

Definition of Capital Expenditures

- Cost to buy fixed assets or add to the value of existing fixed assets
 - Useful life of the asset more than a year
- Capital expenses not used for ordinary day-to-day operating expenses of the County
- Examples of capital expenditures
 - Land, roads, bridges, buildings, building improvements, equipment, vehicles, software



Funding of Capital Expenditures

- Bond/Debt Proceeds
- Grants
- One-time revenue and transfers
 - General Fund surplus, if any
 - Per financial policies *“it shall be the intent of the County to allow unbudgeted or one-time revenue sources to be set aside as capital expenditure funds for unforeseen expenditures”*
- Special revenue fees (transportation, automation)
- Operating revenue



County Board Controlled Funds Capital Use Only

- Unencumbered/partially unencumbered funds only
 - Unencumbered = not budgeted for future use
 - Includes
 - County Automation
 - Public Safety Sales Tax
 - Capital Projects
 - Capital Improvement Bond Construction
 - Enterprise General



County Automation

Fund 100

- **Revenue source**
 - Recorder fees
 - Annual revenue = \$2,000
- **Restrictions**
 - Costs for “dissemination of electronic data in bulk or compiled...” (55ILCS 5/3-5018)
 - i.e. technology costs
- **Historical Use**
 - Election equipment (2006)
- ***Unencumbered* cash balance @ 12/31/10 = \$14,233**



Public Safety Sales Tax

Fund 125

- **Revenue source**
 - ¼ Cent Mass Transit Sales Tax
 - Annual revenue = \$2,000,000 (15% of collections)
- **Restrictions**
 - Costs for “public safety and public transportation services...” (Public Act 95-0708)
 - Per financial policies costs *“to be used for capital projects relating to the promotion of public safety- 15% of revenue”* (Resolution 08-278)
 - Transportation = 82% of revenue
 - Contingency = 3% of revenue



Public Safety Sales Tax

Fund 125

- **Historical Use**

- Public Safety CAD system (2009-2010)
- Kane Comm and OEM Relocation (2009)
- Software maintenance for Public Safety CAD, Corrections Records & Code-Red systems (ongoing since inception)
- Sheriff vehicle replacement program (ongoing since inception)

- ***Unencumbered* cash balance @ 12/31/10 = \$268,480**

- Earmarked for court technology solution in the future?



Capital Projects

Fund 500

- **Revenue source**
 - General Fund Surplus, if any, at year-end (one-time)
 - Public Building Commission unused funds (one-time)
 - Reimbursements from other agencies (one-time)
 - Annual revenue = \$0
 - No ongoing revenue stream
- **No Restrictions on what type of capital expense**
- **Historical Use**
 - Used for a variety of capital projects over the years



Capital Projects

Fund 500

- **Historical Use**
 - Major projects include:
 - Aurora Health Department building (purchased 2003)
 - Animal Control Facility (constructed 2006-2007 – Animal Control Fund will reimburse total costs by 2017)
 - Election equipment (2006-2007)
 - Adult Justice Facility (constructed 2007-2008)
 - Sheriff Office shell (constructed 2007-2008)
 - E911 & OEM relocation (2009)
 - North Campus building improvements, including Traffic Court (2011)
- ***Unencumbered* cash balance @ 12/31/10 = \$2,750,159**
 - Additional *unencumbered* cash balance PBC money = \$2,000,000
 - Must be used for capital investment at Judicial Center Complex



Capital Improvement Bond Construction

Fund 510

- **Revenue source**
 - GO Limited Bond Proceeds
 - Ongoing levy (formerly PBC levy)
 - Current bonds paid off December 2011
 - Annual revenue = \$0
 - No ongoing revenue stream
- **Restrictions**
 - Capital costs associated with Series 2007 Limited Bonds
 - Based on 5-Year Capital Improvement Program passed by Board



Capital Improvement Bond Construction Fund 510

- **Historical Use**

- Used for a variety of building improvements (inception to 2011)
- Sheriff Office build out (constructed 2007-2008)
- E911 & OEM relocation (2009)
- Judicial Center Master Plan and Judiciary Feasibility Study (2010)
- North Campus building improvements, including Traffic Court (2011)

- ***Unencumbered cash balance @ 12/31/10 = \$0***



Enterprise General

Fund 651

- **Revenue source**

- Landfill fees

- Collection of fee ended in 2006 when landfill closed

- Annual revenue = \$0

- No ongoing revenue stream

- **Restrictions**

- Per financial policies costs *“shall be used for capital items only”*

- Per financial policies fund *“will have a minimum fund balance of \$4 million each year”*



Enterprise General

Fund 651

- **Historical Use**

- Used for a variety of capital projects over the years
- Mainly used to fund all General Fund capital projects (inception to 2006)
 - Funded phone system, computer replacement & other major technology projects
- Adult Justice Facility (constructed 2007-2008)
- Wards building (purchased 2009)

- ***Unencumbered & Unrestricted cash balance @ 12/31/10 = \$1,970,424***



Summary

Fund	<u>Unencumbered Cash Balance @ 12/31/10</u>
County Automation	\$ 14,233
Public Safety Sales Tax	\$ 268,480
Capital Projects	\$ 2,750,159
Capital Projects- Judicial Complex Only (PBC \$\$)	\$ 2,000,000
Capital Improvement Bond Construction	\$ -
Enterprise General	\$ 1,970,424
Total	\$ 7,003,296

	Ongoing revenue stream
	<u>No</u> ongoing revenue stream (once \$\$ is spent it is gone)



Summary

- Capital funds cannot be used for operating
 - Legally restricted or Board restricted to capital expenditures only
 - Most of unencumbered cash available is for one-time use
 - No ongoing revenue stream
- County's strong capital policies and management of those policies are critical to County's very favorable bond rating
 - Recent bond rating increase to AA+/AA2

