

Approved 6/24/20

MINUTES

Budget Committee

April 29, 2020

@ 3:00 p.m.

MEMBERS PRESENT	James Fennell – Chairman; Rachel Reliford – Vice Chairman; Jennifer Groves Allison, James Dillon, Kate Pastucha, Andrew Rand, Rob Reneau, Steven Rieker, Phillip Salzer, Sharon Williams
MEMBERS ABSENT:	Paul Rosenbohm
OTHERS PRESENT:	Scott Sorrel – County Administrator; Shauna Musselman – Assistant County Administrator; Larry Evans - State's Attorney's Office; Angela Loftus – Asst. Director of Human Resources; Gretchen Pearsall, Jamie Dowell – County Administration; Randy Brunner – Chief Financial Officer/Sheriff's Office; Julie Ciesla, Kim Hudson, Paul Letcher – Finance; Doug Gaa, Chris Watkins – Sheriff's Office; Tom Bride – Election Commission; Brian Brown – Juvenile Detention Center; Mark Bronke – Probation & Court Services; Rena' Parker – Court Administration; Nicole Bjerke – Treasurer; Beth Crider – Regional Office of Education; Jessica Thomas – Auditor; Mark Little – Chief Information Officer; Brian Gulley – Health Department

Call to Order

Chairman Fennell called the meeting to order at 3:00 pm.

A motion to suspend the Rules in order to conduct the meeting virtually was made by Ms. Reliford and seconded by Mr. Salzer. The motion carried unanimously.

Approval of Minutes

A motion to approve the minutes of April 8, 2020 was made by Mr. Rieker and seconded by Mr. Reneau. The motion to approve carried unanimously.

Informational Items

• **Monthly Financial Report**

Ms. Ciesla summarized unaudited financial data for the period ending February 29, 2020. She stated that General Fund revenues are up \$385,000.00, primarily due to Intergovernmental Revenue and Charges for Services.

Ms. Ciesla reported that revenues for Sales Tax, Public Facilities Sales Tax, Supplemental Sales Tax, Local Use Tax, Income Tax, and PPRT all saw increases over January 2019. She advised that several of the special revenue funds currently below fund balance policy are property tax dependent.

Ms. Ciesla reported that Expenditures are higher than 2019; although she noted that the increases several departments are due to timing of annual payments or purchase order rollovers.

Ms. Ciesla explained that effective January 1, 2020, the county will receive only the Public Safety Sales Tax portion of the Aviation Fuel Sales Tax revenue, adding that that the annual sales tax received for that revenue, which was budgeted at \$140,000.00 will now be approximately \$20,000, resulting in a net loss of \$120,000.00

- **COVID-19 Budget Impact**

Mr. Sorrel summarized the financial and budgetary impacts of COVID-19 on the finances of Peoria County. He outlined the current financial picture, potential solutions, and requested direction from the committee on an action plan for corrective actions.

Mr. Sorrel advised that a 12-step recovery process has been disseminated by the Government Finance Officers Association (GFOA), and stated that Peoria County is currently within steps 3 (Generic Treatments) through 7 (Recovery Plan).

Mr. Sorrel advised that the budget as adopted in All Funds, including Heddington Oaks, shows \$4.6 million in Strategic Use of Reserves, and estimates a \$14.3 million COVID-19 change in net position prior to any corrective action, noting that the figures denote a \$9.8 million negative impact to the change in net position. He added that All Funds excluding Heddington Oaks shows an \$11 million negative impact on change in net position. He indicated an estimated \$19 million decrease in revenues is anticipated.

Mr. Sorrel advised that the budget as adopted in the General Fund showed a \$271,000.00 surplus, and he is projecting a \$4.8 million negative impact to change in net position prior to any corrective action, resulting in a \$5 million negative impact on change in net position. He stated that a \$7.2 million loss of revenue is anticipated in the General Fund prior to corrective action.

Mr. Sorrel advised that current cash balances are relatively strong; however, it is expected that it will be necessary for Peoria County to borrow funds at some point.

Mr. Sorrel advised that a \$15.9 million negative impact in revenues for all funds is anticipated in 2020, and an estimated \$32 million negative impact to revenues over the next 24 months. He stated that the General Fund will see an estimated \$7.2 million negative impact in revenues, and an estimated \$14.2 million negative impact over the next 24 months. He commented that of the \$15.9 million loss in revenue anticipated in 2020, 43% is within the General Fund.

Mr. Sorrel advised that anticipated scenarios for recovery planning are dependent on public health response to the spread of the virus and economic policy response. He stated that Mr. Brunner has modeled several General Fund recovery curves based on varying potential recovery scenarios. He also outlined three methods of corrective action to anticipated revenue loss to both All Funds and the General Fund over the next three fiscal years, those being reserve usage, short-term borrowing, and expenditure cuts.

Mr. Sorrel stated that staff requests direction and feedback from committee on implementation within the three solutions via an Internal Action Plan. He summarized several of the tools to be utilized dependent on policy direction, those being a draw down on reserves, borrowing, delay and/or elimination of capital projects, and reduction of operations. He commented that it is staff's recommendation that there be no changes to the capital budget for road and bridge projects, and equipment purchases, while reducing site improvement projects and vehicle purchases.

Mr. Sorrel reiterated the direction sought by staff: 1) action steps to re-balance the 2020 budget; 2) concurrence on expenditure cuts; 3) high-level goals for 2021 budget.

Mr. Fennell stated that it would be prudent to utilize fund balance and then determining means of backing up that funding. Mr. Rieker agreed, stating that the prudent use of available fund balance is crucial to bridge the short-term, and stated the necessity of locating other funding resources for the longer term, particularly an effective means of borrowing funds. Ms. Pastucha cautioned that borrowing should be a last option. Mr. Dillon expressed concern that borrowing funds would lead to a property tax increase, and stated he could not support raising taxes in the current economic climate, indicating that employee furloughs and/or layoffs should be considered prior to borrowing funds.

A special meeting of the Budget Committee will be scheduled within the next week to further discuss the total amount and timing of expenditure cuts so as to provide staff with a clear fiscal direction.

Adjournment

The meeting was adjourned by Chairman Fennell at 4:40 p.m.