

STATE OF ILLINOIS, } ss.  
COUNTY OF WINNEBAGO }

*I, MARGIE M. MULLINS, County Clerk in and for said County, in the State aforesaid, do hereby certify that I have compared the foregoing attached copy of:*

**RESOLUTION ADOPTING FISCAL YEAR 2019 BUDGET POLICY**

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*With the original document which is on file in my office; and found it to be a true, perfect and complete copy of the original document*



*IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said County, at my office in the City of Rockford, in said County,*

*this 13<sup>TH</sup> DAY OF APRIL, 2018.*

*Tiana J. McCall, Winnebago County Clerk*

*BY: [Signature] Deputy County Clerk*

**RESOLUTION**  
**of the**  
**COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

Submitted by: Finance Committee

**2018 CR 044**

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**RESOLUTION ADOPTING FISCAL YEAR 2019 BUDGET POLICY**

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**WHEREAS**, the County Board wishes to adopt a new budgetary process for use in the 2019 fiscal year; and

**WHEREAS**, the County Administration has created a process based on sound financial principals for use in the 2019 fiscal year.

**NOW, THEREFORE, BE IT RESOLVED**, by the County Board of the County of Winnebago, Illinois that it adopts the budgetary process presented by the County Administration for the 2019 fiscal year, a copy of which policy is attached to this Resolution as Exhibit A.

**BE IT FURTHER RESOLVED**, that this Resolution shall be in full force and effect immediately upon its adoption.

**BE IT FURTHER RESOLVED**, that the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the County Board Chairman and all County department heads.

## Winnebago County Fiscal Year 2019 Budget Policy

Winnebago County Government operates on policies designed to protect the County's assets and taxpayers' interests, provide guidance to employees, and serve the public efficiently. It is the intent that the policy statements be used to avoid conflicting goals or activities, which may have a negative impact on the overall financial position of the County. The County's system of internal accounting controls is designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability for assets and obligations.

The County's budget process is governed by Illinois Compiled Statutes (55 ILCS 5/6) and Winnebago County Board Policies. In addressing concerns for maintaining financial strength while protecting the interest of the taxpayer, the County Board is implementing the following directives for the development of the fiscal year 2019 budget:

**Financial Strength** – The County Board is committed to improving its financial strength by establishing and implementing sound financial business practices to ensure the services needed and required for public health, safety, judicial, transportation and the development of a thriving workforce and local economy for fiscal year 2019 and beyond are viable by establishing the following budget directives:

- **Status Quo Budget Submittal** – Department and Elected Official Budgets shall be provided by County Administration budget worksheets with existing levels of services provided, unless new funding is identified and available or through a departmental reorganization. There is no guarantee of continued funding levels, and in some instances Departments and Elected Officials may receive less than the current year's appropriation. Department Heads and Elected Officials are strongly encouraged to analyze all services and programs administered by the department/Elected Official for the costs of said services/programs, citizen demand for the services or programs, and if the services and programs are mandated by Federal or State law, or through County Board Ordinances. Department Heads and Elected Officials are also strongly encouraged to review existing and new revenue sources to ensure revenue streams are maximized.

Department and Elected Officials must provide position descriptions and corresponding wages to support the salary line items included in the budget worksheets. There is no guarantee staffing will remain at current levels. Position rosters will be developed to aid in the approval of position replacements.

If a department previously had budgeted items paid from the "County Miscellaneous" department, these amounts should be included in the respective departmental budget in the fiscal year 2019 departmental supplemental requests. Please specify these items were previously paid from the "County Miscellaneous" and provide information to support this.

Early retirement incentive payments should be budgeted separately from Regular Salaries.

- **Supplemental Requests** – Department Heads will discuss their supplemental requests (requests exceeding status quo) during their meeting with the

County Administrator. A ranking of importance by the department for each request will be noted and compiled into an overall county listing. County Administration will review all requests and their rankings, and develop recommendations based on overall need, importance and purpose to the operations of the County in meeting the strategic and financial goals established for the budget. A presentation of the final recommendations, as well as supplemental requests not recommended, will be made to Finance Committee for review, discussion and approval into the new budget. Department Heads and Elected Officials are entitled to address the committee on issues surrounding the recommendations prior to final approval.

- **Federal and State Funded Programs** – In the event of loss of Federal or State funding and/or reimbursement for specific services, it is understood that Department/Elected Official will be expected to either reduce funded services or identify other reductions/revenue increases to off-set the losses. Exceptions will be addressed on a case by case basis.
- **User Fees and Charges** – All user fees and charges should be reviewed by County Administration, Elected Officials and Appointed Department Heads on an annual basis to ensure the fee collected is covering the cost of service provided (subject to State Statutes).

The County charges user fees for items and services which benefit a specific user more than the general public. State statutes or an indirect cost study determines user fees. Fee studies based on costs are conducted as needed to determine the level of fees needed to equal the total cost of providing the service.

- **Revenue Estimations** – The County will project annual revenues on a conservative analytical basis to protect it from short-run fluctuations in any one revenue source. In instances where the County is providing non-mandated services and the revenue stream(s) is/are not covering the costs of said services, direction will be requested by County Administration from the reporting Liaison Committee (and if necessary the full County Board) on whether said service should be allowed to continue and supplemented with County funds.

Nonrecurring (one-time) revenue sources will be used for operations unless directed for a specific use by the County Board.

- **Consumer Price Index** – Winnebago County is mandated to follow the Illinois Property Tax Extension Limitation Law (PTELL) by the State of Illinois. PTELL allows governing bodies the ability to cover the costs of inflationary increases incurred in their day to day operations by increasing their previous year's extension by the CPI or 5%, whichever is smallest. During the budget process, County Administration will present the increases available if the County Board chose to capture new growth and/or to utilize the CPI increase authorized under PTELL in the calculation of property tax revenues when developing the fiscal year 2019 budget. The Finance Committee will inform the County Administrator of the amount of the levy to include in the budget document.
- **Fund Reserves** – The County Board will strive to maintain a 90-day (3 month) unrestricted fund balance in the General and Public Safety Sales Tax Funds. If the ending audited fund balance drops below the 90 day unrestricted fund balance as of 9/30/XX, an action plan will be developed by the Finance Committee to increase the fund balance to the 90-day level. Instances where

an ending audited fund balance (9/30/XX) is above a 180-day goal, a spend down plan will be developed and presented by the Finance Committee and approved by the County Board to allow for the spending down of the surplus above 180 days.

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- **Alternative Service Delivery & Outsourcing** – Many forms of government are looking at new methodologies in providing needed services while controlling costs. The County Board is requesting all Department Heads and Elected Officials to review the cost of service delivery within their departments and to consider other cost saving options. Below is a brief narrative of methods being considered:
  - Outsourcing – the organization utilizes an outside contractor to provide the service. Costs still exist for the organization, but if done correctly should be lower than providing the service with in-house employees.
  - Privatization – the organization sells the operation’s assets and walks away from the service responsibility. Eliminates all future cost to the organization.
  - Private/Public Partnership – joint venture where the local unit of government still carries part of the cost, with plans of the private partner taking 100% control at a future date. There is a high level of risk involved in regards to financial stability of private partner. The local unit of government could end up with the total financial burden.
  - Managed Competition – in house employees restructure, innovate, and compete against contractors to provide services under contract. Pros: promotes employee participation, can reduce costs, assists with labor contract negotiations, and addresses sense of employee entitlement. Cons: cannot force on Statutory Offices, requires additional time in tracking outcomes, loss over control of services provided by outside contractor.
- **Wage Adjustments** – The Finance Committee will provide the County Administrator the non-union employee wage increase rate to include in the budget document The Finance Committee will make a recommendation no later than the 2<sup>nd</sup> Finance Committee meeting in June.
- **Priorities** – Direction is hereby given to the County Board Chairman and County Administrator and to create the fiscal year 2019 budget with the following priorities:
  - **First** - All mandated services must be budgeted
  - **Second** - All operating necessities (Utilities, IMRF, Health Insurance, Union Contracts, the Correctional Facility, etc.)
  - **Third** – General operating costs to provide services
  - **Fourth** – Non-Union Employee Compensation
  - **Fifth** – Capital Needs of the Organization
  - **Sixth** – Recommended Supplemental Requests
  - **Seventh** – Outside Agency Funding / Local Match to Grants

The pages that follow provide further definitions and guidelines for the development of the fiscal year 2019 budget, and should be considered as directives from the County Board.

### Accounting/Auditing

State statutes require an annual audit by independent certified public accountants (55 ILCS 5/6-31003). A Comprehensive Annual Financial Report (CAFR) shall be prepared according to the criteria set by the Government Finance Officers Association (GFOA). The County follows Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

### Appropriation

All operating funds are appropriated in the "Official Budget". Appropriations will be considered the maximum authorization to incur obligations and not a mandate to spend.

### Balanced Budget

The intent of the Finance Committee is the budget must balance expenditures against available revenues relative to all funds.

### Budget Presentation

When a department head/elected official has completed the required budget forms, a meeting will be scheduled with the County Administrator to review and ensure budget policy compliance. Concerns and or issues should be addressed by the department head/elected official at this time. Upon review by County Administrator, the budget, with recommended supplemental requests, will be scheduled for presentation to the Finance Committee. The department head/Elected Official will be provided a copy of their respective budget(s) prior to review by the Finance Committee. The Finance Committee meeting packet will contain copies of the department's budget and all supplemental requests prior to the scheduled committee meeting for review. Meetings will be scheduled with the Finance Committee for individual departments/Elected Official to address the Finance Committee regarding their individual budget requests.

Once the Finance Committee has reviewed departmental budgets, and the recommended supplemental requests have been approved, the budget is moved to the whole board to be placed on public display for a minimum of fifteen (15) days prior to final approval.

### Capital Budget – Long Term

Each department head/elected official will submit a list of capital needs for the next five years categorized by the following: immediate purchase/replacement (including details indicating urgency), 2 – 3 year purchase/replacement; and 4 – 5 year purchase/replacement.

### Compensated Absences

The audited financial reports show a liability for the accumulation of vacation and compensatory time earned by employees but not taken. The balance is a projection of what the County would be required to pay out if it discontinued business as of that date.

### Elected Officials and Appointed Boards

If an elected official or appointed board decides not to follow the policies as set forth by the County Board, it is their responsibility to notify the County Administrator immediately of their intent.

### Fiscal Year

The County's fiscal year is October 1<sup>st</sup> through September 30<sup>th</sup>. (Set by County Board per 55 ILCS 5/6-1001)

### Grants

The importance of preparing and implementing a proper grant budget cannot be overstated. To inform the County Board of the value of a new grant program, the Board must have full knowledge of the total cost of the program and its funding sources. Too often, grant programs contain hidden costs.

- The County Board's definition of a new grant is:
  1. A grant that has not been awarded in the previous year
  2. A current grant (or renewal grant) whose financial terms have changed (grant award has increased, decreased, or added a local match, etc.)
  3. A grant whose local match financial requirements have changed
- Departments who apply for grants that require a local match must find the local match within their budgets.
- Upon notification of a grant award, departments will submit a budget amendment to the County Administrator to amend the respective budget.
- A 2/3<sup>rd</sup> vote of all members constituting the County Board is required to amend department budgets to reflect grant revenues and expenses (55 ILCS 5/6-1003).
- The term "grant" includes any form of funding or reimbursement for County Services from the State, Federal or third party agencies.
- Grants will be controlled at the operating budget level based on the County's fiscal year.
- The grant "operating-budget" will be periodically reviewed by the County Administrator and Finance Director to assure that the revenues and expenditures are consistent with the grant award.
- Renewal grants will be reviewed during the budget process.
- Grants will be reviewed semi-annually by the County Administrator or Finance Director with the department head/Elected Official.

### Investment

The County Treasurer is responsible for the investing of all Winnebago County funds (55 ILCS 5/3-11006).

### Revenues

Revenues are projected using conservative estimates based on historical information and current levels of collection. Departments should bill appropriate parties for amounts owed to Winnebago County, review aging reports, complete follow-up information about the account, and monitor all accounts receivables.

Risk Management

The County has an established program for unemployment, liability and workers compensation. To forecast expenditures, the County considers claims, retention levels, fixed costs, and fund reserves.

BUDGET GUIDELINES

The purpose of this section is to explain the scope, format, process, and content of the Winnebago County budget. The following information will aid the reader in understanding the budgetary concepts and components upon which this budget is based. Winnebago County is required by Illinois Compiled Statutes to adopt an Annual Budget and Appropriation Ordinance, for County revenues and expenditures. The County budgets are presented on the modified accrual basis for all governmental fund types and accrual basis for the proprietary funds. This means the General (purpose) Fund and Special (purpose) Funds recognize revenues when they are measurable and available and expenditures when a liability (obligation) is drawn on current financial resources. Proprietary Funds recognize revenues when they are earned and expenses when they are incurred.

**SCOPE OF THE BUDGET DOCUMENT**

The County budget is a financial plan of estimated expenditures and revenues for the coming year. The annual budget provides historical, current, and future comparisons of revenues and expenditures.

**BUDGET DEVELOPMENT PROCESS**

The specific steps taken to prepare the Fiscal Year 2019 Budget are as follows:

County Board approves 2019 Budget Policy	April 12
Budget preparation materials are distributed to departments	April 30
Initial Forecast of Fiscal Years 2018 and 2019 and Tax Levy Options Presented to the Finance Committee	May 3
Tax Levy Options Presented to the County Board	May 10
Departments submit all required budget documents to County Administrator	May 21
County Administrator reviews all preliminary budgets with Departments	May 22 – June 15
Recommended budgets are provided to department head/Elected Official	June 19
Finance Committees conduct public hearings on department budgets	June 21 – July 13
Preliminary Budget presented to Finance Committee	July 19
Preliminary Budget presented to County Board	July 26
County Board makes budget cuts (if needed)	August



Truth-in-Taxation Hearing (if needed)	September TBD
County Board places balanced draft budget on public display	August 23
County Board adopts the appropriation and tax levy ordinance / budget	September

## BUDGET AMENDMENT PROCESS

The adopted budget may be adjusted in the following way:

All requests for budget amendments must start with a completed Budget Amendment Form (accessed on the Finance Department page of the County website) submitted to the County Administrator, who upon review will work with the requesting department head in preparing a resolution (if required) in the County Board approved format for committee and board presentation.

- All departments must submit a required budget adjustment form (can be accessed on the County website – Finance Department page) to the County Administrator to provide an accounting record of the requested budget change prior to a resolution being presented to the committees and the full County Board for approval.
- The County Board must approve all transfers of budgets between departments or funds by a 2/3<sup>rd</sup> majority vote (14) of the County Board. (Transfers may not be made from certain special purpose funds to other funds).
- Additional (emergency) appropriations or transfers involving personnel and capital categories (after budget adoption) must also be approved by a 2/3<sup>rd</sup> majority vote (16) of the County Board.

## FINANCIAL STRUCTURE

The County's financial structure begins with funds. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Several types of funds are budgeted.

### Governmental Funds

Governmental funds account for traditional governmental operations that are financed through taxes and other fixed or restricted revenue sources.

- **General Fund:** The General (Corporate) Fund is available for any authorized purpose, and is used to account for all financial resources except those required to be accounted for in another Fund. A General Fund summary is prepared which lists the amount of General Fund appropriation for all affected departments.
- **Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.
- **Debt Service Fund:** Debt Service Funds are utilized to account for the payment of interest, principal and related costs on the County's general long-term debt.

- **Capital Project Funds:** Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Proprietary Funds are used to account for the County's ongoing organizations and activities, which are similar to those often, found in the private sector.

- **Enterprise Fund:** An Enterprise Fund is used to account for operations, which are financed primarily by user charges.
- **Internal Service Funds:** Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments or agencies of the County on a cost reimbursement basis.

Respectfully Submitted,  
**FINANCE COMMITTEE**

**(AGREE)**

**(DISAGREE)**

*Ted Biondo*

TED BIONDO,  
FINANCE CHAIRMAN

TED BIONDO,  
FINANCE CHAIRMAN

*Gary Jury*

GARY JURY

GARY JURY

*Joe Hoffman*

JOE HOFFMAN

JOE HOFFMAN

BURT GERL

BURT GERL

DAVE BOOMER

DAVE BOOMER

*Steve Schultz*

STEVE SCHULTZ

STEVE SCHULTZ

*Jaime Salgado*

JAIME SALGADO

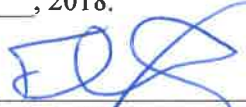
JAIME SALGADO

*Keith McDonald*

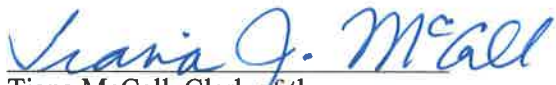
KEITH McDONALD

KEITH McDONALD

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this 12th day of April, 2018.

  
\_\_\_\_\_  
Frank Haney, Chairman of the  
County Board of the  
County of Winnebago, Illinois

ATTEST:

  
\_\_\_\_\_  
Tiana McCall, Clerk of the  
County Board of the  
County of Winnebago, Illinois

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COMMITTEE: Finance

SUBJECT: Rec. Adjusting Fiscal Year 2019 Budget Policy

	AYES	NAYES	PRESENT	ABSENT	ABSTAINED
1. BIONDO, TED					
2. BOOKER, AARON					
3. BOOMER, DAVID					
4. CROSBY, JEAN					
5. FELLARS, DANIEL					
6. FIDUCCIA, DAVID					
7. GERL, BURT					
8. GORAL, ANGIE					
9. HOFFMAN, JOE					
10. JURY, GARY					
11. KELLEY, DAVID					
12. MCDONALD, KEITH					
13. NICOLOSI, ELI					
14. REDD, DOROTHY					
15. SALGADO, JAIME					
16. SCHULTZ, STEVE					
17. TASSONI, DAVID					
18. WEBSTER, JIM					
19. WESCOTT, FRED				✓	
20. WILSON, L.C.					
TOTALS	<u>Vote Note</u> 19			1	

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Amendment

COMMITTEE: Finance

SUBJECT: Fiscal Year 2019 Budget  
Policy

	AYES	NAYES	PRESENT	ABSENT	ABSTAINED
1. BIONDO, TED					
2. BOOKER, AARON					
3. BOOMER, DAVID					
4. CROSBY, JEAN					
5. FELLARS, DANIEL					
6. FIDUCCIA, DAVID					
7. GERL, BURT					
8. GORAL, ANGIE					
9. HOFFMAN, JOE					
10. JURY, GARY					
11. KELLEY, DAVID					
12. MCDONALD, KEITH					
13. NICOLOSI, ELI					
14. REDD, DOROTHY					
15. SALGADO, JAIME					
16. SCHULTZ, STEVE					
17. TASSONI, DAVID					
18. WEBSTER, JIM					
19. WESCOTT, FRED				✓	
20. WILSON, L.C.					
TOTALS	<u>None Vote</u>	<u>19</u>		<u>1</u>	