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County Administrator

# County of Peoria County Administration

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October 20, 2005

TO: HONORABLE MEMBERS OF THE PEORIA COUNTY BOARD

Please accept the proposed 2006 budget for your consideration and approval. This budget is submitted in accordance with the adopted financial policies of the County and State law. This working document is intended to provide you with a comprehensive framework for decision-making on expenses, revenues and fund balances, resulting in a final approved spending plan for fiscal year 2006. It is only with the cooperation of every Elected and Appointed Official that we are able to present this budget for your consideration.

## **STRATEGIC PLANNING FRAMEWORK**

The budget process is a vital way to reinforce the service priorities of the County. By articulating a vision for the future, identifying long-term goals and short-term priorities, the County Board defines the County's core businesses. These goals and priorities guide how resources are allocated, particularly when resources are scarce. Earlier this year, following another annual goal setting exercise, the County Board adopted the vision statement on the cover of this budget and reaffirmed its five-year goals. These goals serve as roadmap for policy directions, decisions, and actions for the next five years:

### **Financially Solvent County Government**

Means to Citizens

1. Adequate Reserves for a "Rainy" Day
2. Stable Tax Rates
3. Value for Your Tax Dollars:
4. Responsible Stewardship of the Public's Dollar
5. Getting Your Money's Worth



### **Partnering for Success – Our Citizens, Other Governments**

Means to Citizens

1. You Know What is Going on in County Government
2. Opportunities to Get Involved to Shape Goals and Policies
3. Your Interests will be Protected
4. County Wants to Work with Other Governments
5. Potential Tax Savings through Operating Efficiencies



## **Planned Quality Growth**

Means to Citizens

1. Protection of Your Property Value
2. Quality Buildings and Homes
3. Predictable Development
4. Growth Occurring Where there is Infrastructure and County Service Capacity
5. Protection of Natural Resources
6. Potential Restrictions on Property Rights



## **Quality Services Delivered in a Professional Manner**

Means to Citizens

1. Employees Listening to Citizens – Problems and Concerns, Suggestions
2. Using Technology to Better Serve You
3. Service with a Smile
4. Friendly People Serving You
5. Bang for Your Tax Dollars



## **Growing the Economy**

Means to Citizens

1. Quality Jobs for Our Youth, Graduates from Our Colleges
2. You Can Support Your Family
3. You Can Start and Grow a Business
4. Convenience: You Can Shop, Work, Be Entertained in Peoria County
5. Reduced Tax Burden on Home/Property Owners



The following items are the actions to execute the Strategic Plan. This work program for 2005 has been prioritized by the County Board and each item ties directly to achieving the County's vision. This work program focuses the energy and resources of the County on the most important targets and actions. These actions require policy input from the County Board, and the accountability for their completion rests with the County Board and Administration. The prioritized action agenda is as follows:

### **Top Priority**

- Marketing and Public Information Strategy
- City-County Service Consolidation and Efficiency Strategy
- Election Commission: Next Steps
- Stormwater Management Strategy, Including Regional Watershed Management Plan
- Port Authority Development

### **High Priority**

- Chief Financial Officer: Position

- Reserve Policy
- Juvenile Detention Center: Long Term Direction
- Economic Development Agreement: City/County/EDC
- River Restoration Strategy

### **Moderate Priority**

- Joint Services Strategy
- Airport Evaluation and Recommendation
- Police Combined Services Study & Recommendations
- Blighted Homes and Buildings Removal Strategy
- Subdivision Ordinance
- Development Rights Acquisition: Evaluation
- Minority Business Contractor Program
- Regional Economic Strategic Plan
- Agri Science Corridor

The County Board adopted a mission statement in 2005. This statement defines the County's approach to service delivery and the budget presented herein reflects that Mission:

*Peoria County government is financially sound and provides core county services in a cost-effective manner.*

*The county has a quality workforce and an engaged citizenry.*

*The county is a regional leader.*

Many of the services and functions the County provides are mandated by the state and federal governments. In fact as a non-home rule unit of government, the County may use only those powers expressly granted to it by the legislature. Thus, millions of dollars that the County spends annually are not directly tied to the strategic planning process. To complement the County Board's strategic planning, County departments began a business planning process during 2002 to identify the organization's core functions and operational strategy for reaching long-term goals. The primary conclusion identified in the Business Plan - in times of fiscal stress the first priority of government is public safety - still resonates today.

### **FINANCIAL POLICIES**

The recommendations in this budget adhere to the County's mission statement and focus on financial solvency, and cost-effective service delivery. This budget utilizes the County Board financial policies and the business planning process as the framework for the recommendations. The County Board's financial policies are intended to protect the Board's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies. The highlights of those policies include:

- Fund balances set at levels intended to cover the maximum difference between expenses and revenues and a percentage of expenses;
- A pay-as-you-go balanced-budget philosophy that requires current expenses to be paid with current revenues;

- Efforts to plan for capital expenses; and
- Diversified sources of revenue and where possible, user fees set at 100% of the actual cost of providing the service.

## **REVENUES**

In many ways, the global economy has been bolstered by consumer spending in the United States. The national rise in property values and the fiscal policy of the current administration has led to a national savings rate that is virtually non-existent. In a recent survey of the world economy, the *Economist* magazine stated "In sum, America's role as consumer of last resort has left it vulnerable. Low interest rates have fuelled a property boom, lulling consumers into thinking that there is no need to save and persuading politicians that it is possible to have both guns and butter." According to the Illinois Commission on Government Forecasting and Accountability, the State's leading economic indicators, while trending upward, are moderating. Improved employment and strong consumer spending have increased income and sales tax receipts at the State and local level. However, housing demand is decreasing, and home price appreciation is beginning to slow. Coupled with higher interest rates and higher energy prices, the Commission is forecasting slower growth rates in the Illinois economy in the future. The SCOPE report, prepared by Bradley University's Center for Business and Economic Research, reflects a stable local economy with virtually no change in employment and a leveling of building activity and retail sales within the region.

The 2006 budget presented for your consideration is consistent with those trends. Income tax is projected at 3% more than 2005, and corporate income tax receipts have grown considerably. Sales taxes are projected to stabilize at their current receipt levels, a reflection of our concerns about the economy locally. Revenues in the Recorder of Deeds Office remain strong but are slowing, and building permit activity is projected to remain consistent with 2005.

The County Board financial policies seek to expand non-property tax revenues wherever possible. Intergovernmental revenues, licenses and permits, and charges for services are all anticipated to increase. All combined, these non-property tax revenues increase more than \$1.9 million in 2006. Salary reimbursements for probation officers and juvenile detention staff and Medicaid reimbursements for Bel-Wood Nursing Home are two revenue sources that continue to vex our efforts to achieve financial solvency.

The recommended 2006 property tax levy is based on a County EAV of \$2.608 billion, an increase of 4%. This is consistent with the real estate growth that would have occurred in 2005, if the legislature had not increased several property tax exemptions, and consistent with our growth in the region. The County Board has, as a matter of policy, sought to keep the County's property tax rate constant. While the Board adopted a property tax rate of \$0.8604 in 2005, the extended levy was \$0.8543. The recommended levy for 2006 is \$0.8534, which is a reduction from both the budgeted and extended 2005 levies. In actual dollar terms, the County still will collect \$1,137,357 more in property taxes for 2005. The rationale for the lower rate is simple, other revenue sources have continued to strengthen, and the concerns over the housing market and growing interest rates affords the County the opportunity to marginally reduce the property tax rates. The owner/occupier of a \$100,000 home should see

an \$11.04 increase in their County portion of the property tax bill due to EAV growth. The Levy changes from the prior year include:

- Pension obligations continue to increase in 2006, with IMRF and FICA levies rising \$844,839 (+2.1 cents);
- Bel-Wood's tax rate returns to the statutory limit in a continued effort to eliminate cash deficits in the fund (+1.21 cents);
- The University of Illinois Extension rate, established by referendum in November is now listed with a levy of \$75,600 (+0.29 cents);
- Levies for Risk Management (+1.06 cents), Care and Treatment (+0.05 cents), Veterans Assistance (+0.04 cents) increase nominally while Juvenile Detention, Highway, Matching Tax and Bridge Fund rates are set at the statutory maximum for 2006 ; and
- These rate increases are offset by reductions in the General Fund (-3.85 cents) and the Health Fund (-1.00 cents).

The following chart outlines a five-year history of property taxes and property tax rates in cents per \$100 of taxable assessed values by fund.

PROPERTY TAX											
FUND	Limit	2002		2003		2004		2005		2006	
		Actual	Rate	Actual	Rate	Actual	Rate	Extended	Rate	Levy	Rate
General	25.00	5,499,736	24.84	5,819,244	24.94	5,988,500	24.39	5,723,545	23.05	5,008,341	19.20
Highway	7.50	1,660,597	7.50	1,750,003	7.50	1,841,520	7.50	1,862,325	7.50	1,986,382	7.50
Bridge	5.00	1,100,435	4.97	1,154,998	4.95	1,220,314	4.97	1,241,550	5.00	1,334,254	5.00
Matching	5.00	1,107,065	5.00	1,166,677	5.00	1,227,680	5.00	1,241,550	5.00	1,334,254	5.00
IMRF	None	1,875,332	8.47	1,610,234	6.87	1,873,514	7.64	3,540,900	14.26	3,852,945	14.77
FICA	None	2,813,982	12.71	2,813,982	12.49	2,291,717	9.34	2,311,766	9.31	2,844,560	10.90
Health	15.00	1,658,392	7.49	1,738,322	7.45	1,589,235	6.48	1,189,405	4.79	988,625	3.79
Care & Treat	10.00	852,457	3.85	765,382	3.28	807,996	3.30	742,447	2.99	794,994	3.05
Vet's Assist.	3.00	92,980	0.42	95,673	0.41	82,999	0.34	74,493	0.30	89,307	0.34
Juvenile Det.	1.50	332,127	1.50	350,005	1.50	369,510	1.50	372,465	1.50	391,276	1.50
Risk Mgt.	None	2,010,264	9.08	2,076,674	8.90	2,351,258	9.58	1,724,271	6.94	2,085,941	8.00
U of I Extension	1.00									75,600	0.29
Bel-Wood	2.50	551,324	2.49	581,000	2.49	1,474,000	6.00	1,189,405	4.79	1,565,000	6.00
<b>Totals</b>		<b>19,554,691</b>	<b>88.32</b>	<b>19,922,194</b>	<b>85.78</b>	<b>21,118,243</b>	<b>86.04</b>	<b>21,214,122</b>	<b>85.43</b>	<b>22,351,479</b>	<b>85.34</b>

## EXPENSES

In order to ensure that the County Board does not feel that it can afford what the *Economist* considers both "guns and butter," the adopted financial policies call for a pay-as-you-go balanced-budget philosophy that requires current expenses to be paid with current revenues. The budget presented for your consideration is a balanced operating and capital budget. The overall \$103,734,625 budget includes the accounting of changes in fund balances and intra-fund transfers for operating expenses and debt service. Further, the fund balance policy states that in the event that undesignated fund balances exceed policy levels, the difference may be used to

fund one-time capital expenses that do not increase ongoing County costs. The 2006 budget anticipates the net use of \$5,723,038 in cash to pay for large capital expenses. Deferred maintenance, particularly in the jail, courthouse and Allied Agencies buildings are being addressed in 2006. Other projects include significant facility improvements, new computer systems, and a number of scheduled highway projects. \$10,857,655 of the total budget is earmarked for capital improvements.

60% of the operations of County government are spent on salaries and benefits. Not surprisingly, the cost of labor is the single most important area of concern. However, operational needs dictate that additional staffing be added for 2006. The largest increase is Bel-Wood Nursing Home. The occupancy rate has been consistently over 90% and recently over 95% for significant periods of time. In order to effectively serve the residents and address concerns over the continuity of care, this budget recommends that existing dollars allocated for employment agencies, part-time employees and overtime be converted to hiring 30 new certified nursing assistants. These individuals are on the front line of caring for the residents, and by hiring additional aides, Bel-Wood's staffing levels will continue to be in line with state and national standards.

The escalating costs of employee benefits are also a concern. Medical health and retirement costs in this budget increase over \$1.5 million from what we project to spend in 2005. But there is good news, the Employee health fund which once had a deficit of over \$2 million is anticipated to end 2006 with more than \$700,000 in reserve. Only by the efforts of the County Board, labor and management has this plan moved into financial solvency. But employee benefits are too often viewed outside of the realm of employee compensation. The County continues to insist that the impact of health insurance and retirement costs must be taken into consideration as part of the overall compensation package for our employees when negotiating new labor agreements.

## **FUND BALANCES**

County Board fund balance policy requires each fund to maintain an amount equal to the largest monthly cash flow deficit from the prior year. Due to the irregular nature of the County's cash flow, fund balances are essential. To protect against major revenue fluctuations, property tax funds are required to reserve an additional amount equaling 8% of expenses. Peoria County will conclude 2006 with \$20,126,687 in fund balances. There are twenty budgeted funds in the County, twelve supported by property taxes. Fifteen of these funds meet or exceed the policies of the County Board. FICA and IMRF do not meet the fund balance policy by \$134,000 to meet the property tax rate goal. The major fund balance deviations are in the Care and Treatment, Bel-Wood and Juvenile Detention Funds.

*Care and Treatment Fund:* County fund balance policy would necessitate that the Care and Treatment Fund have over \$452,000 in fund balance by the end of 2006, yet my recommendation reflects an ending balance in 2006 of only \$217,340. Significant repairs have been undertaken to the building and grounds, outside of the normal course of business, and they will continue on the building improvements in 2006. The Care and Treatment Board has agreed to a \$1.00 per square foot rent increase to offset the costs, and coupled with a slight

increase in the property tax rate, this budget will regain solvency over a multi-year time horizon.

*Bel-Wood Nursing Home Fund:* Bel-Wood has made improvements over the past 12 months. The census has remained around the 90-95% occupancy level, the nursing staff has not had any regulatory problems, and through September the home seems to be poised to reduce the operating deficit as it did for the first time in recent memory in 2004. The single largest financial challenge remains that the State of Illinois does not reimburse nursing home providers for the full cost of residents on public assistance. The most recent Bel-Wood Medicaid cost report set our daily cost at \$125.36 and our reimbursement rate at \$89.86, leaving a shortfall of \$35.50. The significance is that census levels have hovered at 90-95%, with an average of 205 residents on public assistance. This equates into a \$2.6 million shortfall for Bel-Wood annually before the revenues from private pay and Medicare residents and property taxes are taken into account. This shortfall has made it extremely difficult for Bel-Wood to overcome the large operating deficits, and has required additional property tax support. As previously stated, the property tax rate is set to return to the statutory maximum in 2006 in order to continue to reduce the operating deficit. If Bel-Wood meets its revenue and expenditure projections for 2005 and 2006, \$1.5 million of the nearly \$3.3 million cash deficit will be retired.

*Juvenile Detention Fund:* Probation and juvenile detention services in Illinois are judicial branch functions administered locally by the circuit courts. Currently, a 25 year old funding structure provides for partial state salary reimbursement of probation and detention personnel. While the statutes require 100% reimbursement for some positions, the reality has been that the State funding accounts for significantly less than 100%. In Peoria County the reimbursement rate is currently 47% of the salaries of the detention and probation personnel. The Juvenile Detention Fund – while not currently in a deficit – does not meet the County Board fund balance policy. Also, the Probation Services Fund is being dramatically drawn down to cover operations within the Courts for 2006. This year, \$145,264 additional public safety sales tax dollars are being transferred into the Juvenile Detention Fund to support the operations of the detention center, increasing the total contribution to \$621,966. This year a task force was established by the Supreme Court to examine the issues surrounding the funding of probation services in Illinois and a report has been sent to the Court for consideration. Regardless, county governments, the Circuit Courts, the probation and detention officers all must urge the General Assembly to restore funding to appropriate levels. If not, the Juvenile Detention Center of the future may be entirely public safety sales tax-supported.

## **FUTURE CONSIDERATIONS**

Peoria County will continue its efforts to improve service delivery, execute the County Board's strategic action agenda, and work with other governments. As a member of the International City/County Management Association Center for Performance Measurement, Peoria County is benchmarking ourselves against other like-minded jurisdictions across the County to improve the delivery of services to our residents. By identifying high-performing organizations to aspire to, we can continue to make Peoria County the best value in local government in Central Illinois. You will see graphs throughout this budget that reflect some of the benchmarking in specific service areas.

The lessons of September 11 and Hurricane Katrina for local, state and national government are numerous. One specific lesson that will be dealt with during 2006 locally is the ability of our law enforcement agencies to communicate in the event of an emergency. The Emergency Telephone System Board has been researching a new public safety communications system, but the price tag may make this system unaffordable without additional tax support. We will be examining this issue during 2006 to provide the County Board with a recommendation. Other areas of intergovernmental cooperation will be pursued with vigor – whether working closer with the City of Peoria, or seeking new powers from the State of Illinois.

The county portion of the property tax rate is at its lowest point in five years. However, if benefit costs continue to rise, and reserves have been spent in funds such as the Peoria County Health Fund, the future opportunities for keeping this tax rate low may disappear. Further, if housing price appreciation begins to slow or even reverse course, the impact on local government operations and our economy will be dramatic. Close scrutiny of the national economy is warranted.

We look forward to the discussion of the budget with the Board Members over the next several weeks. Considerable appreciation is due to all the County staff that crafted this plan, particularly Eric Samuelson, Nancy Carter, Angie Cramer and intern Zabrina Harper. We are pleased to be able to submit a balanced and financially sound budget that seeks to position the County Board to meet its long and short-term policy goals.

Respectfully Submitted,

Patrick Urich  
County Administrator

Donna Schwab  
Budget Director

## 2006 BUDGET HIGHLIGHTS

The 2006 budget of \$103,734,625 increases \$5,508,325 (5.6%) from the 2005 budget. All functional areas are higher, with the major reasons being increased personnel expenses and more capital spending. The General Fund increases \$2.8 million (8%) for higher capital outlay, increased salaries and benefits, more juvenile grant programs, and increased juvenile detention subsidies.

### STRATEGIC PLANNING FRAMEWORK

The Peoria County Board conducted a workshop in fall 2001 to develop long-range goals and targets for the next five years and to differentiate between top, high, and moderate priority levels. The Board had planned to use this strategic plan throughout the coming years to review the County's progress towards these goals. The County Board revisited this plan for the fourth time in 2005, setting new priority targets and levels. Departments continue to update business plans to guide their operations in the future. The two documents provide budgetary guidance on the priorities as set in the Goals and the mandates as identified in the Business Plan. While the County's financial condition improved, particularly in the General Fund, the Business Plan was used to allocate scarce resources based on state and federal mandates in order to achieve the County Board's property tax rate goal. Of the goals set by the County Board, the goal to have "A Financially Solvent County Government" took precedence over other goals for the last four years. The following summarizes how the Year 2006 budget addresses these goals.

#### **A Financially Solvent County Government**



Balancing revenues and expenditures according to the Peoria County financial policies continues to be the biggest challenge facing county government. As part of the strategic plan, the County Board reviewed the current reserve policy to determine if the financial policy was sufficient. Upon reviewing expenditure and revenue trends, the Board determined that the policy of covering the largest monthly cash outflow and one additional month of operating reserves was sufficient. Most funds meet this fund balance policy. Five funds do not meet the policy, but Bel-Wood is the only fund that retains a deficit balance in 2005. That is expected to change with 2006 operations. Each fund was asked to develop five-year revenue and expenditure projections to guide future budgets and identify trends early.

While the General Fund expenditures exceed General Fund revenues in 2006 by \$2.4 million, nearly all of that use of fund balance is for capital outlay. The policy allows undesignated fund balances to be used for one-time expenditures, like capital. The County developed the third phase of a capital replacement schedule for General Fund assets and funds \$2.1 million of improvements in 2006. Additionally, the County Administrator recommends an increase to \$2 million in the reserve for future capital improvements from the \$1.75 million approved in 2004, consistent with Board direction in the strategic plan.

The General Fund departments were given specific budget targets for 2006 based on known changes from the 2005 budget. The unexpected growth of personal and corporate income taxes allowed those targets to increase across all departments. While the revenue forecast was

more optimistic, contributions to medical health premiums are anticipated 15% higher. The County's labor unions have been offered a proposal to keep premiums lower, one that will potentially reduce future personnel costs overall. This is consistent with the direction by the County Board to continue to find creative solutions to contain health care costs. Conservative targets were established, and most departments complied with the budget targets. The 2006 budget is the first one in several years to recommend new positions in General Fund departments.

The State Legislature authorized several new or increased fees during 2005. The County Board approved a \$10 increase in both the Circuit Clerk's automation and document storage fees, effective January 1, 2006. The Circuit Clerk's Office continues to use the percentage allocation method per ticket, which gives the County more revenue from each ticket issued. The County Board also added \$5 to the civil case filing fee for creation of a children's waiting room where kids can stay while their parents are in court. The County retains \$1 of a new \$10 housing fee on documents filed with the Recorder of Deeds. The Courts began the process to participate in the Title IV-E program. This federal program reimburses counties for part of the cost of juvenile placement. The County plans to contract with a third party to assist in the reimbursement process once the State of Illinois approves the program. The expected start of the program is July 2006.

#### **Partnering for Success: Our Citizens, Other Governments**

The Supervisor of Assessments Office will offer access to its new computerized appraisal system to all townships. The County replaced its old software in 2005, and the townships committed financially towards the project as it will assist all assessors in assigning more accurate values to properties.



The Courts partner with the Children's Home on two grants. The Juvenile Detention Alternative Initiative (JDAI) helps reduce the dependency on secure detention. The program has diverted 15% of the juveniles who would have been detained since it began in late 2002. For this reason, a new staff position is recommended to expand the program. New for 2006 is the Redeploy Illinois grant that serves juveniles who otherwise would have been sent to DOC for evaluation purposes. The domestic violence grant for a Family Justice Center continues as a joint effort of State's Attorney's Office, Court Administration, Sheriff's Office, the City of Peoria, and the Center for Prevention of Abuse.

Peoria County is part of Region 10 regarding terrorism; along with Tazewell, Woodford, Stark, and Marshall Counties. Region 10 replaced the Tri-County Terrorism Group, due to the expansion of the other counties. Region 10 still continues to plan, purchase equipment, and train personnel to respond to a terrorism disaster. Several County departments are involved in this group.

Peoria County departments work closely with the City of Peoria. ESDA coordinates with the City of Peoria on sirens in areas that may be annexed into the City. The Highway Department and City will address improvements for Northmoor Road and Willow Knolls as well as continue the Forrest Hill project.

County departments also partner with each other. Staff from the Assessor's, County Treasurer, County Clerk, and Recorder of Deeds Offices will be participating in cross training. This will allow staff in one office to assist another office during peak times of the tax cycle.

In addition to all of these cooperative efforts, this budget includes the funds to support the Director of Strategic Communications position. This position was established as part of the County Board's efforts to develop a comprehensive marketing and public information strategy. Funds have been set aside in County Administration and Bel-Wood Nursing Home to improve County communications with the taxpayers and public.

#### Planned, Quality Growth

In 2005, Planning and Zoning's intent is to revise the Subdivision Ordinance and bring it up to date with current County standards, update areas which have become outdated, and align the ordinance with the Peoria County Board's goal of Planned Quality Growth. Staff worked with other County Departments and State Agencies to ensure consistency with regulations, including the Peoria County Highway Department, Peoria City/County Health Department, Township Road Commissioners, local developers and engineers, and the Illinois Environmental Protection Agency.



The Planning & Zoning Department continues to work towards the adoption of a building code. Although there is no funding allocated in the 2006 budget, policy decisions regarding the building code are expected to be brought before the Board in 2006. Since 2003, the County has been awarded \$29,300 to help with the start-up costs, with commitments for an additional \$8,000. The initial start-up costs are estimated at \$36,850, with on-going operational costs of approximately \$202,000 a year. These costs are proposed to be fully covered by permit fees from those who are building within the County's jurisdiction. To implement the building code, Peoria County will hire 1 Full-Time Inspector Coordinator/Plan Reviewer and 2 Full-Time Inspectors. A Part-Time Plumbing Inspector will be contracted out. After adoption, implementation will include public education affects on the changes. Further, as part of the funding of the building code, funds will be set aside to assist in the removal of blighted homes and buildings.

A continuing effort is to establish a fully-functional geographic information system (GIS). The County, City of Peoria, and the Greater Peoria Sanitary District have created a consortium to provide these services. This budget includes funds to hire 1 GIS Coordinator, to be funded in the information technology department, to bolster the efforts to provide GIS to the public and to the County staff. Funds have been increased in this budget for the Heartland Water Resources Council to a funding level consistent with other counties in the region, and staff is continuing its efforts to plan for stormwater management.

#### A Growing Economy

During 2005, the County Board and Peoria City Council approved a joint marketing effort with the Heartland Partnership for marketing, technical assistance, business recruitment, and SBA financing. \$50,000 is included in the 2006 budget for this effort.



The two bodies are also working together on a business attraction study, and are working together with the Heartland Partnership to develop a regional economic development plan.

TRANSPORT, the Heart of Illinois Regional Port District, was established in 2004 with the intent of increasing commerce along the Illinois River. In 2005, the Peoria County Board provided \$37,485 of support to TRANSPORT. Those funds are budgeted for 2006.

Quality Services Delivered in a Professional Manner

The County's new morgue facility is expected to be operational in 2006. The County will conduct autopsies after hiring a forensic pathologist, eliminating the need to transport bodies 40 miles away for autopsy.



The County Clerk will purchase new election equipment in 2005 that is in compliance with the Help America Vote Act and the American Disabilities Act. The staff will educate citizens on using the new system and of early voting 17 days prior to the election. Voters will be able to come to the Courthouse on mornings of the two weekends before the election to early vote. Additional locations are being considered.

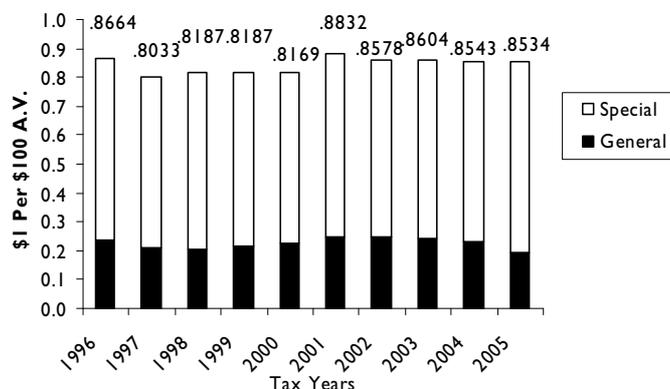
IT Services begins the process in 2006 for replacing the criminal justice system. The mainframe-based jail management and adult probation systems are first in line. A study of the needs of an integrated system is planned during 2006, financed through a justice assistance grant. The new automation fees in the Circuit Clerk's Office will help fund the system upgrade.

The County Administrator recommends a new evaluation tool for senior managers. Employee appreciation continues through the committee to improve employee moral and encourage S.P.I.R.I.T.—**S**ervice, **P**roductivity, **I**ntegrity, **R**esponsibility, **I**nitiative, and **T**eamwork.

**PROPERTY TAXES**

**PEORIA COUNTY TAX RATES**

10 Tax Years



The 2004 property tax rate (payable in 2005) was lower than anticipated because the assessed valuation was higher than expected. The estimated Tax Rate for 2005 (payable in 2006) of 85.34¢ per \$100 of

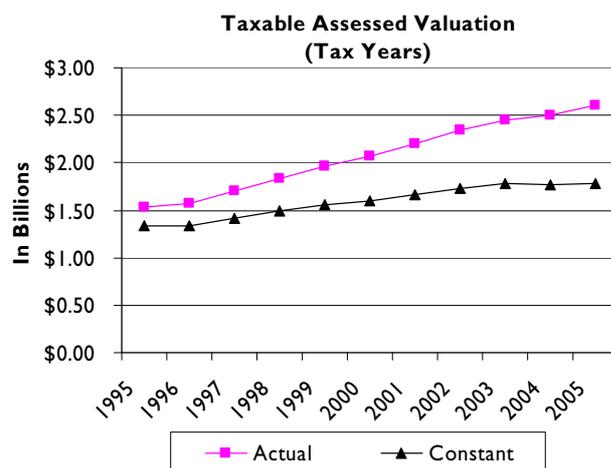
taxable assessed valuation is 0.9¢ lower than the extended property tax rate that supported the 2005 budget. While the overall rate is expected to remain relatively unchanged, there are significant changes in the individual rates that make up the overall reduction. The major changes are:

- The General Fund is 3.85¢ lower as fund balance is used in an effort to maintain a lower overall tax rate. The tax rate of the Health Department is 1¢ lower, also to spend down fund balance. The VAC and Care & Treatment Fund's tax rates were slightly higher to improve fund balances
- The FICA Fund increases 1.59¢ based on salary increases. The IMRF Fund increases 0.51¢ as employer contributions increase for lower investment earnings and the 2003 early retirement incentive program offered.
- The Risk Management Fund increases 1.06¢ due to higher worker's compensation claims over the last three years. The rate should be higher to meet the risk management policy balances.
- The new voter-approved tax levy for the University of Illinois Extension Service is recommended in 2006 with an estimated tax rate of 0.29¢ per \$100 of assessed valuation.
- The Bel-Wood Nursing Home Fund is 1.21¢ higher to achieve the maximum tax rate of 6¢ as approved by the voters. Most of the additional taxes will go toward deficit reduction.

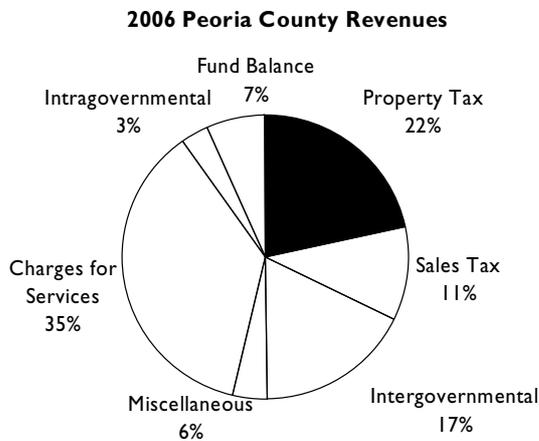
Tax rates for Juvenile Detention, County Highway, Bridge, and Matching Tax are estimated to remain at their maximum tax rates.

## THE LOCAL ECONOMY AND TAXABLE ASSESSED VALUATION:

The taxable assessed valuation of Peoria County is expected to increase 4% from \$2.508 billion to \$2.608 billion for the tax bills generated in 2006, which is the 2005 tax rate. The A.V. is higher due to the tax growth on normal property values along with no additional exemptions to residential property values during 2005. As shown in the graph, the 'real dollar value' of the assessed valuation has kept pace with inflation in the last few years except for tax year 2004 when new exemptions were enacted by the state.



## REVENUES AND FUND BALANCE:



### Revenues-

Overall revenues increase \$5,508,325 (5.61%) for 2006 over the 2005 budget. Charges for Services revenue is the single largest change from 2005 followed by Income Tax and the use of fund balance. The chart to the left is the 2006 revenue categories as a percentage of total 2006 revenues. The table below shows each revenue category for the last five years and its change from 2005. The County implemented a new finance system in 2005, and some revenues were reclassified into different categories. The 2005 amounts have been adjusted to better compare the two years.

### REVENUES

	2002	2003	2004	2005	2006	'06 \$ Change	'06 % Change
Property Tax	19,602,871	20,161,003	21,188,951	21,614,774	22,351,479	736,705	3.48%
Other Taxes	409,700	408,850	393,900	400,000	400,000	-	0.00%
Sales Tax	9,666,308	9,495,000	9,645,500	11,015,000	11,057,000	42,000	0.44%
Miscellaneous	3,197,294	3,259,921	3,324,912	1,815,494	1,797,469	(18,025)	(0.54%)
Intergovernmental	15,404,627	13,120,402	13,887,952	12,703,188	12,559,249	(143,939)	(1.04%)
Income Tax	2,800,000	2,350,000	2,300,000	4,162,000	5,584,000	1,422,000	61.83%
Licenses & Permits	654,040	652,150	792,834	831,718	840,255	8,537	1.08%
Charges for Services	32,414,654	33,500,303	33,382,100	36,399,454	38,201,791	1,802,337	5.40%
Fines	982,100	936,583	932,890	615,950	595,290	(20,660)	(2.21%)
Fund Balance	498,253	1,341,199	4,604,574	5,702,453	6,973,566	1,271,113	27.61%
Interest	404,271	161,290	108,893	106,028	389,198	283,170	260.04%
Intragovernmental	2,610,288	2,750,035	2,535,848	2,860,241	2,985,328	125,087	4.93%
<b>TOTAL REVENUES</b>	<b>88,644,406</b>	<b>88,136,736</b>	<b>93,098,354</b>	<b>98,226,300</b>	<b>103,734,625</b>	<b>5,508,325</b>	<b>5.61%</b>

Major changes include the following:

- Property taxes increase \$736,705 (4%) as property values are expected to grow. The rate is estimated at 85.34¢ per \$100 of assessed valuation, down slightly from 2005.
- Sales taxes increase \$42,000 (0.4%). The 1% sales tax, ¼% public safety tax, and ¼% regular sales tax are all unchanged. Local Use Taxes increase as the state collects and distributes more from out-of-state sales.

- Miscellaneous Revenues decrease \$18,025 (0.5%). Increases in revenue from the new Title IV-E program as well as insurance reimbursements are offset by decreases in other reimbursements.
- Intergovernmental revenues decrease \$143,939 (1%). Federal grant funds are \$143,401 (6%) lower in the Health Fund. The Intergovernmental Transfer (IGT) at Bel-Wood has been eliminated as a separate revenue (\$690,838) and now is considered part of the public aid reimbursement rate. These decreases are partially offset by several increases. The County anticipates \$273,000 in reimbursement for the new voting system purchased in 2005. The State of Illinois grant is expected to be \$5,000-\$7,000 per precinct. The Re-Deploy Illinois grant that was awarded in 2005 will continue in 2006, giving \$270,000 toward evaluating juvenile offenders. State Salary Reimbursements for the JDC Fund increase \$62,070 after several years of decrease, yet still only cover 47% of the actual salary costs.
- Income Tax is \$1,422,000 (62%) higher. This category now includes both the personal and corporate income taxes, and both are higher for 2006 based on the 2005 collections. The County receives allocations based on the unincorporated population for income tax and a formula for the personal property replacement tax (corporate income tax.)
- Licenses and Permits are \$8,537 (1%) higher with increased building permit revenue offsetting minor decreases in other permits. A greater percentage of building permits are being issued for new construction versus accessory structures.
- Charges for Services increase \$1,802,337 (5%) as higher fees in some areas are offset by reduced revenues in others. Automation and Document Storage Fees in the Circuit Clerk's Office are anticipated nearly \$800,000 higher in 2006. The County Board approved an increase of \$10 for each fee to the new statutory maximum \$15 effective January 1, 2006. This increase is partially offset by the reduction in the amount the County retains on traffic tickets because less will be subject to allocation. The newly enacted \$5 Children's Waiting Room fee in 2006 is budgeted at \$50,000 for a full year's collection. A \$1 per square foot increase in rental rates is proposed at the Allied Agencies Center (\$54,306). Higher fuel costs result in a \$75,000 increase in Fleet Maintenance Fees paid to the Highway Fund for General Fund vehicles. Sealcoating of township roads will generate \$200,000 more revenue in 2006. \$100,000 more is budgeted from detention of federal inmates in the Peoria County Jail. Fee collection in the Recorder of Deeds Offices is \$178,000 lower from fewer real estate documents filed. The waste disposal surcharge for recycling programs is \$70,350 lower from a drop in waste going to the landfill. Employee and employer contributions for health premiums are lower in 2006 as the \$20 deficit surcharge was eliminated in 2005. This is despite 10% to 15% premium increases in 2006.
- Fines decrease \$20,660 (2%) as the changeover to the percentage allocation method for traffic tickets results in less revenue to fines and more to fees.

- Interest increases \$283,170 (260%) as balances available to invest and interest rates have increased.
- Intergovernmental Revenues increase \$125,087 (5%). The transfer to the Juvenile Detention Fund from the General Fund increases \$145,264 due to lower state reimbursement for staff salaries. The Transfer In to the General Fund from the Parking Fund in 2005 is eliminated in 2006 due to cashflow concerns in the Parking Fund.

**GENERAL FUND**

	2002	2003	2004	2005	2006	'06 \$ Change	'06 % Change
Fund Balance Used	-	-	719,206	1,161,396	2,446,923	1,285,527	110.7%
Transfers In	-	375,000	100,000	50,000	-	(50,000)	(100.0%)
Licenses & Permits	305,040	303,350	344,184	361,568	393,605	32,037	8.9%
Intergovernmental	7,708,015	6,193,435	5,986,309	5,955,495	7,821,440	1,865,945	31.3%
Charges for Services	7,877,514	8,544,223	8,755,423	9,758,986	10,025,885	266,899	2.7%
Fines	982,100	936,583	932,890	615,950	595,290	(20,660)	(3.4%)
Miscellaneous	1,955,117	1,517,381	1,541,437	1,148,498	1,339,286	190,788	16.6%
Sales Taxes	9,666,308	9,495,000	9,645,500	11,015,000	11,057,000	42,000	0.4%
Property Taxes	5,501,400	5,850,000	5,988,500	5,779,046	5,008,341	(770,705)	(13.3%)
Other Taxes	383,000	382,500	380,000	400,000	400,000	-	0.0%
<b>Total</b>	<b>34,378,494</b>	<b>33,597,472</b>	<b>34,393,449</b>	<b>36,245,939</b>	<b>39,087,770</b>	<b>2,841,831</b>	<b>7.8%</b>

General Fund- Overall revenue is \$2,841,831 (8%) higher. Higher income taxes and use of fund balance account for this increase. Other changes are:

- Intergovernmental revenues are \$1,865,945 (31%) higher. Increases in both the personal and corporate income taxes account for \$1.4 million of the change. The new state grant for Re-Deploy Illinois in the Courts budget adds \$270,000 while the expiration of the Weed and Seed grant in 2005 offsets part of that increase. State reimbursement for the new voting equipment is estimated at \$273,000 in 2006.
- The use of fund balance increases \$1.2 million as more capital improvements are planned in 2006.
- Property taxes are \$700,705 (13%) lower with the use of fund balance.
- The transfer in from the Parking Fund is eliminated in 2006 due to cashflow concerns in the Parking Fund.
- The \$266,899 (3%) reduction in Charges for Services is a combination of increases and decreases. The Treasurer's Office anticipates distributing \$150,000 to the General Fund from the Tax Collector's Fund in 2006 as collections continue from Sales in Error fees on delinquent tax payments. The loss of revenue from the Medina Township police protection contract, pay telephone commissions, and fewer inmates assigned to work release is partially offset by higher federal detention revenue and court security fees in the Sheriff's Office. The Circuit Clerk has higher automation and document storage fees for the \$10 per document increase effective January 1, 2006 on each fee; however the

additional amount will reduce the amount remaining in traffic tickets subject to distribution.

Health Fund- Overall 2006 revenues are \$652,567 (8%) lower due to a \$211,375 (18%) reduction in property taxes, lower federal grants, and the loss of a senior care grant in Charges for Services.

Care and Treatment- Total revenues for 2006 are \$168,264 (7%) higher. Property taxes are increased \$46,998 (6%) to rebuild the fund balance. State Revenue is proposed \$34,039 (5%) higher in 2006 as the Early Intervention grant increases for 2006. In Intergovernmental Revenues, Personal Property Replacement Taxes are anticipated \$25,422 (19%) higher based on 2005 receipts. Revenue from Rent-Building increases \$54,305 (7%) as the County Administrator recommends a \$1 per square foot increase from \$14 per square foot to address building maintenance needs.

IMRF- Revenues are \$280,683 (7%) higher from property taxes needed for increased retirement contributions.

FICA- Overall revenues are \$528,383 (21%) higher from property taxes and \$15,000 in interest in 2006 based on the new interest allocation policy.

Juvenile Detention- Overall revenues increase \$76,048 (4%) in 2006 mainly from a one-time increase in State Reimbursement-Salary Revenue, effective July 2005. It does not anticipate additional funding with the State's fiscal year that begins July 2006. The revenue from detaining out-of-county juveniles remains at the 2005 budget level despite the lower projected revenue in 2005. More Peoria County juveniles are expected to be identified for detention alternatives. The transfer from the General Fund increases \$145,264.

Probation Services Fund- Overall revenues increase \$66,270 (12%) due to Probation Service Fee collection efforts and Interest from a change in the interest allocation policy.

Highway- Total revenues increase \$236,698 (9%). Property Taxes increase \$31,993 (2%) as a result of higher assessed valuations. Equipment Rental increases \$76,705 (61%), increasing the subsidy from the Motor Fuel Tax Fund. MFT pays allowed expenses incurred with highway maintenance. Fleet Maintenance Fees increase \$75,000 (18%) to cover higher fuel costs and maintenance expenses of General Fund departments' vehicles. The County Administrator proposes a change in the interest allocation policy, resulting in \$13,000 additional revenue for the Highway Fund in 2006.

Matching Tax- Total property tax collections are requested \$21,328 (2%) higher due to increases in the assessed valuation. The 2006 Equipment Rental recommendation increases \$177,086 (106%) in 2006 and reflects the higher contribution by the Motor Fuel Tax Fund for the purchase of supplies and services related to road maintenance. Seal Coating Reimbursements are proposed \$70,000 higher based on the anticipated 2006 township road workload. The County Administrator proposes a change in the interest allocation policy, resulting in \$5,000 additional revenue for the Matching Tax Fund in 2006.

Motor Fuel Tax- Motor Fuel Tax Allotment is proposed \$75,000 (3%) higher in 2006 based on the 2005 projection. The 2006 budget anticipates a \$25,000 increase in Interest earnings from the 2005 budget based on the higher balances.

Bel-Wood Nursing Home- Overall revenues are proposed \$940,453 (7%) higher in 2006. Property Taxes are proposed \$365,000 (30%) higher in 2006 to address the County Board's strategic plan on the nursing home. Patient Income-Public Aid is \$396,850 (6%) higher for 2006 for an average DPA census of 210. Overall, when considering the IGT and the portion that DPA residents contribution towards their care, 2006 revenue from public aid residents is down \$293,988 (4%) from the 2005 budget. A \$10 per day increase for both skilled and intermediate care rates is recommended. Private pay revenue is estimated \$344,250 (13%) higher with the rate increases and higher census. The 2006 Medicare budget is based on 15 Medicare Part A residents at \$250 per day and nearly \$350,000 under Medicare Part B.

Employee Health- Total revenues are \$277,490 (4%) lower in 2006. During 2005, employee contributions for six months and employer contributions all year included an additional \$20 per month implemented in prior years for deficit reduction. This offsets proposed 10% or 15% premium increases depending on participation in a new program called 'post-employment health reimbursement accounts' (PEHRA).

IT Services- 2006 overall revenues are \$92,800 (4%) higher than in 2005. The chargeback to departments increased \$70,000 (3%) for 2006 as the General Fund contributes the additional amount to fund a GIS coordinator position from revenues collected under the GIS Surcharge in the Recorder of Deeds Office.

University of Illinois Extension-This new fund is budgeted in 2006 after voters approved a referendum to fund extension services through property taxes.

#### **Fund Balance-**

The anticipated use of fund balance increases from \$5,702,453 in 2005 to \$6,973,566 in 2006. General, Health, Bridge, Motor Fuel Tax, VAC, Solid Waste Management, Juvenile Detention, Law Library, Probation Services, and IT Services Funds use fund balance to pay for 2006 expenditures. Ten other funds increase ending fund balances by \$1,250,528. The net use of fund balance is \$5,723,038.

The fund balance policy that was adopted in 2001 sets a minimum fund balance of the highest monthly cashflow deficit of the prior year. For property tax supported funds, an additional 8% of the proposed year's expenditures should also be set aside. Five funds do not meet the policy. For funds whose balances exceed the requirement, the difference may be used to fund one-time capital expenditures. This is the case for the General and IT Services Funds, which use fund balance to pay for needed building improvements and software systems, and Motor Fuel Tax, which has built balances from delayed road projects. The Health Department's use of fund balance has resulted from several years of revenues exceeding projections and expenditures coming in lower. Funds like Health and Probation Services may not be able to

sustain the current levels of expenditures without new revenue sources. All funds are working on five year projections to develop financial plans.

In the 2005 budget, the General Fund estimated an ending balance of \$6.6 million. With the restatement of \$1 million of accrued compensated absences and better overall performance, the General Fund balance grew to \$10.2 million. This included \$1.75 million designated for capital to replace aging assets. The projection for the 2005 ending balance in General Fund is \$10.3 million, including the capital reserve. This decreases to \$7.9 million by the end of 2006, including \$2 million in Capital Replacement. The balance meets the fund balance target, even when the amount reserved for capital replacement is not included. The estimated 2006 ending balance for the General Fund is calculated below:

General Fund audit Beginning Balance 2005	\$10,233,307	
Projected General Fund 2005 revenues	<u>37,951,250</u>	
Total Projected Resources Available in 2005		\$ 48,184,557
Projected General Fund 2005 expenses and transfers out		<u>(37,837,481)</u>
Projected 2005 Ending/2006 Beginning Balance	10,347,076	
Proposed General Fund 2006 revenues	36,640,847	
Total Projected Resources Available in 2006		\$ 46,987,923
Proposed General Fund 2006 expenses and transfers out		<u>(39,087,770)</u>
Projected 2006 Ending Balance		<b>\$7,900,153</b>

Only Bel-Wood Nursing Home has a deficit fund balances to start 2006. The \$508,107 deficit is proposed to be eliminated by the end of 2006 with the increased property taxes.

Bel-Wood Nursing Home's fund condition improved during 2004, posting the first positive change in net assets since 1993. Bel-Wood's net assets became what we call 'fund balance' for budget purposes. Prior to the implementation of GASB 34, retained earnings were used as Bel-Wood's fund balance. Bel-Wood's 2004 ending balance would be a deficit \$4.4 million under that definition. Net assets includes the value of contributed capital, which changes the Bel-Wood 2004 ending balance to a deficit \$1.1 million. The 2006 budget for Bel-Wood anticipates \$930,371 more in income than expenses for 2006, taking the fund's condition from a deficit to a positive at year's end. The overall census is up an average of 15 residents per day in 2005, and most are private pay residents. Bel-Wood focused marketing efforts on the private pay and Medicare market during 2005. Bel-Wood is averaging about 287 residents or 96% occupancy for the first nine months of 2005.

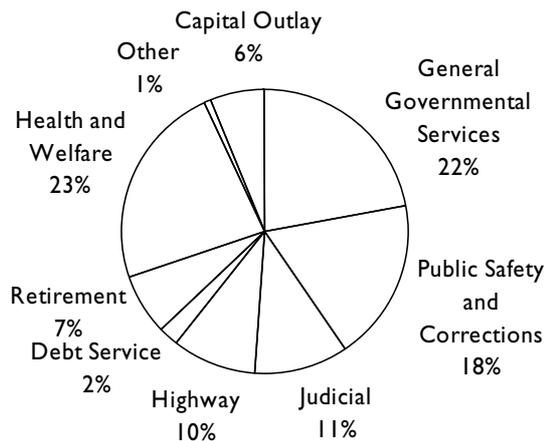
Care & Treatment, IMRF, FICA, and Juvenile Detention do not meet the fund balance policy. The Juvenile Detention shortfall is offset by balances in the Law Library and Probation Services Funds that exceed the policy. The IMRF and FICA balances are \$134,000 under the policy due to overall property tax rate considerations. The Care & Treatment Fund is rebuilding its balance after unanticipated building repairs reduced its reserve.

## EXPENSES

Total Expenses are \$5,508,325 (5.6%) higher in 2006. The largest expense function change from 2005 in terms of dollars and percentage is the increase in Capital Outlay of \$1,446,429 (65%) for more building improvements and equipment replacements. Retirement costs for IMRF and FICA also increased in 2006, up \$430,839 (9%) due to lower earnings in the IMRF plan that require higher employer contributions as well as salary increases.

Expenses for Full-Time employees are \$1.7 million (5%) higher in 2006 as 27.43 FTE overall are added. Bel-Wood Nursing Home is proposing to add 30 certified nursing assistant positions. This FTE increase is offset by lower temporary salaries, overtime, and employment agency usage. Other positions added are an administrative secretary in the Circuit Clerk's Office, a deputy recording clerk in the Recorder of Deed's Office, and a youth-supervisor counselor in Juvenile Detention to expand the detention alternative program. Increases are budgeted based on labor union contracts in place at the time of the budget adoption.

### 2006 Peoria County Expenses



Major expenses that change are:

- The employer share to Medical/Health premiums is budgeted \$405,897 (7%) higher. Premiums are proposed to increase 10% or 15% depending on whether an employee participates in a new program called 'post-employment health reimbursement accounts', which allow employees to set aside pre-tax dollars for future health care expenses. The total increase is less than the premium increase as the 2005 budget extra contributions for deficit reduction.
- Medical and pharmacy claims are proposed \$319,820 (5%) higher based on the County's claims experience in 2005.

- Contributions to state and federal retirement programs are \$430,839 (9%) higher. The employer contribution to IMRF increased from 8.7% in 2005 to 9.52% in 2006 as a result of lower investment earnings in the state pension plan and the County's offering of an early retirement incentive program in 2003
- The rising cost of fuel for vehicles and buildings causes a \$299,000 (75%) jump in gas and diesel fuel. Utilities are only proposed \$61,010 (5%) as higher natural gas prices are planned to be partially offset by electrical savings.
- Capital Outlay increases \$1,446,429 in 2006 to \$6.4 million. Departments submitted their capital improvement plan requests for the 2006 year and identified projects for years 2007 through 2011. For 2006, \$268,600 is budgeted for automobiles, \$400,000 for a new property appraisal and time reporting software systems, \$1.8 million in building improvements and equipment for General Fund departments, \$250,000 in IT to replace the Health Department's telephone system and begin replacement of the criminal justice system, and nearly \$2.8 million for road and bridge projects.
- Highway repair is \$598,791 (65%) higher as the road overlay budget is expanded in 2006. Expenses for Bridge repairs are recommended \$124,765 (19%) higher as the County addresses more of its structurally deficit bridges and culverts in 2006.
- The County's contributions to various community organizations are proposed \$269,835 (627%) higher in 2006. \$70,000 is requested by the University of Illinois Extension after voters approved property tax support for extension services in April 2005. \$100,000 is earmarked for the downtown museum project. \$30,000 is proposed to re-instate the public safety-crime prevention grants that were eliminated from the budget in 2002 due to fiscal constraints. \$50,000 is recommended as an additional County contribution to the World War memorial planned for the Courthouse grounds. This is \$30,000 more than the County originally committed to the project. The newly formed port authority requested \$37,835 as the County's share of costs each year for four years.

EXPENSES						'06	'06
	2002	2003	2004	2005	2006	\$ Change	% Change
General Gov'tal Services	19,613,003	20,166,922	21,480,896	22,193,143	23,111,699	918,556	4.14%
Public Safety & Corrections	17,500,629	17,603,071	17,669,636	18,133,738	18,994,691	860,953	4.75%
Judicial	10,022,813	9,056,199	9,392,617	10,068,311	10,895,195	826,884	8.21%
Highway	9,847,373	9,458,890	10,917,637	9,882,489	9,936,950	54,461	0.55%
Debt Service	2,608,908	2,609,101	2,038,697	2,076,539	2,224,462	147,923	7.12%
Retirement	4,946,438	4,796,802	4,972,005	6,787,959	7,218,798	430,839	6.35%
Capital	1,525,775	1,617,566	2,220,360	4,966,179	6,412,608	1,446,429	29.13%
Health and Welfare	21,345,815	21,917,092	23,468,999	23,211,265	24,017,485	806,220	3.47%
Comm. Devel. & Education	1,233,652	911,093	937,507	906,677	922,737	16,060	1.77%
<b>TOTAL EXPENSES</b>	<b>88,644,406</b>	<b>88,136,736</b>	<b>93,098,354</b>	<b>98,226,300</b>	<b>103,734,625</b>	<b>5,508,325</b>	<b>5.61%</b>

General Fund– Total expenses increase \$2,841,831 (8%). Salaries for full-time employees are \$804,654 (5%) higher based on labor contracts or personnel policies while the employer contribution for medical premiums increases \$224,190 (8%). Capital increases \$441,996 (22%)

to upgrade building and equipment at the Courthouse, ESDA, and Jail during 2006. The JDC transfer is \$145,264 higher in 2006 due to insufficient state reimbursement for staff salaries. Other 2006 budget changes are:

- \$270,000 for a new Re-deploy Illinois grant in Court Administration for juvenile programs;
- \$75,000 increase in fleet maintenance expenses due to higher fuel costs;
- \$75,150 more for janitorial services primarily at the Courthouse;
- \$70,000 more in the IT User Fee to support a new GIS Coordinator position in IT;

Health- Overall expenses are \$271,534 (3%) lower in 2006. The department will cut 8 FTE, primarily from the elimination of the senior care program.

Care & Treatment- Total expenses are \$266,409 (12%) higher due two new 0.5 FTE positions in the Early Intervention grant and \$30,000 additional funding of services purchased for developmentally disabled residents.

Highway- The 2006 budget continues to transfer \$160,000 to IMRF and \$32,000 to FICA from the Highway Fund. The state allocates higher MFT revenue to counties that levy property taxes at the maximum rate for their Highway and Matching Tax funds.

Bridge- \$65,000 is transferred to the IMRF Fund to help offset the tax rate increase in the IMRF Fund.

MFT- Highway Repair is recommended \$598,791 (80%) higher as an additional \$250,000 is planned in road overlay projects and the subsidy of the Highway and Matching Tax Funds increases.

Veteran's Assistance- The Veteran's Assistance Emergency Relief increase of \$13,086 (90%) and Medical Health Benefits increase of \$13,244 are the main reasons for higher expenses in 2006.

Probation Services Fund-Overall expenses increase \$15,958 (2%), mainly due to the shift of placement costs from the General Fund for Dependent Child Care expenses and increases in Mechanical Equipment repair maintenance for the reporting kiosk purchased in 2005 from a grant.

Parking- The transfer to General Fund is eliminated in the 2006 budget. The prior year transfers (\$150,000) were to repay the General Fund for initial funding contributed towards the deck's construction in 1990 to minimize bonding needs. The County paid \$700,000 of construction costs and contributed \$585,000 in proceeds from the sale of land for the former County Jail and another property towards debt service costs. Due to the deficit cash flow position, the transfer is not recommended in 2006.

Risk Management - Total expenses are \$105,601 (4%) lower in 2006. This is largely due to decreases in Liability Claims, based on the 2005 experience, and Excess Insurance in the

Liability program from increased self-insured retention levels. Those decreases offset increases in Unemployment and Worker's Compensation Claims, based on recent trends.

*IT Services Fund* - Total expenses are \$292,469 (12%) higher in 2006. The major reasons for the increase are the new GIS position and additional network, telephone, and equipment improvements. The first phase of the new integrated criminal justice system is planned in 2006 along with replacement of the jail management/adult probation system.

## **EMPLOYEE BENEFITS**

### ***Retirement Benefits –***

The Illinois Municipal Retirement Fund (IMRF) is a mandated retirement program for all County employees. We have three different programs: SLEP (law enforcement), ECO (elected officials), and the regular IMRF that serves most employees. Each program has its own contribution rate set by IMRF based on the benefits paid. The employer and employee contribute to both, but at different rates. The employee rate is set by statute and changes infrequently. The employer rate is more volatile as it makes up the difference in what is needed after employee and investment income are considered.

IMRF rates are calculated on the fund's five-year average earnings, based on market value. The employer must cover 8.5% of the pension costs for regular members; therefore, during a time of economic downturn, earnings are lower and the employer contribution must increase.

During 2004, the IMRF investment return was 12.4%. Gains and losses are all spread over five years so the return was only 4.8% on an actuarial basis. This increases 2006 rates. Additionally, Peoria County offered an early retirement incentive (ERI) in 2003, which increased the contribution required in 2005 to pay the new retirement benefits. To offset that higher rate, Peoria County shifted \$1,650,324 from its overfunded regular account to the ERI account. At the end of 2004, about \$1.05 million remained as an underfunded liability in the ERI account. Part of Peoria County's 2006 rate includes an ERI payoff, which is another reason 2006 rates increased.

### ***Medical Health/Dental Benefits–***

After the 2004 audit was completed and the fund's balance was no longer in a deficit, the County Administrator recommended the elimination of the \$20 employee contribution per month that was earmarked for deficit reduction. The \$20 employer contribution remained in effect through 2005.

Staff has continued to review the employee health plan for potential areas to save money. These include plan elements and deductibles for specific coverage.

During 2005, the County Board approved implementing "EOS" which is a physician-to-physician service designed to improve coordination of health services. Employee participation is voluntary.

Staff has researched a new program called 'post-employment health reimbursement accounts' or PEHRA. These accounts allow employees to set-aside pre-tax contributions for future

health expenses. After leaving the County's employment, whether through retirement or other reasons, employees can utilize the account to pay qualified health expenses. At the time the plan is created, the County determines at what age the accounts can be accessed and what expenses qualify. PEHRA is being offered to union and exempt employees. Each bargaining unit must decide whether it wants to participate. For those units that participate, premiums will increase 10% for their members while non-participants will see increases of 15%. Tied to this is a lowering of the County's maximum vacation cap, and anything over the cap at year's end will automatically be deposited into a PEHRA. If the County Board approves the program, this will be effective January 1, 2006, for non-bargaining employees. Because contributions are not subject to FICA tax for either the employee or the County, both will have reduced costs for taxes as well as their health premiums.

The two premium structures for 2006 are as follows for most employees:

<b>10% Plan</b>	Unit Cost	Employee Monthly	Employee % of Unit Cost	Employer Monthly	Employer % of Unit Cost	Employee Annual	Employer Annual
	\$690.89						
Single		\$138.18	20	\$552.72	80	\$1,658.13	\$6,632.64
Dependent +1		\$310.90	20+25	\$1,070.88	80+75	\$3,730.80	\$12,850.52
Dependent + 2 or more		\$345.44	20+30	\$1,036.34	80+70	\$4,145.33	\$12,436.10

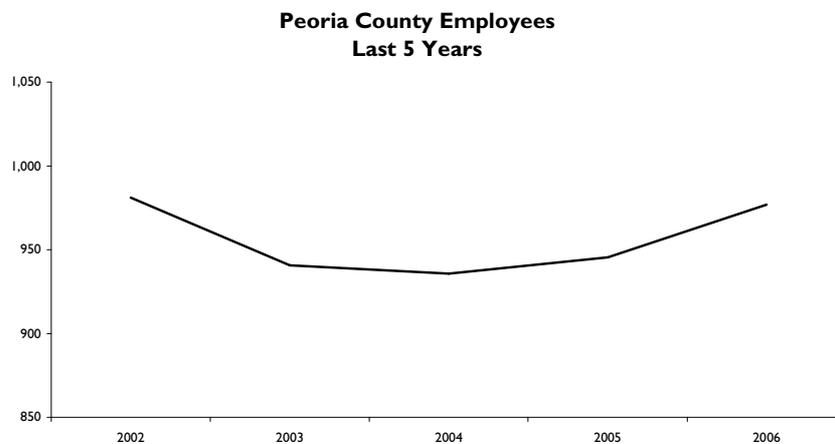
<b>15% Plan</b>	Unit Cost	Employee Monthly	Employee % of Unit Cost	Employer Monthly	Employer % of Unit Cost	Employee Annual	Employer Annual
	\$722.29						
Single		\$144.46	20	\$577.84	80	\$1,733.50	\$6,934.12
Dependent +1		\$325.04	20+25	\$1,119.56	80+75	\$3,900.50	\$13,434.75
Dependent + 2 or more		\$361.16	20+30	\$1,083.44	80+70	\$4,333.87	\$13,001.26

## FULL-TIME EMPLOYEES

The 2006 Peoria County budget has a net increase of 27.43 positions (FTE) from the prior year. The net increase of 27.43 FTE is a result of 9 FTE being eliminated since January 1, 2005, primarily from grant programs. For 2006, 36.43 FTE are added. The chart below shows changes that occurred after the budget was adopted for 2005 and the proposed changes for 2006. It is understood that certain elected officials and quasi-independent boards have independent control of hiring and expenditures, which may affect the proposed changes.

<b>Department</b>	<b>Changes in 2005</b>	<b>2006 Request</b>	<b>2006 Proposed</b>	<b>Net Change</b>
<b><u>General Fund</u></b>				
Circuit Clerk		1.0 Administrative Support Secretary	1.0 Administrative Support Secretary	1.0
Auditor		0.18 Clerk	0.18 Clerk	0.18
		1 Asst Auditor-Purchasing		
Treasurer	2 Accounts Receivables			2.0
Recorder of Deeds		1.0 Recording Deputy Clerk	1.0 Recording Deputy Clerk	1.0
Coroner		0.25 Administration Secretary	0.25 Administration Secretary	0.25
County Administration	0.6 Strategic Communications Director			0.6
<b>General Fund Total</b>	<b>2.6</b>	<b>3.43</b>	<b>2.43</b>	<b>5.03</b>
<b><u>Special</u></b>				
Juvenile Detention Center			1.0 Youth Supervisor/Counsel or	1.0
Care & Treatment Health	1 Accounts Payable	1 Early Intervention HIPPA/Tech Coord	1 Early Intervention HIPPA/Tech Coord	1.0 (8)
	(1) Timekeeper			
	(1) Nursing Office Asst.			
	(8) Help For Seniors FTE			
<b>Special Funds Total</b>	<b>(9.0)</b>	<b>2.0</b>	<b>3.0</b>	<b>(6.0)</b>
<b><u>Enterprise</u></b>				
Bel-Wood	0.4 Strategic Communications Director	30 Certified Nursing Assistants	30 Certified Nursing Assistants	27.4
	(2) Accounts Receivable			
	(1) Accounts Payable			
<b>Enterprise Fund Total</b>	<b>(2.6)</b>	<b>30</b>	<b>30</b>	<b>27.4</b>
<b><u>Internal Service</u></b>				
IT Services			1 GIS Coordinator	1
<b>Internal Service Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>TOTAL CHANGES</b>	<b>(9.0)</b>	<b>35.43</b>	<b>36.43</b>	<b>27.43</b>

The chart below shows the last 5 years of full-time equivalents.



## **CAPITAL BUDGET**

In 2004, Peoria County established the new Capital Improvement Program (CIP). The intent of the CIP is to assign accountability for the Board to fund projects and purchases, to establish procedures that comply with County Financial Policies, and to clearly define the capital budgeting process and the role of the CIP in the capital budgeting process. As part of GASB 34, the threshold for capital projects was increased from \$500 to \$5,000 in accordance to the new fixed asset policy. CIP requests are submitted during the budget process and during the final quarter of the year, all General Fund requests are reviewed and ranked by the Capital Improvement Advisory Committee. All capital requests must be defined using at least one of the following categories.

- Construction of a new facility or the expansion of an existing facility whose cost is greater than \$50,000.
- Large scale remodeling of a facility at a cost greater than \$50,000.
- Intermediate or minor remodeling of a facility with a cost greater than \$10,000, but less than \$50,000.
- Purchase of new, not associated with construction of a new facility, or the replacement of durable equipment with an original unit cost greater than \$10,000.
- Professional architectural and engineering services, and equipment and furnishings that are to be purchased as a part of a capital project.
- Vehicle acquisition or replacement with a cost greater than \$15,000, which includes equipment to be installed in the vehicle.

Any project coordinated by the County Highway Department that uses funds from the Highway Fund, Motor Fuel Tax Fund, or Road and Bridge Fund. The effect the 2006 capital projects will have on future operations is detailed in the capital budget. A summary of the projects and their effect on operations is included in the Supplementary section of this document. The County identifies the operational costs of supplies, maintenance, staff time, debt, and other expenses when considering acquisitions. The process has improved with more life-cycle calculations, as well as including a section on operational impact on all request forms.

The 2006 Capital Budget and 2006-2011 Capital Improvement Program includes 130 projects totaling over \$52.4 million. This is the 22<sup>nd</sup> year Peoria County has presented a multi-year analysis of its capital needs. The capital budget includes roads, bridges, site improvements, and equipment. New projects in 2006 include road and bridge construction projects of \$7,453,032 and equipment and site improvements of \$3,404,623. Due to the current financial situation, not all capital replacement requests were funded. Projects that were not funded in 2006 were deferred to 2007.