

Approved 7/27/21

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.