

APPROVED 3/27/19

**Minutes
BUDGET SUBCOMMITTEE
February 27, 2019
@ 3:00 p.m.**

MEMBERS PRESENT:	James Fennell - Chairman; Rachel Reliford – Vice-Chairman; James Dillon, Allen Mayer, Rachael Parker, Kate Pastucha, Andrew Rand, Rob Reneau, Paul Rosenbohm, Steven Rieker, Phillip Salzer, Sharon Williams
MEMBERS ABSENT:	Thomas O'Neill
OTHERS PRESENT:	Scott Sorrel – County Administrator; Shauna Musselman - Assistant County Administrator; Larry Evans - State's Attorney's Office; Randy Brunner – Interim Chief Financial Officer; Julie Ciesla, Paul Letcher – Finance; Angela Loftus – Asst. Director of Human Resources; Nicole Demetreas – Treasurer; Dan O'Connell – Facilities Director; Amy McLaren – County Highway; Brian Asbell, Doug Gaa - Sheriff's Office

Call to Order

Chairman Fennell called the meeting to order at 3:47 p.m.

Approval of Minutes

A motion to approve the minutes of November 27, 2018 was made by Mr. Myer and seconded by Mr. Salzer. The motion carried unanimously.

Informational Items/Reports/Other Minutes/Updates

• **Monthly Financial Report**

Ms. Ciesla summarized financial information through November 30, 2018. She advised that format of the monthly report has been revised to provide more concise and pertinent revenue and expenditure information, and welcomes input or direction on further revisions to the report.

Ms. Ciesla advised that the report focuses on a General Fund Analysis broken down by department, a Major Fund Revenue Analysis, and a Changes in Fund Balance report for all funds combined.

Ms. Ciesla remarked that past financial reports provided information that lagged several months behind as state shared revenue was prepared on a full accrual basis, and that data is not provided until much after the fact. She stated that in an effort to provide more real-time data, major revenues will be run as a cash basis with an adjustment at the end of the year. She noted that at this time, state shared revenues from October, November and December cannot be posted to the current financial system as they are received after December 31st. She commented that the revised process will assist in providing a more accurate figure throughout the year.

Mr. Mayer noted that although the move from a modified accrual system is strictly for internal reporting to the committee and would not affect financial statements, he expressed concern that cash basis reporting will not provide an accurate impression of actual financial position. Ms. Ciesla clarified that moving to a cash basis reporting by posting revenues in the month in which the state reports those revenues will provide more concise activity from January through December, with a final journal entry at the end of the year to true up those figures.

Mr. Brunner advised that the revisions will be primarily on the revenue side, commenting that expenditures will continue to be on an accrual basis. Ms. Ciesla stated that Finance staff is informing departments to provide January expenditures by the close date of March 15th in order to have those expenditures posted to January.

Ms. Ciesla reiterated that the cash basis reporting will be predominantly state shared revenues specifically due to the lag in data reporting from the state.

- **2018 Unaudited Financial Report**

Ms. Ciesla advised that the report identifies funds which may not be meeting fund balance policy and highlights their impact. Mr. Fennell noted several funds in which revenue should equal expenditures, making a fund balance requirement unnecessary. He also noted funds in which the fund balance could be lowered. He recommended that the Ways and Means Committee discuss potential changes to the fund balance policy as it relates to these funds. Mr. Mayer agreed and emphasized that discussion include cross-referencing to the GFOA standard.

Ms. Ciesla stated that in order to present an estimated General Fund balance, staff estimated general revenues not yet posted based upon historical figures, with general expenditures not yet posted estimated at \$350,000.00.

Ms. Ciesla commented that although several revenues in the General Fund, such as Charges for Services, are underperforming, revenues in the General Fund as a whole were conservatively budgeted and have been coming in higher than expected. She said the report estimates a General Fund year-to-date net balance of \$1.5 million.

Ms. Mayer commented that several departments do not fully utilize the purchase order system, which made it necessary to estimate the expenditures not yet posted. Ms. Ciesla noted that the estimate includes expenses such as electric bills, in addition to purchase orders.

Ms. Ciesla noted that the Juvenile Detention Center is utilizing predicted General Fund and stated that Administration will work with the County Board to address the funding issues related to the JDC.

Ms. Ciesla advised that Enterprise Funds (Heddington Oaks Fund and Peoria County Parking Fund) expenditures are estimated to go over budget as those funds do not budget for depreciation although depreciation is accrued monthly.

Adjournment

The meeting was adjourned by Chairman Fennell at 4:32 p.m.

Recorded & Transcribed by: Jan Kleffman