



AGENDA

Finance, Audit, and Legislative Affairs Committee

Tuesday, July 27, 2021

@ 2:00 PM

Peoria County Courthouse, Room 403

1. **Call to Order**
2. **Approval of Minutes**
 - June 22, 2021
3. **Informational Items / Reports / Other Minutes / Updates**
 - Monthly Financial Report
 - Heddington Oaks 2021 Financial Plan
 - Legislative Update
 - American Rescue Plan Act (ARPA)
4. **Resolutions**
 - FY 2021 appropriation of 2020 General Fund surplus budget
 - FY 2021 appropriation of 2020 General Fund surplus budget to Capital Projects Fund
5. **Discussion**
 - Report from External Auditor
6. **Miscellaneous**
7. **Adjournment**

DRAFT

FINANCE AUDIT AND LEGISLATIVE AFFAIRS COMMITTEE

June 22, 2021

@ 2:00 p.m.

COMMITTEE MEMBERS PRESENT:	James Fennell – Chairperson; Jennifer Groves Allison, Eden Blair, Brandy Bryant (<i>via teleconference</i>), Linda Daley, James Dillon, Betty Duncan, Kate Pastucha, Andrew Rand, Rob Reneau, Phillip Salzer, Sharon Williams
MEMBERS ABSENT:	Rachel Reliford, Steve Rieker, Paul Rosenbohm
STAFF PRESENT:	Scott Sorrel - County Administrator; Shauna Musselman – Asst. County Administrator; Jennie Cordis Boswell - State's Attorney's Office; Randy Brunner – Chief Financial Officer; Julie Kusturin, Paul Letcher – Finance; Nicole Bjerke – Treasurer; Elizabeth Crider – Regional Office of Education; Monica Hendrickson – Health Department; Margie Kowalski – County Auditor
VISITORS	

Call to Order

Chairperson Fennell called the meeting to order at 2:05 p.m.

Approval of Minutes

A motion to approve the minutes of May 25, 2021 was made by Mr. Salzer and seconded by Dr. Blair. The motion carried unanimously.

Informational

➤ Monthly Financial Report

Ms. Kusturin provided an overview of financial activity through April 30, 2021, representing 33.3% of the fiscal year. Highlights include:

- Total General Fund revenues to date are 31.0% of budget compared to 25.0% at the same time last year.
- General County revenues, outside of Property Tax revenues, are tracking at 42% of budget, which is favorable for April.
- All General Fund revenues sources are currently at 33% or higher, with the exception of Licenses & Permits and Interest Income.
- Total General Fund Expenditures to date are 29.6% of budget compared to 30.6% at the same time last year. Peoria County has reduced expenditures by \$940,000.00 (7.1% decrease). Due to increased revenue performance and reduced expenditures, a \$2 million revenue deficit has improved to a \$524,000.00 positive.
- Sales Tax revenues continue to trend favorably.
- Charges for Services are exceeding budget expectations.
- Income Tax is trending 34% higher than 2020.

A motion to allow the participation of Ms. Bryant via teleconference was made by Ms. Daley and seconded by Ms. Duncan. The motion carried unanimously.

➤ Heddington Oaks 2021 Financial Plan

Ms. Musselman reminded the committee that RSM, an auditing firm, has been engaged to assist with Phase I and II of the Medicare bad debt project. She advised that Phase I of the project is nearing completion. She stated that Phase II will consist of verification of final claims. She explained that the project is a review of outstanding Medicare accounts to determine the

appropriate amount to submit as a write-off through the Medicare Cost Report. She remarked that Peoria County receives approximately 65% Federal reimbursement for those amounts written off.

➤ Heddington Oaks Financial Report

Mr. Letcher advised that the submitted financial report provides Heddington Oaks financial activity for the month ending April, 2021. He stated that he has been working with both RSM and the State's Attorney's Office on Accounts Receivable issues, as is contacting individual insurance companies as well. He advised that there are approximately \$2.45 million in accounts currently in some form of process.

(Ms. Pastucha enters meeting.)

➤ Legislative Update

Mr. Sorrel advised that the Year-End Report from Anderson Legislative Consulting has been included as part of the committee packet.

Committee Action

• **Review of Executive Session Minutes**

Ms. Cordis Boswell advised that it is the recommendation of the State's Attorney's Office that all previously held executive session minutes continue to be held closed as the need for confidentiality still exists, and to destroy executive session audio recordings more than two years old, except those that relate to pending litigation. A motion to accept the recommendation of the State's Attorney's Office was made by Ms. Groves Allison and seconded by Dr. Blair. The motion carried unanimously.

Discussion

➤ FY 22 Budget

Mr. Sorrel outlined the FY2022 budget process, summarized the FY2020 budget performance and current year financial information, and initiated discussion on the FY2022 budget.

Mr. Sorrel noted that policy considerations for the committee moving forward include: 1) Use of FY2020 General Fund surplus in FY2021; 2) FY2022 Budget Schedule; 3) FY2022 Tax Rate; 4) Addressing wage pressures in select and applicable job classifications, where appropriate and applicable; and, 5) Use of American Rescue Plan Act (ARPA) allocation.

Mr. Sorrel commented that use of the \$5 million of General Fund surplus would put General Fund reserves at roughly 33%-34% of expenditures, which would continue to be in excess of adopted policy.

Ms. Daley remarked that any discussion of the use of revenue should include the option to reduce Heddington Oaks bond obligations. Mr. Dillon noted that a portion of the General Fund surplus is due to the elimination of capital improvement projects, and recommended restoring some of those projects in the budget process.

Mr. Reneau asked if there is any indication of property values for the coming year, given the current state of the real estate market. Mr. Sorrel advised that the Supervisor of Assessments Office currently estimates that values will remain flat at worst, but does anticipate some EAV growth. He added that more accurate forecasting will be forthcoming in the next several months.

Mr. Rand suggested an in-depth study of means of providing property tax relief for taxpayers via a review of levies by ensuring that those levies are meeting the needs of their specific functions. He also recommended an accelerated budget schedule, moving final budget adoption from November to October.

Dr. Blair stressed that re-addressing wages as an important policy directive going forward so as to curtail employment shortages. Ms. Groves Allison agreed, stating the need to remain competitive in the workforce.

Ms. Pastucha recommended encouraging departments and offices to be more proactive in seeking grant opportunities. She also suggested evaluating metrics other than budgetary, such as output, outcome, and impact, would be helpful in determining resource spending within the budget process.

➤ American Rescue Plan Act (ARPA)

Funds Available

Mr. Sorrel advised that available ARPA funding in total came to \$1.9 trillion. He stated that Peoria County was allocated \$43.8 million, and the City of Peoria was allocated \$47 million in direct allocations from the U.S. Treasury. He added that Peoria County Municipalities will receive their allocations through the State of Illinois.

Mr. Sorrel advised that both the City and County of Peoria have received the first tranche (50%) of their allocation, while municipalities will receive their first allocation in July. He remarked that all units of government will receive their second half of the allocation twelve months after receiving the initial allocation.

Mr. Sorrel summarized the four primary funding objectives of ARPA: 1) Support urgent COVID-19 response efforts; 2) Replace lost public sector revenue; 3) Support immediate economic stabilization; 4) Address systemic public health and economic challenges.

Eligible and Ineligible Uses

Mr. Sorrel outlined and summarized the following eligible uses: 1) Support Public Health Response; 2) Address Negative Economic Impacts; 3) Replace Public Sector Revenue Loss; 4) Premium Pay for Essential Workers; 5) Water and Sewer Infrastructure; 6) Broadband Infrastructure.

Mr. Sorrel summarized the following ineligible uses: 1) Reducing Tax Revenue; 2) Increasing Reserves for additional “Rainy Day” purposes; 3) Funding Debt Service, Legal Settlements, or Judgments.

Other ARPA Information

Mr. Sorrel advised that reporting requirements under the Act include an Interim Report due August 31, 2021 on expenses to date and Quarterly reporting through the end of the grant-making period. He remarked that funds are subject to single audit. He stated that Recovery Funds must be obligated by December 31, 2024 and must be spend by December 31, 2026.

Peoria County Potential Uses

Mr. Sorrel outlined several potential uses for Peoria County’s allocation of funding, including being a source for the Health & Human Services Campus Project, other targeted capital improvement projects, targeted operational expense restoration, creation of programs or partnering with other entities to administrator programs for community and business support, and programs targeted with partnerships for equity-focused services.

Adjournment

The meeting was adjourned by Chairperson Fennell at 3:04 p.m.

Recorded & Transcribed by: Jan Kleffman

AGENDA BRIEFING

COMMITTEE: Finance, Audit, Legislative Affairs Committee

MEETING DATES: July 27, 2021

LINE ITEM: multiple

AMOUNT: varies

ISSUE: 2020 General Fund Surplus budget appropriation in FY2021 to clear internal fund loans, committed fund balance and replenish Risk Management Fund negative fund balance

BACKGROUND/DISCUSSION:

At the close of FY 2020, the General Fund ended with a surplus of \$5,050,850 and a policy reserve rate of 47.5%, which is 23.5% above fund balance policy. In discussions with Committee Chairman Fennell and Vice-Chairperson Reliford, there was a consensus to recommend the County Board use the 2020 surplus reserves to close out interfund loans for the Heddington Oaks loan with Employee Health, the Matching Tax loan with Employee Health, and reducing the committed General Fund balance for the Growth Cell 1A project. To clear the three interfund loans/committed fund balance, \$3,334,736 is needed. It is further recommended that the remaining \$1,716,120 be split unevenly between the Risk Management Fund for \$1,000,000 to bring it within policy reserve limits, and the remaining \$716,120 transferred to the Capital Projects Fund to finance capital needs. The Capital Projects Fund transfer and a recommendation to appropriate funds has been submitted for consideration in a separate resolution. Please see the attachment provided for your information. A brief description of each request is identified below.

A. General Fund transfer of \$1,278,710 to Keystone Fund

On November 17, 2015, the County Board approved a resolution to pay for the County's obligation of the intergovernmental agreement with the City of Peoria for the improvement/upgrade/maintenance/jurisdictional transfer of Radnor Road and Wilhelm Road in 2006. This is commonly known as the Growth Cell 1A Agreement. The Keystone Fund reserves were used to pay the County debt of \$2,088,191.45 to the City of Peoria and the County Board committed the General Fund Reserves of \$2,088,191.45 to pay back the Keystone Fund over 10 years at 2.5% interest. As of today, the committed general fund balance is \$1,278,709.20. To relieve the Committed Fund balance in 2021, a budget appropriation is required to move the Committed Fund Balance Reserves from the General Fund to the Keystone Fund. It is recommended that the FY 2021 budget be amended by \$1,278,710 to account number 001-1-001-7-816-61097 and 097-2-097-4-461-42001. The transferred funds will be used to eliminate the committed General Fund Balance reserve.

B. General Fund transfer of \$1,161,430 to Heddington Oaks Fund

In 2014, the County Board approved an interfund loan between Heddington Oaks and the Employee Health Fund. The interfund loan was utilized to reduce the total bonds issued to build the Heddington Oaks Nursing Home facility and has been repaid annually with interest. The total loan was for \$3,500,000 and the remaining outstanding balance is \$1,161,428.99. Staff is recommending the County Board appropriate funds from the General Fund surplus to satisfy the loan between the Heddington Oaks Fund and the Employee Health Fund. It is recommended that the FY 2021 budget be amended by \$1,161,430 to account number 001-1-001-7-816-61175 and 175-6-175-6-638-42001.

C. General Fund transfer of \$894,590 to Matching Tax Fund

At the March 8, 2018 County Board meeting, the Board approved the plan for the construction and jurisdictional transfer of the County's share of the Willow Knolls and Allen Roads intersection which was to be completed in 2018. The total project was estimated to be \$3.6 million dollars, with a 50/50 share between the City of Peoria and the County of Peoria. Per the Intergovernmental Agreement,

the County portion is to be paid for by the Matching Tax Fund. As of today, the outstanding interfund loan for the County's portion of the intersection is \$894,588.22. Staff is recommending the County Board approve a transfer to the Matching Tax Fund to clear the interfund loan between the Matching Tax Fund and the Employee Health Fund. It is recommended that the FY 2021 budget be amended by \$894,590 to account number 001-1-001-7-816-61038 and 038-2-038-5-526-42001.

D. General Fund transfer of \$1,000,000 to Risk Management Fund

For the last several years, the Risk Management Fund has paid out attorney fees related to ongoing litigation; liability settlements; and workman's compensation settlements. The expenses have not kept pace with the revenues being brought into the fund while align with the County Board's stated policy of keeping the tax burden low to the taxpayers of Peoria County. Based on the audited financial statements of the county, the Risk Management Fund finished FY2020 with a negative fund balance of (\$652,477). The County Board's financial policies mandate that when a fund's reserves go negative that the County Administrator is to prescribe a plan for recapitalizing said reserves. It is recommended that the County Board authorize a transfer of General Fund reserves to the Risk Management Fund reserves to recapitalize the fund reserves. It is recommended that the FY 2021 budget be amended by \$1,000,000 to account number 001-1-001-7-816-61082 and 082-5-082-7-734-42001.

COUNTY BOARD GOALS:



Financial Stability

STAFF RECOMMENDATION:

It is recommended that the FY 2021 budget be amended by:

- \$1,278,710 to account number 001-1-001-7-816-61097 and 097-2-097-4-461-42001
- \$1,161,430 to account number 001-1-001-7-816-61175 and 175-6-175-6-638-42001
- \$894,590 to account number 001-1-001-7-816-61038 and 038-2-038-5-526-42001
- \$1,000,000 to account number 001-1-001-7-816-61082 and 082-5-082-7-734-42001

COMMITTEE ACTION:

PREPARED BY: Julie Kusturin, Assistant Chief Financial Officer
DEPARTMENT: County Finance
DATE: July 20, 2021

WHEREAS, staff recommends that the County Board approve transfers of General Fund reserves to close out interfund loans, eradicate the General Fund Committed Fund Balance, and to replenish the Risk Management Fund balance reserves to above policy limits; and

NOW THEREFORE BE IT RESOLVED, the County Board of Peoria County appropriate \$1,278,710 to account number 001-1-001-7-816-61097 and 097-2-097-4-461-42001, \$1,161,430 to account number 001-1-001-7-816-61175 and 175-6-175-6-638-42001, \$894,590 to account number 001-1-001-7-816-61038 and 038-2-038-5-526-42001, and \$1,000,000 to account number 001-1-001-7-816-61082 and 082-5-082-7-734-42001; and

NOW THEREFORE BE IT FURTHER RESOLVED, the fund transfers of \$1,161,430 to the Heddington Oaks Fund and the fund transfers of \$894,590 to the Matching Tax Fund be used to pay down their respective loans to the Employee Health fund to \$0.

RESPECTFULLY SUBMITTED,

PUBLIC SAFETY & JUSTICE SUBCOMMITTEE

**2020 General Fund Reserves Transfers
Exhibit A**

Fund	Department	Category	Account Title	Account #	Description	Amount to Appropriate
EXPENDITURES						
General Fund	General County	Transfers Out	Transfer To Keystone Fund	001 1 001 7 816 61097	Relieve Committed GF Balance reserves for Growth Cell 1A Project	1,278,710
General Fund	General County	Transfers Out	Transfer To Heddington Oaks	001 1 001 7 816 61175	Transfer GF reserves to clear interfund loan between HO and Employee Health	1,161,430
General Fund	General County	Transfers Out	Transfer to Matching Tax	001 1 001 7 816 61038	Transfer GF reserves to clear interfund loan between Matching Tax and Employee Health	894,590
General Fund	General County	Transfers Out	Transfer To Risk Fund	001 1 001 7 816 61082	Transfer GF reserves to recapitalize Risk Management Fund reserves	1,000,000
						4,334,730
REVENUES						
Co/St Capital Improv Fund	Co/St Capital Improv Fund	Transfers In	Transfer from General Fund	097 2 097 4 461 42001	Relieve Committed GF Balance reserves for Growth Cell 1A Project	1,278,710
Heddington Oaks	Heddington Oaks	Transfers In	Transfer from General Fund	175 6 175 6 638 42001	Transfer GF reserves to clear interfund loan between HO and Employee Health	1,161,430
Matching Tax	Matching Tax	Transfers In	Transfer from General Fund	038 2 038 5 526 42001	Transfer GF reserves to clear interfund loan between Matching Tax and Employee Health	894,590
Risk Fund	Risk Fund	Transfers In	Transfer from General Fund	082 5 082 7 734 42001	Transfer GF reserves to recapitalize Risk Management Fund reserves	1,000,000
						4,334,730
						8,669,460

AGENDA BRIEFING

COMMITTEE: Finance, Audit, Legislative Affairs Committee
MEETING DATES: July 27, 2021

LINE ITEM: multiple
AMOUNT: varies

ISSUE: 2020 General Fund Surplus budget appropriation in FY2021 to transfer surplus funds to the Capital Projects Fund and to appropriate \$716,120 to spend on Building Improvements.

BACKGROUND/DISCUSSION:

At the close of FY 2020, the General Fund ended with a surplus of \$5,050,850 and a policy reserve rate of 47.5%, which is 23.5% above fund balance policy. In discussions with Committee Chairman Fennell and Vice-Chairperson Reliford, there was a consensus to recommend the County Board use the 2020 surplus reserves to close out interfund loans for the Heddington Oaks loan with Employee Health, the Matching Tax loan with Employee Health, and reducing the committed General Fund balance for the Growth Cell 1A project. To clear the three interfund loans/committed fund balance, \$3,334,736 is needed. It is further recommended that the remaining \$1,716,120 be split unevenly between the Risk Management Fund for \$1,000,000 to bring it within policy reserve limits, and the remaining \$716,120 transferred to the Capital Projects Fund to finance capital needs.

It is further recommended the County Board appropriate \$716,120 in account number 062-4-062-7-738-55107 Building improvements. The roof on the Courthouse the covers the south wing needs replacing. The estimated cost to replace this roof is \$500,000.

COUNTY BOARD GOALS:



Financial Stability

STAFF RECOMMENDATION:

It is recommended that the FY 2021 budget be amended by:

- \$716,120 to account number 001-1-001-7-816-61062 and 062-4-062-7-738-42001
- \$716,120 to account number 062-4-062-7-738-55107 Building Improvements

COMMITTEE ACTION:

PREPARED BY: Julie Kusturin, Assistant Chief Financial Officer
DEPARTMENT: County Finance
DATE: July 20, 2021

THE HONORABLE COUNTY BOARD)
)
COUNTY OF PEORIA, ILLINOIS)

Your Finance, Audit, Legislative Affairs Committee does hereby recommend passage of the following resolution:

RE: 2020 General Fund Surplus budget appropriation in FY2021 to transfer surplus funds to the Capital Projects Fund and to appropriate \$716,120 to spend on Building Improvements

RESOLUTION

WHEREAS, at the close of FY 2020, the General Fund had a surplus of \$5,050,850 and a policy reserve rate of 47.5%; and

WHEREAS, the General Fund balance was above policy limits by 23.5%; and

WHEREAS, staff recommends the transfer of General Fund reserves in the amount of \$716,120 to the Capital Projects Fund; and

WHEREAS, it is staff's further recommendation to appropriate \$716,120 to account number 062-4-062-7-738-55107 Building Improvements to replace the roof at the County Courthouse south wing; and

NOW THEREFORE BE IT RESOLVED, the County Board of Peoria County appropriate \$716,120 to account number 001-1-001-7-816-61062 and 062-4-062-7-738-42001; and

NOW THEREFORE BE IT FURTHER RESOLVED, the County Board of Peoria County appropriate \$716,120 to account number 062-4-062-7-738-55107 for Building Improvements to the Peoria County Courthouse.

RESPECTFULLY SUBMITTED,

FINANCE, AUDIT, LEGISLATIVE AFFAIRS COMMITTEE