

**Approved 6/26/18**

**Minutes**

**BUDGET SUBCOMMITTEE**

**May 22, 2018**

**@ 2:00 p.m.**

<b>MEMBERS PRESENT:</b>	<b>James Fennell - Chairman; James Dillon – Vice-Chairman; Robert Baietto; Allen Mayer, Stephen Morris, Thomas O’Neill, Andrew Rand, Phillip Salzer, Sharon Williams</b>
<b>MEMBERS ABSENT:</b>	<b>Rachael Parker, Steven Rieker, Paul Rosenbohm</b>
<b>OTHERS PRESENT:</b>	<b>Scott Sorrel – County Administrator; Shauna Musselman - Assistant County Administrator; Larry Evans - State's Attorney's Office; Gregory Adamson – County Board Member; Randy Brunner – Interim Chief Financial Officer; Julie Ciesla, Paul Letcher – Finance; Gretchen Pearsall – Director of Strategic Communications; Kevin O’Conner – Circuit Clerk; Jennifer Shadid – Courts Administration; Kathi Urban – Planning &amp; Zoning; Nicole Demetreas – Treasurer; Brian Asbell, Doug Gaa - Sheriff’s Office</b>

**Call to Order**

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

**Approval of Minutes**

A motion to approve the minutes of April 24, 2018 was made by Mr. Baietto and seconded by Mr. Rand. The motion carried.

**Informational Items/Reports/Other Minutes/Updates**

• **Monthly Financial Report**

Mr. Brunner summarized financial data for the General Fund Revenues and Expenditures through February 2018. He advised that although revenues are up as compared to 2017 due to the timing of sales tax entries. He stated that PPRT revenues and Charges for Services were down slightly, Income Tax is up slightly, and Sales Tax is relatively flat. On the expense side, he advised that monthly accruals for the proper recognition of debt services are being completed, resulting in an increase in fund transfers.

• **FY17 Budget Recap and FY18 Budget Status**

Mr. Sorrel outlined the proposed 2018 budget calendar, noting a revenue submittal deadline of June 15, 2018 and expenditure submittal deadline of July 16, 2018. He stated that it is anticipated that the County Board Budget meeting will be held on November 15, 2018. Mr. Sorrel advised that staff will initially focus on revenues, reviewing both department projections for the current year and requests for FY2019, with the expenditure side of the budget built based upon those revenue figures.

Mr. Sorrel advised that staff continues to forecast expenditure growth outpacing revenue growth going forward, taking into account collective bargaining agreements and EAV projections. He noted that the County Board policy directive for the past two years has been to ensure that General Fund reserves continue to be at or above the reserve policy to the year 2021; he anticipates that the directive will be pushed to the year 2022. He stated that at the current rate of spend, reserves are balanced through 2021; however, beginning 2022, reserves begin to decrease below policy by \$583,000.00. He commented that absent a significant change in revenue growth or reduction in expenditures, General Fund reserves will go negative by \$877,000.00 in 2025.

Mr. Sorrel stated that the County has seen a 19% decrease in budgeted positions since the onset of the Great Recession, routinely operating with approximately 80 vacant positions. He noted that nearly 2/3 of those vacant positions are at Heddington Oaks, and driven by census.

Mr. Sorrel advised that final FY2017 budget figures in All Funds show a revenue shortfall of \$4.021 million and \$9.44 million under budget in expenditures. He commented that only \$730,000.00 in fund balance was utilized out of a planned use of \$6.1 million. He advised that final FY2017 figures in the General Fund show a revenue shortfall of \$840,000.00 and \$1.056 million under budget in expenditures. He stated that the adopted budget planned to grow the fund balance by \$1.9 million, with the final number being \$2.1 million.

Mr. Sorrel advised that the FY2018 budget for All Funds adopted revenues of \$122.5 million, with 1/3 of that figure General Fund dollars. He stated that the FY2018 budget for the General Fund adopted revenues of \$42.4 million.

Mr. Sorrel advised that the FY2018 budget for All Funds adopted expenditures of \$126.8 million, with 1/3 of that figure General Fund dollars. He stated that the FY2018 budget for the General Fund adopted expenditures of \$42.1 million.

Mr. Sorrel advised that FY2018 year-to-date activity (period 3) for All Funds shows a revenue shortfall of \$2.94 million and \$4.66 million under budget in expenditures. He noted that the County has received only two months of Sales Tax revenues; subsequent to receipt of the third month the revenue shortfall will decrease by ½. He advised that FY2018 year-to-date activity (period 3) for the General Fund shows a revenue shortfall of \$2.42 million and \$1.15 million under budget in expenditures, noting again that the revenue shortfall would decrease by nearly ½ after receipt of the third month of Sales Tax revenue.

Mr. Sorrel advised that the current year budget was adopted with a \$307,000.00 surplus, and provided that the FY2018 budget is met, FY2019 General Fund is forecasted to have a \$321,000.00 deficit. He commented that if Sales Tax and PPRT do not perform as well as budget, that figure will continue to increase.

Mr. Sorrel advised that future discussion topics related to budget include a flat EAV and the need to be more diverse in the mix between residential, industrial and commercial properties, and addressing the role of Peoria County in stemming EAV losses in Peoria's southend and the management and control of expenditures of several General Fund departments specifically related to that area of the community.

### **Adjournment**

The meeting was adjourned by Chairman Fennell at 3:27 p.m.

*Recorded & Transcribed by: Jan Kleffman*