY2010 Estimated Actual Revenue

FY2010 estimated actual General Fund revenue is estimated at \$6,405,554, this amount represents a shortfall of \$276,234 from the budget amount of \$6,741,499. Revenue shortfall is anticipated to occur in the following categories: Intergovernmental (\$27,735), State Grants (\$111,600), Federal Grants (\$199,603), Fines & Forfeitures (\$22,667) and Other Revenues (\$16,148). The shortfall in state and federal grant categories is primarily the result of less eligible expenses than anticipated for transit reimbursement from the State DOAP grant and delays in constructing the addition to the transit facility. This project will be carried over in the FY2011 budget year.



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FY2011 General Fund Core Revenue

Core Revenue is total revenue less state & federal grants, state revenue stamps and inter-fund transfers. These revenue sources provide a majority of the revenue needed to maintain levels of service currently offered by General Fund departments. General Fund revenue estimates indicate that several core revenue sources dependent on the economy will again decrease in FY2011. Certain revenue line items such as sales tax, building permits, property transfers, and investment income have all experienced significant decreases due to the economic recession. Fines and forfeitures are also projected to decrease in FY2011. State shared revenue has dropped off sharply from 2008 levels. Income tax, corporate personal property replacement tax, and local use tax have all experienced double digit decreases.

In previous years there has been concern over the lack of growth in General Fund revenue especially from core revenue sources. Core revenue in 2005 was \$4,863,594; Actual FY2010 core revenue is estimated at \$4,631,827, this amount is \$231,767 or 4.8% below the 2005 total. While it is anticipated that core revenue will stabilize in FY2011 and actually increase slightly over the FY2010 because of financial decisions made during the FY2011 budget process, FY2011 core revenue estimated at \$4,840,571, is still \$23,023, or 0.5% below 2005 levels. The chart below compares FY2005 actual revenue with FY2010 estimated actual revenue and FY2011 projected revenue.

FY2011 Revenue Estimates					
General Fund Category	Actual Revenue FY2005	Estimated Actual Rev FY2010	Projected Revenue FY2011	\$ Change FY2005 to FY2011	% Change
PROPERTY TAXES	\$1,280,441	\$1,525,634	\$1,675,929	\$395,488	30.89%
LICENSES & PERMITS	293,230	160,789	241,575	(51,655)	-17.62%
INTERGOVERNMENTAL	1,803,428	1,801,055	1,773,576	(29,852)	-1.66%
STATE GRANTS	42,354	233,000	0	(42,354)	NA
FEDERAL GRANTS	549,090	323,782	110,057	(439,033)	-79.96%
OTHER INTERGOVERNMENTAL	263,648	289,670	231,053	(32,595)	-12.36%
FINES & FORFEITURES	620,974	424,583	426,150	(194,824)	-31.38%
SERVICE CHARGES	497,604	428,395	494,084	(3,520)	-0.07%
PRINTING FEES	24,996	21,158	23,000	(1,996)	-7.99%
OTHER REVENUES	79,273	72,532	67,204	(12,069)	-15.22%
INTERFUND TRANSFERS	732,346	1,124,945	1,217,499	465,746	66.25%
TOTAL GF REVENUE	\$6,187,384	\$6,405,554	\$6,260,377	\$72,993	1.18%
TOTAL CORE REVENUE	\$4,863,594	\$4,631,827	\$4,840,571	\$(23,023)	-0.47%



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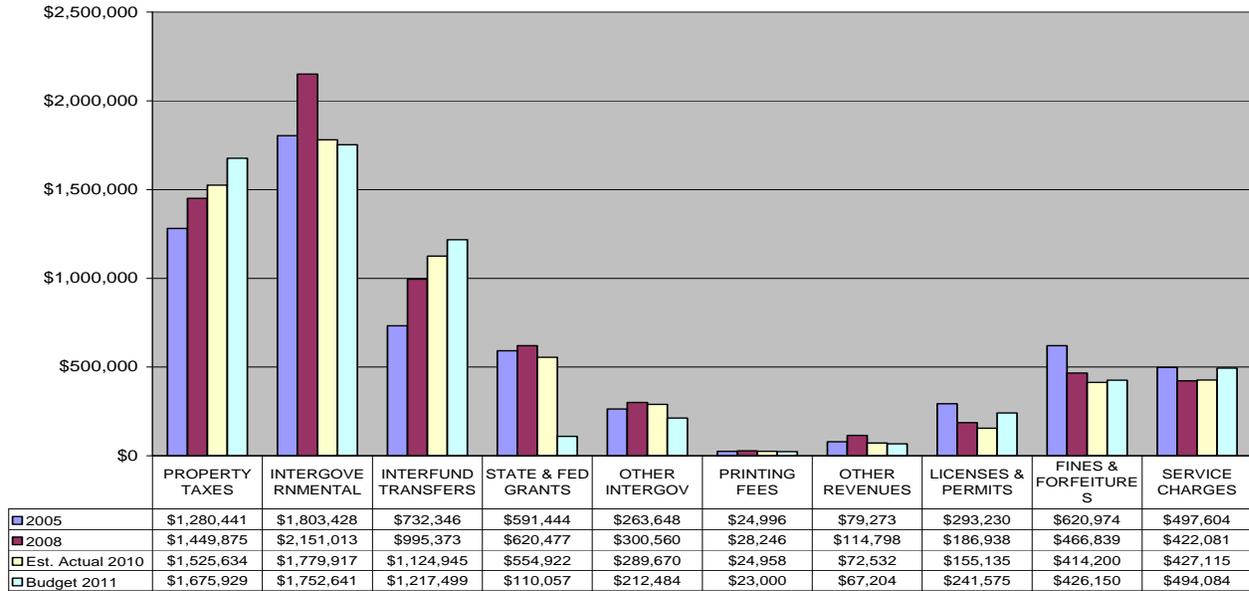
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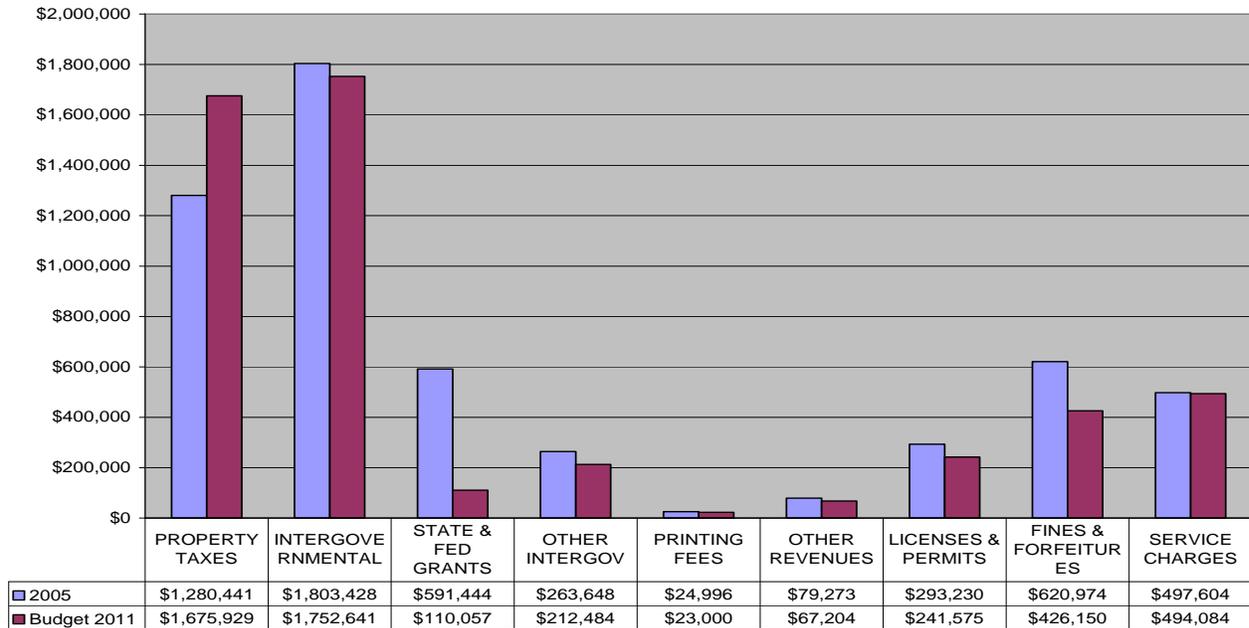
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**Jo Daviess County
General Fund Revenue by Category
Actual FY2005 & FY2008, Est. Actual FY2010, Budget FY2011**



**General Fund Core Revenue
Actual FY2005 compared to Estimated FY2011**





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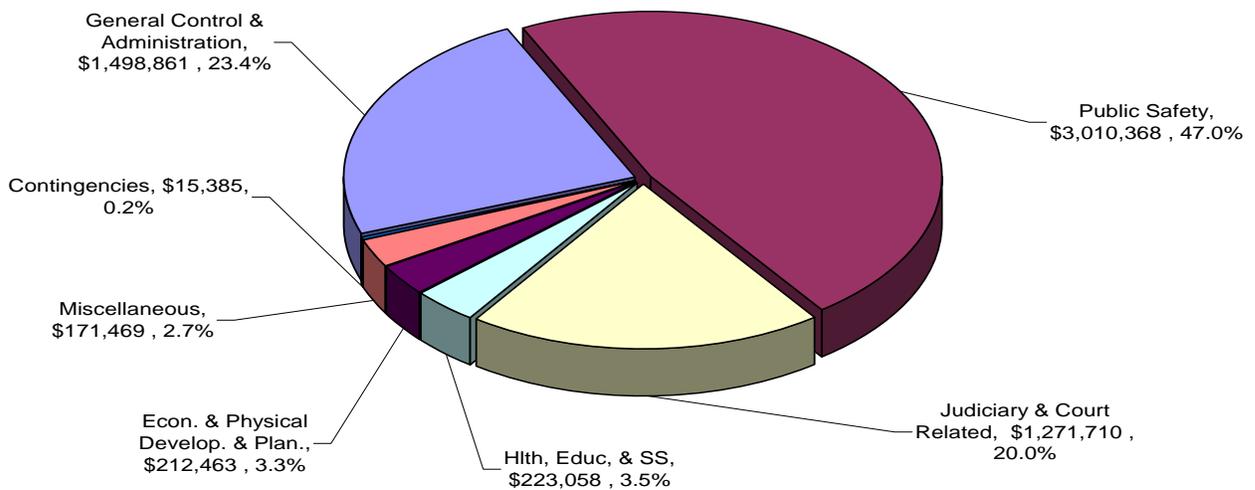
Summary of FY2011 General Corporate Fund Expenditure Estimates

Total General Fund target expense estimates for FY2011 are projected at \$6,403,314, this is a decrease of \$557,295 or 8.01% under the final approved FY2010 General Fund expense budget amount of \$6,960,609 and a decrease of \$650,940 or 9.23% under the final approved FY2009 General Fund expense budget amount of \$7,054,254. One of the primary reasons for this decrease is the decision to move JDC Transit grants out of the General Fund to a separate special revenue fund. The result of this action is a \$731,600 decrease in the FY2011 Social & Environmental target expense budget amount. Previously grant revenue for the JDC Transit was received by the General Fund and paid to the grant operator (The Workshop) as an expense from the Social & Environmental Services budget. If we factor out the Social & Environmental budget, our General Fund target expense estimate is projected at \$6,332,729, this is an increase of \$174,305 or 2.83% over the final FY2010 General Fund expense budget amount of \$6,158,424 and an increase of \$7,374 or 0.01% over the final FY2009 General Fund expense budget (less the Social & Environmental budget) amount of \$6,325,355.

Budget Year	FY2009	FY2010	FY2011	\$ Change FY10-FY11	% Change FY10-FY11
Total General Fund Expense Budget	\$7,054,254	\$6,960,609	\$6,403,314	-\$557,295	-8.01%
GF Target - Expenses less S & E	\$6,325,355	\$6,158,424	\$6,332,729	\$174,305	2.83%

The three largest projected FY2011 General Fund expense categories are: Public Safety \$3,010,368 (47.0%), General Control & Administration \$1,498,861 (23.4%) and Judiciary & Court Related \$1,271,710 (20.0%). (See chart below)

**Jo Daviess County
 FY2011 Projected General Fund Expenditures
 \$6,403,314**





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Five General Fund expense categories are projected to increase in FY2011 and two categories are projected to decrease. The amount of increase or decrease is dependent on how target guidelines affected individual budgets within a category. The largest increase is \$87,000 to the Miscellaneous expense category and is due to budgeting the expense side of State revenue stamps from the Miscellaneous budget in the General Fund for the first time. The second largest category increase is \$73,461 to the Public Safety expense category and is primarily due to increased targets associated with electric utility costs (\$33,121) and the transfer of union legal fees (\$15,000) from the County Board budget to Public Safety budgets. Other category increases are projected for Contingencies (\$15,385), Judiciary & Court Related (\$8,015), and Economic and Physical Development & Planning (\$2,044). The largest decrease is to the Health, Education, & Social Services expense category (\$735,122) and is primarily due to the decision to move JDC Transit grants out of the General Fund to a separate special revenue fund. The other decrease is projected for General Control & Administration (\$8,078) and is primarily due to a \$49,885 decrease in the FY2011 Election budget.

GF Expenditures by Budget Category	Budget FY2009	Budget FY2010	Estimated FY2011	\$ Change 2010-2011	Percent Change
General Control & Administration	\$1,543,392	\$1,506,939	\$1,498,861	\$(8,078)	-0.54%
Miscellaneous	75,355	84,469	171,469	87,000	102.9%
Public Safety	3,027,618	2,936,907	3,010,368	73,461	2.50%
Judiciary & Court Related	1,290,697	1,263,695	1,271,710	8,015	0.63%
Health, Education & Social Services	760,039	958,180	223,058	(735,122)	76.72%
Economic & Physical Dev. & Planning	231,338	210,419	212,463	2,044	0.97%
Contingencies	125,815	0	15,385	15,385	
TOTAL EXPENDITURES	\$7,054,255	\$6,960,609	\$6,403,314	\$(557,295)	-8.01%

The following is a summary of some of the significant General Fund target changes, revisions, and/or events that occurred during the FY2011 budget process. (See General Fund Targets)

- ✓ \$63,834 decrease – 6/28/10 - Three initial target amounts decreased a total of \$63,834 from final FY2010 targets for *non-recurring* operational expenses
- ✓ \$87,968 increase - 7/09/10 – Initial total target expense increase over prior year after mandatory personnel costs are factored into individual General Fund budgets.
- ✓ \$16,420 decrease – 7/29/10 – Amount of target decrease per actual FY2011 employee health insurance premium rates (4.62% actual vs. 8% initial estimate)
- ✓ \$731,600 decrease – 8/16/10 – Social & Environmental target decreased , new special fund established for JDC Transit
- ✓ \$4,034 decrease – 8/26/10 – Net result of various target changes approved during August joint committee budget hearings.
- ✓ \$26,220 increase – 9/28/10 – Miscellaneous budget increased to off set Round 3 revenue estimate increase for state portion of revenue stamps.
- ✓ \$33,121 increase – 10/05/10 – Courthouse and Public Safety building target amounts increased for anticipated increases in electric utility costs.
- ✓ \$40,000 increase – 10/21/10 – Unfunded requests approved by County Board, \$23,000 Supervisor of Assessments, \$1,615 Board of Review, and \$15,385 transfer to Contingency Fund.



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Actions Taken to Minimize the FY2011 General Fund Budget Deficit

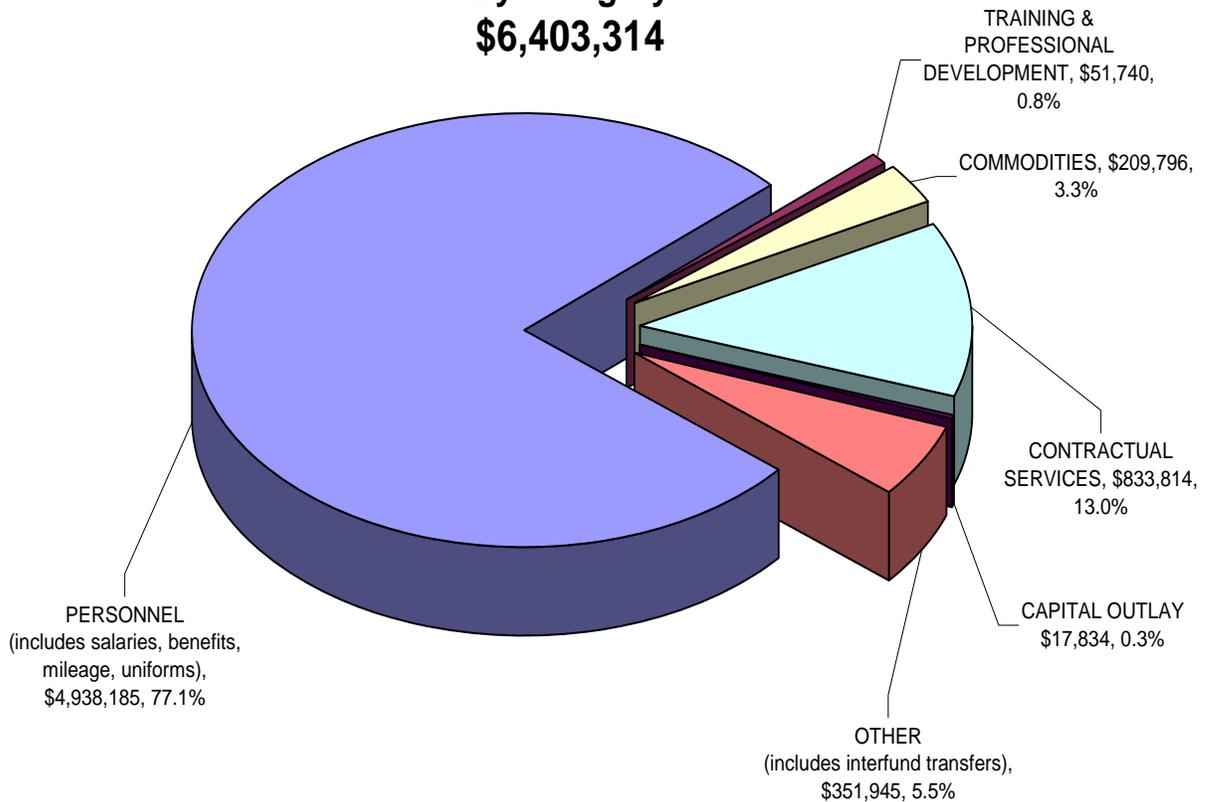
The table below identifies the results of actions taken by the Finance, Tax & Budgets Committee during the FY2011 budget process to maintain General fund expenses at FY2010 budget levels.

Significant Actions taken to Reduce FY2011 General Fund Expenses	
Action	\$ Savings
Continuation of FY2010 pay freeze (0% vs. 3%)	\$117,250
Health Insurance (4.62% actual increase vs. 8% estimate)	\$16,420
Continuation of FY2010 3% target reductions	\$188,030
Total Savings	\$321,700

Target Expenses by Category

General Fund target estimates for personnel costs (salaries, benefits, automobile mileage, and uniform allowance) total \$4,938,185 and represent 77.1% of the total FY2011 General Fund expense budget of \$6,403,314. Salaries and benefits total \$4,894,726 and represent 76.5% of total General Fund expenses.

**FY2011 Projected General Fund Expenditures
 By Category
 \$6,403,314**





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General Fund Employee Benefits Expenditures 2008 -2011

	FY2008 ACTUAL	FY2009 ACTUAL	FY2010 BUDGET	FY2011 PROPOSED
Salaries- Full-time	\$3,058,770	\$3,158,278	\$3,267,270	\$3,231,771
Salaries- Per diem	49,088	42,500	55,200	52,900
Salaries- Part-time & Temp	191,941	144,599	193,753	182,793
Salaries- Overtime	204,857	229,954	144,715	167,490
Health Insurance	439,018	448,076	489,553	520,219
Social Security	210,988	217,978	226,833	226,659
Medicare Contribution	49,668	51,116	53,041	53,002
Retirement (IMRF)	354,958	365,973	419,336	459,892
Total	\$4,559,288	\$4,658,474	\$4,849,701	\$4,894,726

As of November 18, 2010 Jo Daviess County employed 116 full time employees, 40 part time employees and eight seasonal employees. Thirteen (13) general fund department's employ 80.5 full time positions and four special fund department's employee 35.5 positions. (See chart below)

Jo Daviess County, Illinois				
Full Time Employees by Department				
Department	Fund	# Full Time	Union	Non-Union
Sheriff's Department	General	38	29	9
Public Health	Special	18	0	18
Highway	Special	10	6	4
County Clerk/Recorder	General	7	0	7
Circuit Clerk	General	6	0	6
Probation	General	6	0	6
States Attorney	General	5	0	5
CVB	Special	5	0	5
County Assessor	General	4	0	4
Treasurer	General	4	0	4
Zoning & Building	General	3	0	3
GIS	Special	2.5	0	2.5
County Administrator	General	2	0	2
Animal Control	General	2	0	2
Information & Technology	General	1.5	0	1.5
Public Defender (1FT/1PT)	General	1	0	1
Coroner	General	1	0	1
Total - County		116	35	81
Total - General Fund		80.5	29	51.5
Total - Special Fund		35.5	6	29.5



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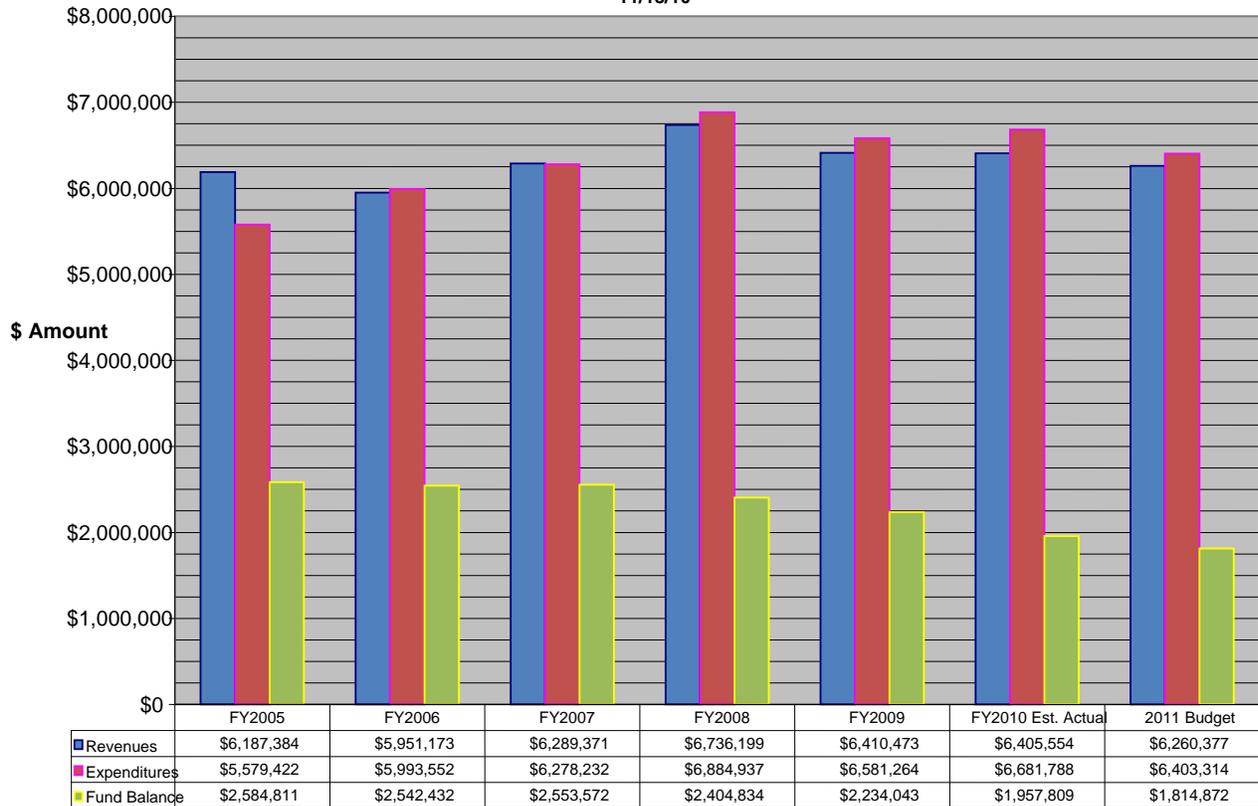
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Without appropriation of fund balance, the proposed FY2011 General Corporate Fund budget is a deficit budget in the amount of \$142,937 (the difference between revenues and expenses). The projected beginning of the year (12/01/10) fund balance is estimated at \$1,957,809. The fund balance policy for the General Fund requires a minimum of three months of operating expense or \$1,590,000 to be held in reserve. The estimated year end (11/30/11) fund balance is \$1,814,872.

**Jo Daviess County General Fund
Revenues, Expenditures, Fund Balance
2005 - 2011**

11/18/10



During budget deliberations, consideration was given for allocation of unreserved fund balance in excess of reserve policy requirements. With a current year (FY2010) budget deficit projected at \$276,234 and a proposed FY2011 budget deficit estimated at over \$100,000, the County Board decided to allocate only \$24,615 for the purpose of funding unfunded activity requests and an additional \$15,385 was appropriated as an inter-fund transfer to the Contingency Fund for unanticipated expenses. The Board approved the appropriation of \$23,000 for (non-recurring) additional staffing for the purpose of entering cost data into the Devnet CAMA system. This amount was appropriated to the Assessment Office contingency line item pending approval of a staffing plan; \$1,615 was approved (recurring) to increase the annual salary of three Board of Review members from \$2,500 to \$3,000 per year.



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Major Projects

Several major projects were completed in FY2010 including; renovation of the McFadden Bridge on Stage Coach Trail, resurfacing of a six mile stretch of Stage Coach Trail from Warren to the County line, the Elizabeth Highway Department facility was sold to Jo Carroll Energy and a new larger Highway Department facility was purchased in Hanover, the Courthouse downspout project was completed, continued implementation of the Township Assessor pilot program, the GIS parcel mapping project was completed, several IT projects were completed including converting the Health Department computer network to a site on the JDC network, installed a new AS400 computer system for the JDC Court system, and moved the Highway Department network site from Elizabeth to Hanover and completed a study of the County's emergency communication system.

Some of the projects planned for FY2011 include: the Public Safety Building HVAC system improvements project, expansion of the JDC transit building, the Willow Road resurfacing project, construct a new bridge on Bethel Road, renovate Welch Bridge and Holland Bridge on Scout Camp Road, possible implementation of the Illinois E-Pay program, continue implementation of the computer network study, implement an additional T1 circuit for internet use at the Courthouse/Public Safety Building, continue the Devnet CAMA data entry project, complete planning for the township assessor program, complete the JDC Continuity of Operations Plan, complete an Interoperable Communications Assessment study and complete a Natural Hazard Mitigation Plan for JDC.

Acknowledgements

Preparation of the FY2011 budget was accomplished through the combined efforts and cooperation of all County elected officials, department heads, members of the County Board, staff and agencies. Thank you for all of your cooperation and continued participation over the several months of budget preparation and review.

Thank you to the members of the JDC Finance, Tax, & Budgets Committee, for your dedication and commitment in developing the FY2011 Jo Daviess County budget and thank you to County Treasurer Carol Soat and County Clerk Jean Dimke and members of your respective staff for providing timely financial information during the FY2011 budget process. I would also like to thank Melisa Hammer and Melissa Kindred for their assistance and technical support in preparing this budget.

I am pleased to present to you the FY2011 Jo Daviess County Annual Budget, Appropriations Ordinance, and Tax Levy Ordinance for your approval and adoption.

Respectfully submitted,

Dan Reimer
Jo Daviess County Administrator