

FINANCE COMMITTEE AGENDA

Called by: Jaime Salgado, Chairman
Members: Steve Schultz, John
Butitta, Paul Arena, Joe Hoffman,
Jean Crosby, Keith McDonald

DATE: THURSDAY, APRIL 1, 2021
TIME: 5:30 PM
LOCATION: VIRTUAL MEETING – ZOOM
(WINNEBAGO COUNTY YOUTUBE
LIVE)

The Winnebago County Board Chairman has determined that an in-person meeting is not practicable or prudent because of the COVID-19 pandemic.

AGENDA:

- A. Call to Order
- B. Roll Call
- C. Approval of October 29 and December 17, 2020 Minutes
- D. Public Comment – This is the time we invite the public to address the Finance Committee with issues and concerns. We ask you to limit your comments to three minutes. Personal attacks or inappropriate language of any sort will not be tolerated. We will allow a maximum of five speakers on a first come basis with sign up at the meeting. Speakers may not address zoning matters which are pending before the ZBA, the Zoning Committee or the County Board. Personnel matters or pending or threatened litigation may not be addressed in open session. An individual may speak a maximum of three times per calendar year on the same topic. This prohibition shall include the repetition of the same topic in a statement on what is purported to be a different topic. After acknowledgement by the chair, please stand and state your name. Thank you.
- E. Presentation of the 2020 Audit – John Rader, Baker Tilly
- F. Presentation and Status Report by the Winnebago County Tax Agent
- G. ETSB Budget Adjustment – Fire Station Alerting System
- H. John Giliberti – Closed Session to Discuss Pending Litigation (No Action Taken)
- I. Settlement of Litigation, Chase Byerley vs. Thomas Klein et al.
- J. Resolution Authorizing Settlement of a Claim Against the County of Winnebago Entitled Alex Hughes Versus Winnebago County
- K. Resolution Authorizing Settlement of a Claim Against the County of Winnebago Entitled Kenneth Frickson Versus Winnebago County
- L. Resolution Adopting Fiscal Year 2022 Budget Policy

- M. Resolutions in (support of/opposition to) SB1721 — Proposed Amendments to the Property Tax Code (35 ILCS 200/21-90; 35 ILCS 200/21-215; 35 ILCS 200/21-355) Counties Code (55 ILCS 5/5-1121) and Illinois Municipal Code (65 ILCS 5/11-31-1)
- N. Resolutions in (support of/opposition to) SB2278 — Proposed Amendment to State Statute 55 ILCS 5/5-1006.5 (Special County Retailers' Occupation Tax for Public Safety, Public Facilities, Mental Health, Substance Abuse, or Transportation)
- O. Other Matters
- P. Adjournment

**Winnebago County Board
Finance Committee Meeting**
Virtual Meeting – Zoom
(Winnebago County YouTube Live)

Thursday, October 29, 2020
5:00 PM

Present:

Jaime Salgado, **Chairman**
Steve Schultz
Keith McDonald
Joe Hoffman
Burt Gerl
Dave Fiduccia
John Butitta

Others Present:

Steve Chapman
Pat Thompson, County Administrator
Dave Kurlinkus, Deputy State's Attorney
Marilyn Hite Ross, State's Attorney
Charlotte LeClerc, Assistant Deputy State's Attorney
Paul Arena, County Board Member
Jim Webster, County Board Member

AGENDA:

- A. Call to Order
- B. Roll Call
- C. Public Comment
- D. Petition for Payment of Attorney's Fees for Special State's Attorney Terry A. Ekl
- E. CFO Recruitment
- F. Closed Session to Discuss Pending Litigation
- G. Other Matters
- H. Adjournment

Chairman Salgado called the meeting to order at 5:00 PM.

Public Comment

Chairman Salgado omitted reading the Public Comment section of the Agenda due to no one present to speak.

Petition for Payment of Attorney's Fees for Special State's Attorney Terry A. Ekl

Motion by Mr. Gerl and Seconded by Mr. Hoffman.

- A discussion followed.

Motion passed by unanimous voice vote.

CFO Recruitment

- Mr. Thompson worked with the HR Department to finalize a job description for the CFO with one minor revision to the Ordinance. It will be brought before the Board in November. The position is in the 2021 approved budget. A member of the Finance Committee will assist in the recruitment process before a final recommendation is made to the Finance Committee and the County Board.
- A discussion followed.

Mr. Salgado – Motion to go into closed session to discuss pending litigation and personnel matter.
Motion by Mr. Hoffman and Seconded by Mr. Schultz.

Roll call: Mr. Salgado yes, Mr. Hoffman yes, Mr. Gerl yes, Mr. McDonald yes, Mr. Butitta yes, Mr. Fiduccia yes, and Mr. Schultz yes.

Mr. Salgado – No action was taken in closed session.

Other Matters

None

Motion to adjourn. Moved: Mr. Hoffman, Seconded: Mr. Schultz.
Motion passed by unanimous voice vote.

Respectfully submitted,

Amy Ferling
Administrative Assistant

**Winnebago County Board
Finance Committee Meeting**
Virtual Meeting – Zoom
(Winnebago County YouTube Live)

Thursday, December 17, 2020
Immediately Following Operations and Administrative Committee

Present:

Jaime Salgado, **Chairman**
Steve Schultz
John Butitta
Paul Arena
Joe Hoffman
Jean Crosby
Keith McDonald

Others Present:

Joe Chiarelli, County Board Chairman
Pat Thompson, Interim County Administrator
Dave Rickert, Chief Financial Officer
Charlotte LeClercq, Assistant Deputy State's Attorney
Dave Kelley, County Board Member
Brad Lindmark, County Board Member
Angie Goral, County Board Member
Dorothy Redd, County Board Member

AGENDA:

- A. Call to Order
- B. Roll Call
- C. Approval of August 6 and 25 and September 2, 2020 Minutes
- D. Public Comment
- E. Resolution Authorizing County Contribution for State's Attorneys Appellate Prosecutor's Program
- F. Closed Session
- G. Other Matters
- H. Adjournment

Chairman Salgado called the meeting to order at 5:52 PM.

Motion to approve the minutes of August 6 and 25 and September 2, 2020

Moved: Mr. Hoffman, Seconded: Mr. Schultz and Ms. Crosby.

Roll call: Mr. Schultz yes, Mr. Arena yes, Mr. Hoffman yes, Ms. Crosby yes, Mr. McDonald yes, Mr. Salgado yes and Mr. Butitta yes.

Motion passed by unanimous voice vote.

Public Comment

Chairman Salgado omitted reading the Public Comment section of the Agenda due to no one present to speak.

Resolution Authorizing County Contribution for State's Attorneys Appellate Prosecutor's Program

Motion by Mr. Schultz and Seconded by Mr. Arena.

- A discussion followed.

Roll call: Mr. Salgado yes, Mr. Schultz yes, Mr. Butitta yes, Mr. Arena yes, Mr. Hoffman yes, Ms. Crosby yes and Mr. McDonald yes.

Motion passed by unanimous voice vote.

Mr. Salgado – Motion to go into closed session for pending litigation.

Moved: Ms. Crosby, Seconded: Mr. Hoffman.

Roll call: Mr. Salgado yes, Mr. Schultz yes, Mr. Butitta yes, Mr. Arena yes, Mr. Hoffman yes, Ms. Crosby yes and Mr. McDonald yes.

Mr. Salgado – No action was taken in closed session.

Other Matters

- Mr. Salgado talked about reminding Elected Officials potentially about staffing changes and increases and going through the process of Budget Amendments.

Motion to adjourn. Moved: Ms. Crosby, Seconded: Mr. Schultz.

Motion passed by unanimous voice vote.

Respectfully submitted,

Amy Ferling
Administrative Assistant

The background of the slide is a photograph of an office interior. Several people are seated at a long, dark table, their figures silhouetted against a large window that looks out onto a city skyline. The scene is dimly lit, with the primary light source coming from the window, creating a professional and focused atmosphere.

Reporting and insights from 2020 audit: Winnebago County, IL

September 30, 2020

Executive summary

March 26, 2021

To the Honorable Chair and Members of the County Board and Management
of the County of Winnebago, Illinois
404 Elm Street, Room 520
Rockford, IL 61101

We have completed our audit of the financial statements of the County of Winnebago (the County) for the year ended September 30, 2020, and have issued our report thereon dated March 26, 2021. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your County's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

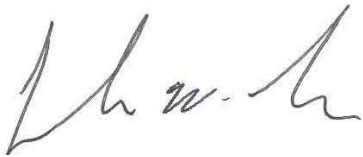
Additionally, we have included information on key risk areas the County should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- John Rader, Director: john.rader@bakertilly.com or +1 (608) 240 2431
- Casandra Chase, Manager: casandra.chase@bakertilly.com or +1 (608) 240 6785
- Erin Seliger, Senior Associate: erin.seliger@bakertilly.com or +1 (608) 240 2531

Sincerely,

Baker Tilly US, LLP

A handwritten signature in dark ink, appearing to read "John Rader", with a stylized flourish at the end.

John Rader, CPA, Firm Director

Table of contents

Executive summary	2
Responsibilities	5
Audit status	8
Audit approach and results	10
Accounting changes relevant to the County	22
Trending challenges and opportunities for organizations	25
Appendix A: Client service team	29
Appendix B: Management representation letter	31
Appendix C: Corrected misstatements.....	40
Appendix D: Two-way communication regarding your audit.....	42
Appendix E: Audit results	45

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

Responsibilities

Responsibilities

Our responsibilities




As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the County's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*
- Considering internal control over compliance with requirements that could have a direct and material effect on major federal programs to design tests of both controls and compliance with identified requirements
- Forming and expressing an opinion based on our audit in accordance with OMB's *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) about the entity's compliance with requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the County's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management	Auditor
 <p>Prepare and fairly present the financial statements</p>	<p>Our audit does not relieve management or those charged with governance of their responsibilities</p>
 <p>Establish and maintain effective internal control over financial reporting and compliance with laws, regulations, contracts and grants</p> <p>Compliance with the types of requirements described in the <i>OMB Compliance Supplement</i></p>	<p>An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls</p> <p>While our audit provides a reasonable basis for our opinion on compliance, it does not provide a legal determination on compliance with those requirements.</p>
 <p>Provide us with written representations at the conclusion of the audit</p>	<p>See Appendix B for a copy of management's representations</p>

Audit status



Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results



Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the County and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the County's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis		Testing approach
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified the following deficiency as a significant deficiency:

– Missing key controls

Controls over year-end accounting

- There should be a process in place to identify and accrue accounts receivable owed to the County as a part of the fiscal year-end accounting process.
- There should be a process in place to review and assess the nature of receipts to determine whether they are earned revenues at fiscal year-end

The proper internal controls were not in place at the County to ensure that all activity and the appropriate accounting information was reflected in the County's general ledger and ultimately in its financial statements. The absence of these controls resulted in material audit entries to accrue receivables and revenue as well as to reclassify revenues to the balance sheet as unearned in the County's Motor Fuel Tax fund. Therefore, the absence of this control is considered to be a significant deficiency.

The County's written response to the significant deficiency and status of prior year issues identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Management's Response (9/30/20)

The Finance department has endeavored to create a comprehensive list of entries to be made by fund that particularly impact balance sheet accounts for the fiscal year-end process. During the close process this list is reviewed often. This particular entry was not on the list at the time of the FY20 close and was overlooked. It has been included in the list. Finance will review the balance sheet accounts and the list to be sure all potential entries are considered during the close process.

Other comments and recommendations

PRIOR YEAR POINTS

Internal control environment

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

There are certain controls that are not currently in place related to financial reporting. As a result, there is a risk that errors or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

Controls over year-end accounting

The schedule of expenditures of federal awards should be independently reviewed and approved by an appropriate person who is not the original preparer.

Controls over purchasing

The County maintains a purchasing policy but it is not being consistently adhered to and departments do not understand the requirements.

Controls over highway inventory

There should be a process to perform periodic and year-end physical inventory counts to ensure accuracy for amounts reported as inventory and to strengthen controls over inventory management.

Status (9/30/20)

Controls over highway inventory

During 2020, inventory procedures were implemented to perform annual physical inventory accounts at year-end. The total value of the counted inventory is considered immaterial. This comment is considered resolved and no management response is necessary.

Management's Response (9/30/2020)

Controls over year-end accounting

The Finance Directors for both the County and the Health Department gather and report the information for the SEFA. Information for the SEFA is gathered from grant administrators for the various grants and reconciled to expenditures in Munis. Staffing constraints create a certain challenge for separating SEFA preparation from independent review. The County will continue to review and update policies for grants to ensure that one person is aware of all grants awarded to the various agencies of the County.

Controls over purchasing

Since the end of fiscal year 2019, the Purchasing Department has worked to educate departments impacted by the policy of the correct process for purchases. The County continues to encourage departments to use the requisition/purchase order process in the ERP system to properly document the process.

Highway department financial reporting

As part of our audit procedures performed at the Highway Department we completed internal control walkthroughs to determine if controls exist over financial reporting. During our walkthrough it was determined that the department is not billing local agencies in a timely manner due to a delay in information provided by the State. As a result, accrual information is not being effectively communicated to Finance for financial reporting purposes which can result in material restatements.

We recommend that the Highway Department implement processes to ensure controls exist to sufficiently track and estimate the amount of completed services throughout the year. Additionally, we recommend that information is communicated to Finance at least annually at fiscal-year end for financial reporting purposes.

Status (9/30/20)

During our walkthrough it was determined that the department has implemented procedures to track reimbursements and bill local agencies in a timely manner. This comment is considered resolved and no management response is necessary.

River Bluff Nursing Home financial reporting

As we have reported to you in the past, our audit procedures performed at the River Bluff Nursing Home focus considerable effort testing the year-end receivables and the related revenue accounts. Due to the inherent nature of the receivable balances, an allowance is calculated each year for amounts that are estimated to be uncollectible. The County determines this allowance by using a percentage-based approach to each of the pay sources such as private pay, Medicare Part A, Hospice, etc. We recommend the nursing home perform either a look-back analysis or a detailed analysis of all resident accounts with outstanding balances as a basis to determine the appropriate amount to record as an allowance and the related write-off expense each year. Performing either one of these procedures allows for an improved estimate since it is based upon the most recent collection data.

River Bluff also accounts for inventory at the nursing home for items such as pharmaceuticals, dietary items, and supplies. While the nursing home does perform a physical count once a year, each department performs their own count and there is no independent verification of those items. Pricing is determined using the most recent cost, which is not an allowable costing method by Generally Accepted Accounting Principles (GAAP). In addition, there is not a formal process to monitor variances between inventoried items and those counted. We recommend that the nursing home implement additional controls around the inventory count procedures currently being used and that a pricing method consistent with GAAP be used going forward.

We have also noted several additional deficiencies including:

- River Bluff is not billing on a regular basis or in a timely manner which has resulted in a considerable increase in their receivable balance over the last two years. Receivables are now comprised of 91% at 90+ days outstanding.
- These same issues with billing have resulted in a considerable increase in their receivable balance and a year-end negative cash position of approximately \$10M.
- The delayed billing has also resulted in a 46% increase in the federal match receivable balance which went from \$2.3M to \$3.4M from 2019 to 2020.
- Significant credit balances exist on resident accounts that are not being reconciled or resolved in a timely manner. In addition, payments are periodically made on these accounts that are not being correctly accounted for within the financial accounting system. At year-end, this cumulative payable account consisted of approximately a \$1M balance.
- River Bluff accounts for most of its financial activity within the PointClickCare healthcare system. This system is not being reconciled on a regular basis to the County's financial accounting system.

Collectively, these deficiencies have resulted in significant cash management challenges for River Bluff and a reliance upon the County's general fund to borrow cash from at year-end. We recommend River Bluff implement the necessary procedures to ensure accurate financial reporting and improve cash management.

Status (9/30/2020)

We continue to recommend the suggested areas of improvement as noted above. We also noted during the 2020 audit that River Bluff does not have a formal policy in place for writing off uncollectible accounts receivable.

Management's Response (9/30/2020)

The Nursing Home business office experienced significant staff turnover during FY20 which resulted in issues with billing on a timely basis. Staffing has since stabilized and billing of all providers is current which has resulted in a moderate decline in receivable. Most difficulties in reconciling PointClickCare with the County's financial accounting system have been rectified and outstanding reconciling items have been communicated and are being rectified. The Nursing Home business office will work with appropriate staff and their consultants to develop a write-off procedure and begin the process to review all patient accounts including those with credit balances and older accounts which may no longer be collectible.

Decentralized bank accounts – Sheriff

On August 16, 2017, the County of Winnebago's Auditor's office released its report regarding the decentralized bank accounts maintained by the County Sheriff's department. Several recommendations were noted as part of that internal audit that should be addressed to strengthen internal controls and result in reporting the activity according to Generally Accepted Accounting Principles (GAAP). Those recommendations included:

- Improving segregation of duties over each of the decentralized accounts so as to ensure the integrity of the funds by strengthening controls.
- Moving the accounting and financial reporting responsibilities for some of the accounts to the Finance Department. The expenditure of these funds should then be appropriated and approved by the County Board. Disbursements would be subject to the same controls as other claims against the County.
- Several accounts should be closed because there does not appear to be any authoritative guidance or business purpose requiring them to be open. Funds should then be turned over to the County Treasurer and reported by the Finance Department along with other County funds.

Status (9/30/2020)

For the last three years, we have performed site visits to follow-up on the recommendations made by the County Auditor's office. All recommendations are still valid and should be implemented to prevent potential misstatements to the financial statements of the County, to strengthen internal controls, and to comply with all state and federal regulations.

Management's Response (9/30/2020)

County Administration has requested the County Sheriff's department implement the recommendation of the County Auditor. The County Sheriff has declined this request.

Decentralized Cash Collections

Procedures and controls to reduce risk

Many governments collect cash at numerous decentralized locations that are separate from the primary system of accounting procedures and controls. The opportunity for theft is often higher at those locations because one person is frequently involved in most, if not all, aspects of a transaction (i.e. lack of segregation of duties).

Examples in your County that fit this situation may include the following:

- | | |
|-------------------|----------------------------|
| - Court Services | - Recorder |
| - Probation | - Regional Planning and |
| - Highway | Economic Development |
| - Human Resources | - Sheriff |
| - Animal Services | - River Bluff Nursing Home |
| - County Clerk | - Health Department |

Management is responsible for designing and implementing controls and procedures to detect and prevent fraud. As a result, we recommend that management review its decentralized cash collection procedures and controls on a periodic basis and make changes as necessary to strengthen the internal control environment. Reviewing the adequacy of the controls is a responsibility of the governing body.

Below are example procedures and controls to help mitigate the risk of loss at decentralized cash collection points:

- Implement a centralized receipting process with adequate segregation of duties
- For cash collections, ensure pre-numbered receipts are being used and all receipts in the sequence are being reviewed by someone other than the person receipting the cash and receipts tie to deposits. Perform surprise procedures at decentralized locations (cash counts, walkthrough of processes, etc.)
- Require regular cash deposits to minimize collection on-hand
- Limit the number of separate bank accounts
- Segregate duties as much as possible – the person receipting cash should be separate from the person preparing deposits and the person reconciling bank accounts should be separate from the cash collection activity
- Perform a month-to-month or year-to-year comparisons to look for unusual changes in collections
- If collecting from a drop box site, consider sending two people to collect the funds, especially during peak times

As always, the cost of controls and staffing must be weighed against the benefits of safeguarding your assets.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during fiscal year 2020. We noted no transactions entered into by the County during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension asset/liability and related deferrals	Evaluation of information provided by the Illinois Municipal Retirement Fund	Reasonable in relation to the financial statements as a whole
Self-insurance claims	Historical claims analysis and report provided by a third-party administrator	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Net/Total OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Other audit findings or issues

We encountered no other audit findings that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The schedule within the Appendix summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the County or that otherwise appear to be unusual due to their timing, size or nature.

Other information in documents containing audited consolidated financial statements.

Official statements (or other equivalent document which we may not read unless engaged separately)

The County's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The County can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

We will issue a separate document which contains the results of our audit procedures to comply with the Uniform Guidance.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the County's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the County that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the County's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Preparation of Part II of the Data Collection Form
- IT operational assessment review

In addition, we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Accounting changes relevant to the County



Accounting changes relevant to the County

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
84	Fiduciary Activities	✓	9/30/21*
87	Leases	✓	9/30/22*
89	Accounting for Interest Incurred before the End of a Construction Period	✓	9/30/22*
91	Conduit Debt	✓	9/30/23*
92	Omnibus 2020	✓	9/30/22*
93	Replacement of Interfund Bank Offered Rates	✓	9/30/22*
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	9/30/23
96	Subscription-Based Information Technology Arrangements	✓	9/30/23
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans	✓	9/30/22

*The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

Further information on upcoming [GASB pronouncements](#).

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective soon. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the County review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the County should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

Planning for the new conduit debt reporting

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The County should identify any existing debt arrangements involving third-party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

Trending challenges and opportunities for organizations



Trending challenges and opportunities for organizations

Management and governing bodies must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long-term goals. Economic uncertainty, coupled with key risk areas and fast-paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

Turning toward recovery and growth

Many organizations are focusing on the strategic restart and ramp up of their operations.

With great uncertainty about what recovery will look like—or how long it will take—it is essential for your organization to understand the scenarios you may face and plan your path back to growth.

We can help you chart a way forward that will enhance and maximize your value, minimize further disruption and keep your workforce safe.

Recommendation

Follow our [road map](#) to reopen, recover and reset.



Compliance with federal awards



Challenge

The COVID-19 crisis has had a significant effect on the nation, including recipients of federal awards resulting from various congressional acts. Federal funding adds an increased level of scrutiny and brings new challenges around compliance, reporting and administration.

Finance and spending departments are operating in unprecedented times as they manage and administer these funds while also remaining economically viable, maintaining operations and adapting to the “new normal.”

Recommendation

Learn more about [compliance for federal funds](#) obtained for pandemic response efforts.

Recession proofing measures



Challenge

Ever aware of the need to balance the needs of diverse constituents against constrained revenue streams and conflicting priorities, public leaders strive to effectively deploy scarce resources while maintaining the highest levels of accountability and transparency.

In times of crisis, additional challenges emerge to maintain essential services, ensure citizen safety, protect their workforce and jumpstart programs to mitigate negative local economic impacts—all while focusing on planning for long-term effects of revenue shortages and the subsequent recovery.

Developing strategic clarity, aligning resources with priorities, strengthening performance, optimizing processes and leveraging

technology are imperative.

Recommendation

Learn about [proactive measures to insulate your organization](#) from financial hardship and to [optimize your organization's performance](#).

Recruiting and hiring

Challenge

Public sector entities in need of key workforce personnel, such as city or county managers and administrators, city or county attorneys, fire chiefs, police chiefs and other departmental directors, may find themselves in an unenviable position during a pandemic.

Organizations need the talent, but a pandemic can disrupt essential business processes and cause apprehension about access to desirable candidates.

Hiring leaders should proactively discuss what-if scenarios, evaluate short-term and long-term hiring priorities, and plan for situations where immediate recruitment is imperative.

Recommendation

Learn the key considerations and actions for [recruiting and hiring](#) in a crisis.



Risk assessment

Challenge



Organizations today manage ever-expanding priorities in a constantly evolving, disruptive risk environment. Undetected risks, insufficient internal controls and inefficient business processes may negatively impact not only the entity but also its workforce and the community at large.

Risk assessment and internal audit prove essential to identifying top risks and the appropriateness of response in order to:

- Manage risk and compliance
- Enhance governance and strategy
- Optimize operations
- Gain assurance around key functions and processes that contribute toward meeting organizational goals

Recommendation

Learn about the key considerations for the [risk assessment process and internal audit planning](#).

Economic development

Challenge

In today's complex economic landscape, communities face the daunting challenge of rebuilding their local economies. Restoring the momentum of economic expansion and investment to enhance quality of life for residents and produce long-term financial gain for the community is at the forefront of concerns.

Whether attracting growth to maximize opportunity built around community strengths or accounting for the many unknowns caused by major disruptions, a robust economic development strategy is essential to recovery.

Recommendation

Learn about the advantages of creating an [economic development strategic plan and the framework](#) to follow.



Harnessing data and analytics for strategic insight and decision-making



Challenge

In crisis and recovery, organizations are investing in advanced analytic solutions to help them not only make better decisions faster and more consistently, but also to improve operational efficiency and performance. Of all the business analytics available, advanced analytic solutions should be at the top of your priority list given the impact it can have on your business.

Recommendation

Learn more about [data & analytics strategy and roadmaps](#), [MDM and data process re-engineering](#), [AI strategy](#), [data visualization](#) and other digital and analytic capabilities.

Information technology and cybersecurity



Challenge

While return-to-work scenarios are being developed, it is likely that remote workforces will remain a reality for many organizations in the short- to mid-term. Though many organizations have been able to adapt on a short-term basis, some will not be prepared for long-term operation on a remote and virtual basis. Organizations should increase monitoring of invasive cyber events, given the likely increase in hackers sending out fake emails, website links and ransomware attacks – and also consider:

- Adequacy of IT controls and security
- Performance of remote infrastructure supporting operations
- Improvements to remote applications for communication, collaboration and workflow
- Alternatives for data entry, work and information flow

Recommendation

[Learn more](#) about information technology and cybersecurity, including [System & Organization Controls reporting](#).

Appendix A: Client service team

Client service team



John Rader, CPA, MBA

Partner

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Appendix B: Management representation letter



WINNEBAGO COUNTY

— ILLINOIS —

March 26, 2021

Baker US, LLP

4807 Innovate Ln, PO Box 7398
Madison, Wisconsin, 53707-7398

Dear Baker US, LLP:

We are providing this letter in connection with your audit of the financial statements of the County of Winnebago as of September 30, 2020 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Winnebago and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, if any, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.
- 7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
- 9) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
- 11) Guarantees, whether written or oral, under which the County is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the County Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,

- b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
 - 16) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
 - 17) There are no known related parties or related party relationships and transactions of which we are aware.

Other

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 22) The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 23) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 24) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

25) In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

a) Financial statement preparation

b) Adjusting journal entries

c) Preparation of auditee sections of the data collection form

d) IT operational consulting review

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

26) The County of Winnebago has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) The County of Winnebago has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

28) The financial statements include all component units (if any) as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.

29) The financial statements properly classify all funds and activities.

30) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

31) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

32) The County of Winnebago has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

33) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

35) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- 37) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 38) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 40) Tax-exempt bonds issued have retained their tax-exempt status.
- 41) We have appropriately disclosed the County of Winnebago's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 43) With respect to the supplementary information, (SI):
 - a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 44) We assume responsibility for, and agree with, the findings of specialists in evaluating the incurred but not reported liability and the other post-employment benefit liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
- 45) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.
- 46) We have evaluated and considered all debt reported as defeased in substance and believe all material amounts held in trust that are not expressly prohibited from substitution in monetary assets that are not essentially risk-free are properly disclosed.

47) We have reviewed our long-term debt agreements and believe that all terms related to significant events of default with finance-related consequences, termination events with finance-related consequences and subjective acceleration clauses have been properly identified and disclosed.

48) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).
- b) We acknowledge our responsibility for presenting the SEFA in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are administering our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to the programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Compliance Supplement relating to federal awards.

- j) We have disclosed any communications from grantors and pass-through entities disclosed to you results of our including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation agreements, and internal or external monitoring that directly relate to the objectives of the compliance audit, if any, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) We are not aware of any instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- u) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditors' reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements to ensure that subrecipients have taken the appropriate and timely corrective action on findings.
- v) We have considered the results of subrecipient audits and made any necessary adjustments to our books and records.
- w) We have charged costs to federal awards in accordance with applicable cost principles.

- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- z) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Sincerely,

County of Winnebago

Signed: David J. Rickert
David J. Rickert, Chief Financial Officer

Signed: Molly Terrinoni
Molly Terrinoni, Finance Director

Appendix C: Corrected misstatements



Material corrected misstatements

Description	Opinion unit	Amount
To reclassify State funding for future projects from revenue on the income statement to unearned revenue on the balance sheet.	Remaining funds	\$1,756,843
To record accounts receivable and revenue for receipts received after year-end applicable to fiscal year 2020.	Remaining funds	\$891,754

The remaining misstatements that were identified and corrected by management were not material individually or in the aggregate to the financial statements taken as a whole.



Appendix D: Two-way communication regarding your audit

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, the Uniform Guidance, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting

and compliance and the Uniform Guidance, in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the County will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. We will complete preliminary financial audit work during the months of October-December. Our final financial fieldwork is scheduled during January through February to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-8 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

Appendix E: Audit results

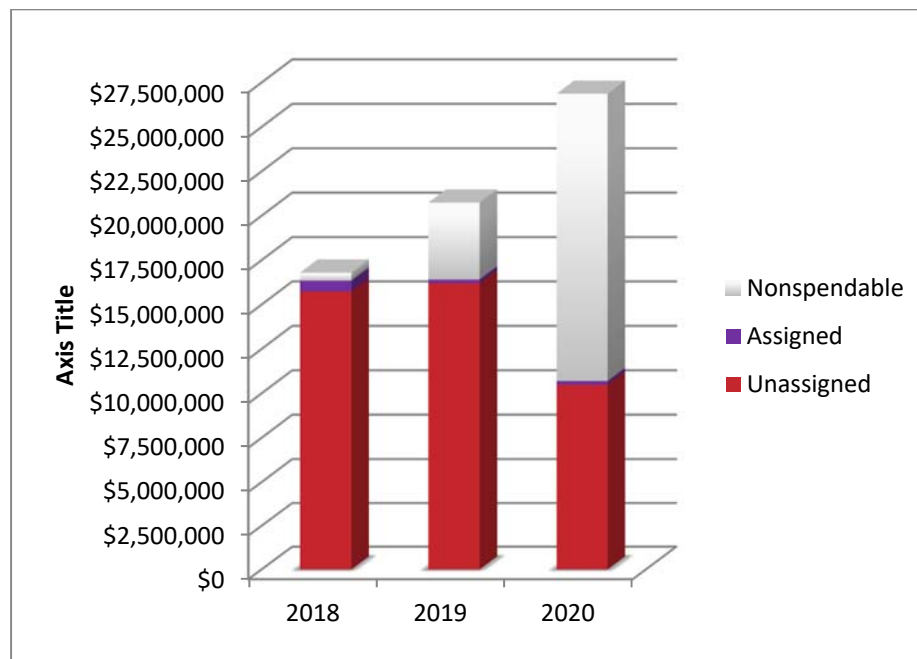


Financial Results – General Fund

	<u>Actual</u>	<u>Final Amended Budget</u>	<u>Variance</u>
Revenues and other financing sources	\$ 55,357,987	\$ 53,320,829	\$ 2,037,158
Expenditures and other financing uses	<u>(49,227,822)</u>	<u>(49,411,197)</u>	<u>183,375</u>
Net change in fund balance	6,130,165	<u>\$ 3,909,632</u>	<u>\$ 2,220,533</u>
Fund balance – beginning of year	<u>20,740,258</u>		
Fund Balance – End of Year	<u>\$ 26,870,423</u>		

Financial Results

General Fund Balance History



Fund Balance Components	2018	2019	2020
Unassigned	\$ 15,741,671	\$ 16,215,044	\$ 10,498,042
Assigned	608,000	200,000	200,000
Nonspendable	450,757	4,325,214	16,172,381
Total	<u>\$ 16,800,428</u>	<u>\$ 20,740,258</u>	<u>\$ 26,870,423</u>

MINIMUM FUND BALANCE POLICY

The county has also adopted a minimum fund balance policy that requires the county to maintain unassigned fund balance in the general fund and the public safety sales tax fund to fund operations for a period of at least three months (25% of expenditures). These funds are to be maintained for cash flow and working capital purposes. The minimum fund balance is calculated as follows:

		General Fund	Public Safety Sales Tax Fund
2020 Expenditures		<u>\$ 49,227,822</u>	<u>\$ 32,083,512</u>
Minimum	25%	12,306,956	8,020,878
Actual		<u>10,498,042</u>	<u>451,948</u>
Deficiency		<u>\$ (1,808,914)</u>	<u>\$ (7,568,930)</u>

Financial Results

Financial Results – Other Governmental Funds

	Public Safety Sales Tax Fund	Illinois Municipal Retirement Fund	Tort Liability	Nonmajor Governmental Funds
Revenues	\$ 27,106,580	\$ 6,896,722	\$ 4,056,654	\$ 62,108,726
Expenditures	(26,824,834)	(5,720,184)	(2,429,962)	(67,153,498)
Other financing sources (uses)	<u>(5,258,678)</u>	<u>(1,721,707)</u>	<u>(963,250)</u>	<u>15,197,098</u>
Net change in fund balances	(4,976,932)	(545,169)	663,442	10,152,326
Fund balance – beginning of year	<u>5,428,880</u>	<u>4,575,729</u>	<u>646,108</u>	<u>50,461,579</u>
Fund Balance – End of Year	<u>\$ 451,948</u>	<u>\$ 4,030,560</u>	<u>\$ 1,309,550</u>	<u>\$ 60,613,905</u>
Nonmajor Funds				
Special revenue funds				\$ 41,461,808
Debt service funds				10,065,260
Capital projects				<u>9,086,837</u>
Total				<u>\$ 60,613,905</u>

Financial Results

Financial Results – Proprietary funds

	River Bluff Nursing Home Fund	555 North Court Street Fund	Internal Services Funds
Revenues	\$ 13,498,327	\$ 446,306	\$ 19,359,263
Expenditures	(17,654,045)	(447,820)	(17,190,714)
Nonoperating revenues (expenses)	1,826,353	-	-
Change in net position (loss)	(2,329,365)	(1,514)	2,168,549
Net Position – Beginning of year	<u>4,316,555</u>	<u>3,380,093</u>	<u>4,291,338</u>
Net Position – End of Year	<u>\$ 1,987,190</u>	<u>\$ 3,378,579</u>	<u>\$ 6,459,887</u>

Financial Results

Legal Debt Margin

Pursuant to Illinois Statutes, the total indebtedness of the county for general purposes may not exceed 5.75% of the value of the taxable property located therein for state purposes.

Equalized Value		\$	4,063,818,732
Debt Margin Percentage			5.75%
Legal Debt Limit			233,669,577
Outstanding General Obligation Debt	\$	118,573,502	
Less amount excluded from long-term debt		(107,490,000)	
Total Amount of Debt Applicable to Debt Margin			11,083,502
Legal Debt Margin		\$	222,586,075
Percentage of Debt Capacity Used			4.74%
Prior Year			5.76%

Debt Service Compared to Governmental Expenditures

<u>Governmental Funds</u>			
Principal		\$	15,586,802
Interest			5,153,821
Debt service expenditures			20,740,623
Total governmental expenditures	\$	151,334,899	
Less: Capitalized outlay expenditures		(5,011,388)	
Non-capital governmental expenditures			146,323,511
Percentage of debt service compared to			
non-capital governmental expenditures			14%
Prior Year			11%



Resolution Executive Summary

Prepared By: David J. Rickert
Committee: Finance Committee
Committee Date: 4-1-2021
Resolution Title: ETSB Budget Adjustment - *Fire Station Alerting system*
County Code: N/A
Board Meeting Date: 4-8-2021

Budget Information:

Was item budgeted? No	Appropriation Amount: \$ 490,000
If not, explain funding source: Fund 0114 9-1-1 Operation Fund	
ORG/OBJ/Project Code: 41400/46586	Budget Impact: \$490,000

Background Information: *The Winnebago County ETSB purchased the US Digital Fire Station Alerting system in the 2020 fiscal year. The system reduces 911 Center call processing times and emergency response through automated dispatch alerts. This project covers all Fire Departments within Winnebago County. The total cost of the project to the ETSB is \$1,035,319.54. A total of \$548,087.82 has been invoiced and paid from the 2020 funds. The project timeline has carried through into the 2021 fiscal year. The ETSB is requesting a budget amendment to the 2021 budget in the amount of \$490,000.00 to cover the remaining balance of the project.*

Recommendation: Administration supports this resolution
Contract/Agreement: N/A
Legal Review: N/A
Follow-Up: N/A

2021 Fiscal Year

Sponsored by:

Jaime Salgado, Finance Committee Chairman

Finance:

April 1, 2021

Lay Over:

April 8, 2021

Final Vote:

April 22, 2021

2021 CO

TO: THE HONORABLE BOARD MEMBERS OF THE COUNTY OF WINNEBAGO, ILLINOIS

The Winnebago County Finance Committee presents the following Ordinance amending the Annual Appropriation Ordinance for the fiscal year ending September 30, 2021 and recommends its adoption.

ORDINANCE

WHEREAS, Winnebago County ETSB purchased the US Digital Fire Station Alerting system in fiscal year 2020. The system reduces 911 Center call-processing times and emergency response through automated dispatch alerts. The ETSB is requesting this budget amendment to the 2021 fiscal year to cover the remaining balance of the project.

WHEREAS, the Winnebago County Board adopted the “Annual Budget and Appropriation Ordinance” for the fiscal year ending September 30, 2021 at its September 24, 2020 meeting; and,

WHEREAS, 55ILCS 5/6-1003(2014), states, “After the adoption of the county budget, no further appropriations shall be made at any other time during such fiscal year, except as provided in this Act. Appropriations in excess of those authorized by the budget in order to meet an immediate emergency may be made at any meeting of the board by a two-thirds vote of all the members constituting such board, the vote to be taken by ayes and nays and entered on the record of the meeting.”

NOW, THEREFORE, BE IT ORDAINED, that the County Board deems that pursuant to the provisions as set forth in 55ILCS 5/6-1003(2014), certain conditions have occurred in connection with the operations of the County which are deemed to be immediate emergencies; therefore the increases detailed per the attached Request for Budget Amendment are hereby authorized for Amendment **#2021-007 Fire Station Alerting System**.

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(AGREE)

JAIME SALGADO,
FINANCE CHAIRMAN

JEAN CROSBY

JOE HOFFMAN

PAUL ARENA

STEVE SCHULTZ

KEITH McDONALD

JOHN BUTITTA

Respectfully Submitted,
FINANCE COMMITTEE
(DISAGREE)

JAIME SALGADO,
FINANCE CHAIRMAN

JEAN CROSBY

JOE HOFFMAN

PAUL ARENA

STEVE SCHULTZ

KEITH McDONALD

JOHN BUTITTA

The above and foregoing Ordinance was adopted by the County Board of the County of Winnebago, Illinois this ____ day of _____ 2021.

ATTESTED BY:

JOSEPH CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

2021
WINNEBAGO COUNTY
FINANCE COMMITTEE
REQUEST FOR BUDGET AMENDMENT

DATE SUBMITTED: 3/22/2021 AMENDMENT NO: 2021-007							
DEPARTMENT: ETSB				SUBMITTED BY: Dave Rickert			
FUND#: 0114				DEPT. BUDGET NO. 41400			
Department Org Number	Object (Account) Number	Object (Account) Description	Adopted Budget	Amendments Previously Approved	Revised Approved Budget	Increase (Decrease)	Revised Budget after Approved Budget Amendment
Expenditures							
41400	46586	Data Processing Equipment	\$0	\$0	\$0	\$490,000	\$490,000
Revenue		Fund Balance					
TOTAL ADJUSTMENT:						\$490,000	
Reason budget amendment is required:							
In FY20 Winnebago Cnty ETSB purchased the US Digital Fire Station Alerting system. They are asking for a budget amendment in the amount of \$490,000 to cover the remaining balance of the project.							
Potential alternatives to budget amendment:							
None							
Impact to fiscal year 2021 budget:							
\$490,000							
Revenue Source:		Fund Balance					



Resolution Executive Summary

Prepared By: Tanya Harris

Committee: Finance Committee

Committee Date: April 1, 2021

Resolution Title: Resolution for Approval for Workman's Compensation Settlement

Budget Information:

Was item budgeted? Yes	Appropriation Amount:
If not, explain funding source:	
ORG/OBJ/Project Code: 49400-43535	Budget Impact:

Background Information: Settlement for Alex Hughes in the amount of \$14,573.75

Recommendation: The Finance Committee, chaired by Jaime Salgado, to approve this settlement.

Contract/Agreement:

Legal Review: Carol Hartline with Williams McCarthy LLP negotiated these settlements on behalf of Winnebago County.

Follow-Up:

R E S O L U T I O N
of the
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS

Sponsored by: Jamie Salgado
Submitted by: Finance Committee

2021 CR

**RESOLUTION AUTHORIZING SETTLEMENT OF A CLAIM
AGAINST THE COUNTY OF WINNEBAGO ENTITLED
ALEX HUGHES VERSUS WINNEBAGO COUNTY IN THE
AMOUNT OF \$14,573.75**

WHEREAS, the County of Winnebago, Illinois, is involved in having claims asserted against it by Alex Hughes for injuries allegedly sustained while in the employment of the Sheriff's Department, and,

WHEREAS, the Plaintiff has offered to settle the above claim against the County of Winnebago for consideration payable in the amount of \$14,573.75 for the settlement funding for a Workers Compensation case; and,

WHEREAS, counsel for the County of Winnebago recommends that it is in the best interest of the County of Winnebago to settle the above referenced claims upon the terms of the proposed settlement.

NOW, THEREFORE, BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that it does hereby authorize settlement of the claims entitled Alex Hughes versus County of Winnebago for injuries allegedly sustained by Alex Hughes while in the employment of Sheriff's Department by payment of the amount of \$14,573.75 for the settlement for permanent disability for a Workers Compensation case.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

BE IT FURTHER RESOLVED, that the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the County Auditor, Director of Purchasing, Human Resources Director, and Williams & McCarthy.

Respectfully Submitted,
FINANCE COMMITTEE

AGREE

DISAGREE

JAIME SALGADO, CHAIRMAN

JAIME SALGADO, CHAIRMAN

STEVE SCHULTZ, VICE CHAIRMAN

STEVE SCHULTZ, VICE CHAIRMAN

PAUL ARENA

PAULA ARENA

JOHN BUTITTA

JOHN BUTITTA

JEAN CROSBY

JEAN CROSBY

JOE HOFFMAN

JOE HOFFMAN

KEITH McDONALD

KEITH MC DONALD

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this ____ day of _____ 2021.

ATTESTED BY:

JOSEPH CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS



Resolution Executive Summary

Prepared By: Tanya Harris

Committee: Finance Committee

Committee Date: April 4, 2021

Resolution Title: Resolution for Approval for Workman's Compensation Settlements

Board Meeting Date: April 8, 2021

Budget Information:

Was item budgeted? Yes	Appropriation Amount:
If not, explain funding source:	
ORG/OBJ/Project Code: 49400-43535	Budget Impact:

Background Information: Settlement for former deputy Kenneth Frickson in the amount of \$325,000.00.

Recommendation: The Finance Committee, chaired by Jaime Salgado, has reviewed the settlements presented to the Board. The Board is asked to approve this settlement in favor of the Committee's recommendations at its April 4, 2021 meeting.

Contract/Agreement:

Legal Review: Carol Hartline with Williams McCarthy LLP negotiated these settlements on behalf of Winnebago County.

Follow-Up:

RESOLUTION
of the
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS

Sponsored by: Jamie Salgado
Submitted by: Finance Committee

2021 CR

**RESOLUTION AUTHORIZING SETTLEMENT OF A CLAIM
AGAINST THE COUNTY OF WINNEBAGO ENTITLED
KENNETH FRICKSON VERSUS WINNEBAGO COUNTY IN THE
AMOUNT OF \$325,000.00**

WHEREAS, the County of Winnebago, Illinois, is involved in having claims asserted against it by Kenneth Frickson for injuries allegedly sustained while in the employment of the Sheriff's Department, and,

WHEREAS, the Plaintiff has offered to settle the above claim against the County of Winnebago for consideration payable in the amount of \$325,000.00 for the settlement funding for a Workers Compensation case; and,

WHEREAS, counsel for the County of Winnebago recommends that it is in the best interest of the County of Winnebago to settle the above referenced claims upon the terms of the proposed settlement.

NOW, THEREFORE, BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that it does hereby authorize settlement of the claims entitled Kenneth Frickson versus County of Winnebago for injuries allegedly sustained by Kenneth Frickson while in the employment of Sheriff's Department by payment of the amount of \$325,000.00 for the settlement for permanent disability for a Workers Compensation case. Kenneth is willing to accept one half of the proceeds to be paid upon approval of the settlement by the Illinois Worker's Compensation, and the other half to be paid by October 30, 2021.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

BE IT FURTHER RESOLVED, that the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the County Auditor, Director of Purchasing, Human Resources Director, and Williams & McCarthy.

Respectfully Submitted,
FINANCE COMMITTEE

AGREE

DISAGREE

JAIME SALGADO, CHAIRMAN

JAIME SALGADO, CHAIRMAN

STEVE SCHULTZ, VICE CHAIRMAN

STEVE SCHULTZ, VICE CHAIRMAN

PAUL ARENA

PAULA ARENA

JOHN BUTITTA

JOHN BUTITTA

JEAN CROSBY

JEAN CROSBY

JOE HOFFMAN

JOE HOFFMAN

KEITH McDONALD

KEITH MC DONALD

The above and foregoing Resolution was adopted by the County Board of the County of
Winnebago, Illinois this ____ day of _____ 2021.

ATTESTED BY:

JOSEPH CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS



Resolution Executive Summary

Prepared By: David J. Rickert
Committee: Finance Committee
Committee Date: 4-1-2021
Resolution Title: Resolution Adopting the Fiscal Year 2022 Budget Policy
County Code: N\A
Board Meeting Date: 4-8-2021

Budget Information:

Was item budgeted? N\A	Appropriation Amount: N\A
If not, explain funding source: N\A	
ORG/OBJ/Project Code: N\A	Budget Impact: N\A

Background Information: The County's budget process is governed by Illinois Compiled Statutes (55 ILCS 5/6) and Winnebago County Board Policies. In addressing concerns for maintaining financial strength while protecting the interest of the taxpayer, the County Board is implementing the following directives for the development of the fiscal year 2022 budget

Recommendation: Administration supports this resolution

Contract/Agreement: N/A

Legal Review: N/A

Follow-Up: N/A

2021 Fiscal Year

Sponsored by:
Jaime Salgado, Finance Committee Chairman

Finance: April 1, 2021
Lay Over: April 8, 2021
Final Vote: April 22, 2021

2021 CO

TO: THE HONORABLE BOARD MEMBERS OF THE COUNTY OF WINNEBAGO, ILLINOIS

RESOLUTION ADOPTING FISCAL YEAR 2022 BUDGET POLICY

WHEREAS, the County Board wishes to adopt a budgetary process for use in the 2022 fiscal year; and

WHEREAS, the County Administration has created a process based on sound financial principals for use in the 2022 fiscal year.

NOW, THEREFORE, BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that it adopts the budgetary process presented by the County Administration for the 2022 fiscal year, a copy of which policy is attached to this Resolution as Exhibit A.

BE IT FURTHER RESOLVED that this Resolution shall be in full force and effect immediately upon its adoption.

BE IT FURTHER RESOLVED, that the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the County Board Chairman and all County department heads.

Respectfully Submitted,
FINANCE COMMITTEE

(AGREE)

(DISAGREE)

JAIME SALGADO,
FINANCE CHAIRMAN

JAIME SALGADO,
FINANCE CHAIRMAN

JEAN CROSBY

JEAN CROSBY

JOE HOFFMAN

JOE HOFFMAN

PAUL ARENA

PAUL ARENA

STEVE SCHULTZ

STEVE SCHULTZ

KEITH McDONALD

KEITH McDONALD

JOHN BUTITTA

JOHN BUTITTA

The above and foregoing Resolution was adopted by the County Board of the County of

Winnebago, Illinois this ____ day of _____ 2021.

JOSEPH CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

ATTESTED BY:

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

Winnebago County Fiscal Year 2022 Budget Policy

Winnebago County Government operates on policies designed to protect the County's assets and taxpayers' interests, provide guidance to employees, and serve the public efficiently. It is the intent that the policy statements be used to avoid conflicting goals or activities, which may have a negative impact on the overall financial position of the County. The County's system of internal accounting controls is designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability for assets and obligations.

The County's budget process is governed by Illinois Compiled Statutes (55 ILCS 5/6) and Winnebago County Board Policies. In addressing concerns for maintaining financial strength while protecting the interest of the taxpayer, the County Board is implementing the following directives for the development of the fiscal year 2022 budget:

Financial Strength

The County has been significantly impacted financially by the COVID-19 crisis. Revenues have been and will be reduced due to stay at home orders, business closings, unemployment and other factors. The fund balances in the General and 1% Public Safety Sales Tax Funds are below the 90 day reserve amount in fiscal year 2021. Fund balances in other non-general funds have also seen significant reductions due to the COVID crisis and will be impacted in future years as well.

Budget Submittal

Elected Officials and Department Heads shall be provided budget worksheets with existing levels of funding. Based on revenue estimates for the current and next fiscal year, funding levels may be reduced from the current year's appropriations. Elected Officials and Department Heads are encouraged to analyze all services and programs for the cost of the programs, citizen demand, and mandated by Federal, State or County law. Elected Officials and Department Heads must provide position descriptions and corresponding wages to support the salary line items included in the budget worksheet. There is no guarantee staffing will remain at current levels.

Supplemental Requests

Due to anticipated revenue shortfalls in the 2022 budget year no additional funding will be provided during the budget preparation process. Exceptions may be considered by the County Administrator on a case by case basis. Departments with contractual agreements may be required to adjust head count in order to meet contractual obligations.

Federal and State Funded Programs

In the event of loss of Federal or State funding and/or reimbursement for specific services, it is understood that Department/Elected Official will be expected to either reduce funded services or identify other reductions/revenue increases to offset the losses. Exceptions will be addressed on a case by case basis.

User Fees and Charges

All user fees and charges should be reviewed by County Administration, Elected Officials and Appointed Department Heads on an annual basis to ensure the fee collected is covering the cost of service provided (subject to State Statutes).

The County charges user fees for items and services which benefit a specific user more than the general public. State statutes or an indirect cost study determines user fees. Fee studies based on costs are conducted as needed to determine the level of fees needed to equal the total cost of providing the service.

Revenue Estimations

The County will project annual revenues on a conservative analytical basis to protect it from short-run fluctuations in any one revenue source. In instances where the County is providing non-mandated services and the revenue stream(s) is/are not covering the costs of said services, direction will be requested by County Administration from the reporting Liaison Committee (and if necessary the full County Board) on whether said service should be allowed to continue and supplemented with County funds.

Nonrecurring (one-time) revenue sources will be used for operations unless directed for a specific use by the County Board.

Consumer Price Index

Winnebago County is mandated to follow the Illinois Property Tax Extension Limitation Law (PTELL) by the State of Illinois. PTELL allows governing bodies the ability to cover

the costs of inflationary increases incurred in their day to day operations by increasing their previous year's extension by the CPI or 5%, whichever is smallest. For fiscal year 2022 the CPI is 1.4%. During the budget process, County Administration will present the increases available if the County Board chooses to capture new growth and/or to utilize the CPI increase authorized under PTELL in the calculation of property tax revenues when developing the fiscal year 2022 budget. The Finance Committee will inform the Chief Financial Officer of the amount of the levy to include in the budget document.

Fund Reserves

It shall be the intent of the County Board to maintain an unrestricted (total of unassigned) fund balance equal to three months of budgeted operating expenditures.

Given the impact of the COVID-19 in fiscal year 2020 and 2021 fund balances have dropped below the 90 day (3 month) reserve level in the General and Public Safety Sales Tax Fund. It should be the objective of the 2022 Budget Policy to increase fund balances back to the 90 day reserve level.

Alternative Service Delivery & Outsourcing

Many forms of government are looking at new methodologies in providing needed services while controlling costs. The County Board is requesting all Department Heads and Elected Officials to review the cost of service delivery within their departments and to consider other cost saving options. Below is a brief narrative of methods being considered:

- Outsourcing - The organization utilizes an outside contractor to provide the service. Costs still exist for the organization, but if done correctly should be lower than providing the service with in-house employees.
- Privatization - The organization sells the operation's assets and walks away from the service responsibility. Eliminates all future cost to the organization.

Wage Adjustments

The Finance Committee will provide the County Administrator the non-union employee wage increase rate to include in the budget document. The Finance Committee will make a recommendation no later than the 1st Finance Committee meeting in June.

Priorities

Direction is hereby given to the County Administrator to create the fiscal year 2022 budget with the following priorities:

1. Debt service payments required
2. Contractual payments based on lease agreements, software agreements and other contractual agreements
3. Mandated services at affordable funding levels
4. All operating necessities (Utilities, IMRF, Health Insurance, Liability Insurance)
5. General operating costs to provide services
6. Non-Union employee compensation
7. Capital needs of the organization
8. Meeting the 25% unrestricted reserve requirement of the General Fund and PSST Fund
9. Outside agency funding to include non-obligated Host Fee Grants and local matching grants

The pages that follow provide further definitions and guidelines for the development of the fiscal year 2022 budget, and should be considered as directives from the County Board.

Accounting/ Auditing

State statutes require an annual audit by independent certified public accountants (55 ILCS 5/6-31003). A Comprehensive Annual Financial Report shall be prepared according to the criteria set by the Government Finance Officers Association (GFOA). The County follows Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Accounting and Financial Reporting Policies

The accounting policies of the County of Winnebago, Illinois will conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). It shall be the intent of the County to maintain a self-balancing set of accounts on an on-going basis to be closed quarterly. The general ledger will be closed by the Finance department no later than 45 days after month end. The books shall remain open 90 days after the fiscal year end.

It shall be the intent of the County to maintain a program of internal controls to safeguard all assets and ensure effective and efficient use of all assets. It shall be the responsibility of the Finance Director to establish a formal set of "best practice" internal controls. In addition, the County Auditor shall ensure that all departments comply with those controls.

It shall also be the intent for the independent auditor to review the system of internal controls and report any weaknesses detected to the Board as part of the annual audit.

It shall be the intent of the County to utilize fund accounting principles and generally accepted accounting practices in the recording of all financial transactions. The general ledger shall be maintained on a cash basis, with the intent to move to an accrual basis on a quarterly basis. The Finance Committee will be provided with budget versus actual revenue and expenditure reports on a quarterly basis.

It shall be the intent of the County to prepare annually a Comprehensive Annual Financial Report to be presented to the Board no later than 180 days after year-end. The Comprehensive Annual Financial Report should be audited by an independent CPA firm experienced in governmental auditing. It shall be the further intent of the County to present its Comprehensive Annual Financial Report to the Government Finance Officers Association to receive the Certificate of Excellence award in financial reporting. If at any time the County will not receive an unqualified opinion from the CPA firm, the CPA firm and the Finance Director will notify the Board prior to the issuance of the report.

It shall be the intent of the County to maintain a capital asset ledger of all permanent assets acquired. The Finance department will maintain these asset records on an on-going basis to ensure proper controls and report annually regarding these records to the Board. No asset will be considered fixed unless its value or component value exceeds \$12,000 dollars or in the case of infrastructure assets purchased or acquired with an original cost of \$50,000 or more.

Depreciation will be charged on all capital assets. This policy is consistent with the requirements of GASB Statement No. 34. Depreciation will be recorded on a straight-line basis over the normal useful life of the asset.

It shall be the intent of the County to manage all accounts receivable. Accounts receivable are created by operations in certain departments and offices. In general, they arise at the renewal of a permit or license from departments such as Health, River Bluff Nursing Home or Transportation. The department or office that is responsible for the billing is responsible for collections and managing receivables. Consistent with good financial management, each department and office will age their receivables. Departments and Offices shall continue collection efforts.

It is the intent of the County to comply with the modified accrual basis of accounting, in which revenues are recorded when they are both measurable and available. The County considers revenue to be available if they are collected within 60 days of the end of the current fiscal period for property taxes, 180 days of the end of the current fiscal period for certain health department and County reimbursable grants, and 90 days of the end of the current fiscal period for all other amounts.

Appropriation

All operating funds are appropriated in the "Official Budget". Appropriations will be considered the maximum authorization to incur obligations and not a mandate to spend.

Balanced Budget by Fund

The intent of the Finance Committee is the budget must balance expenditures against available revenues and fund balance by fund.

Budget Presentation

When an Elected Official/Department Head has completed the required budget forms, a meeting will be scheduled (if necessary) with the County Administrator and Chief Financial Officer to review and ensure budget policy compliance. Concerns and or issues should be addressed by the Department Head/Elected Official at this time. Upon review by County Administrator and Chief Financial Officer, the budget will be scheduled for presentation to the Finance Committee. Meetings will be scheduled with the Finance Committee (if necessary) for individual departments/Elected Official to address the Finance Committee regarding their individual budget requests.

Once the Finance Committee has reviewed departmental budgets, and the recommended supplemental requests have been approved, the budget is moved to the whole board to be placed on public display for a minimum of fifteen (15) days prior to final approval.

Capital Budget - Long Term

Each Department Head/Elected Official will submit a list of capital needs for the next three years. Funding for a capital plan will be reviewed in conjunction with the annual budget. Submittal of capital needs does not guarantee funding. It should be noted that this budgetary requirement has already been completed for this year in conjunction with the Capital Improvement Plan (CIP).

Fiscal Year

The County's fiscal year is October 1st through September 30th. (Set by County Board per 55 ILCS 5/6-1-001).

Grants

The importance of preparing and implementing a proper grant budget cannot be overstated. To inform the County Board of the value of a new grant program, the Board must have full knowledge of the total cost of the program and its funding sources. Too often, grant programs contain hidden costs.

- The County Board's definition of a new grant is:
 1. A grant that has not been awarded in the previous year
 2. A current grant (or renewal grant) whose financial terms have changed (grant award has increased, decreased, or added a local match, etc.)
 3. A grant whose local match financial requirements have changed
- Departments who apply for grants that require a local match must find the local match within their budgets.
- Upon notification of a grant award, departments will submit a budget amendment to the Chief Financial Officer to amend the respective budget.
- A 2/3rd vote of all members constituting the County Board is required to amend department budgets to reflect grant revenues and expenses (55 ILCS 5/6-1003).
- The term "grant" includes any form of funding or reimbursement for County Services from the State, Federal or third party agencies.

- Grants will be controlled at the operating budget level based on the County's fiscal year.
- The grant "operating-budget" will be periodically reviewed by the County Administrator and Finance Director to assure that the revenues and expenditures are consistent with the grant award.
- Revenue grants will be reviewed during the budget process.
- Grants will be reviewed semi-annually by the County Administrator or Finance of Director with the Department Head/Elected Official.

Investment Policy

The County Treasurer is responsible for the investing of all Winnebago County funds (55 ILCS 5/3-11006). It is always prudent for any public unit to have an Investment Policy in place for the purpose of safeguarding funds, equitably distributing the investments, and maximizing income of the governmental unit. The following policy is adopted for the Winnebago County Treasurer's Office.

Scope of Investment Policy

This Investment Policy applies to the investment activities of all funds under the jurisdiction of the Winnebago County Treasurer. This Investment Policy will also apply to any new funds or temporary funds placed under the jurisdiction of the Winnebago County Treasurer. The Illinois Compiled Statutes will take precedence except where this policy is more restrictive, wherein this policy will take precedence.

Objectives

The purpose of this Investment Policy of the Winnebago County Treasurer is to establish cash management and investment guidelines for the stewardship of public funds under the jurisdiction of the Winnebago County Treasurer. The specific objectives of this investment policy will be as follows:

1. Safety of Principal.

2. Diversity of investment to avoid unreasonable risks.
3. The portfolio shall remain sufficiently liquid to meet all operating costs, which may be reasonably anticipated.
4. The highest interest rate available will always be the objective of this policy, combined with safety of principal. The Winnebago County Treasurer will require full collateralization of any deposits.
5. In maintaining its investment portfolio, the Winnebago County Treasurer shall avoid any transaction that might impair public confidence in the Winnebago County Treasurer's Office.
6. The Winnebago County Treasurer will give consideration to the financial institutions positive community involvement when consideration is given to the financial institution to be used as a depository.
7. All funds will be invested for a period of one day or longer, depending on the requirement for the disbursement of funds.
8. All funds shall be deposited within two working days at prevailing rates or better, in accordance with Illinois Compiled Statutes.

Responsibility

All investment of funds under the control of the Winnebago County Treasurer is the direct responsibility of the Winnebago County Treasurer. The Winnebago County Treasurer shall be responsible for all transactions and shall establish a system of controls of the activities of all subordinates who are directly involved in the assistance of such investment activities.

Prudence

The standard of prudence to be used by investment officials shall be the "prudent person," and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for any individual securities credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.

Accounting

All investment transactions shall be recorded by the Winnebago County Treasurer or the Winnebago County Treasurer's staff. A report will be generated, at least monthly,

listing all active investments, including information regarding securities in portfolio by class or type, book value, interest earned and market value as of report date. This report will be made available to the Winnebago County Board and Winnebago County Treasurer.

Financial Institutions

The Winnebago County Treasurer will have the sole responsibility to select which financial institutions will be depositories for Winnebago County Treasurer funds. The Winnebago County Treasurer will take into consideration security, size, location, condition, service, fees and the community relations involvement of the financial institution when choosing a financial institution.

At no time will the Winnebago County Treasurer investments exceed 65% of the financial institution's capital and surplus.

All financial institutions having any type of financial relationships: deposit investments, loans, etc., are required to provide a complete and current "Call Report," required by their appropriate regulatory authority each calendar quarter within 30 days of the "Call" request date.

Investment Vehicles

The Winnebago County Treasurer will use investments approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes.

Collateral

In order to protect the funds of Winnebago County, it will be a standard practice of the Winnebago County Treasurer to require that all deposits in financial institutions be collateralized. Collateral shall be held under the name of Winnebago County. During the term of the deposit, at least 102% collateralization will be required whenever deposits exceed the insured limits of FDIC. The Winnebago County Treasurer will require a signed

Pledge Agreement between Winnebago County, the Financial Institution, and the Holding Company to be on file at all times.

102% of collateralization of the deposit will be required. Only the following collateral will be accepted:

- U.S. Government direct securities
- Obligations of Federal Instrumentalities

- Obligations of the State of Illinois
- Obligations of the County of Winnebago
- Obligations of municipalities located within the County of Winnebago, subject to acceptance by the Winnebago County Treasurer
- Acceptable Collateral as identified in the Illinois Compiled Statutes for use by the Treasurer of the State of Illinois

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the Winnebago County Treasurer's portfolio, pursuant to the Public Funds Investment Act at 30 Illinois Compiled Statutes 235/2.5 and other provisions included in that Act, along with all other Statutes and Constitutional provisions regarding conflicts of interest and ethical considerations.

Security Controls

Only the Winnebago County Treasurer is authorized to establish financial accounts for the office of Winnebago County Treasurer. At all times either the Winnebago County Treasurer, singly or signatories as designated by the Winnebago County Treasurer, should be authorized to sign on financial accounts of the office of the Winnebago County Treasurer.

Adoption

This investment policy or similar policy has been in effect since January 1, 2021. Last revision March 12, 2021.

Risk Management

The County has an established program for unemployment, liability and workers compensation. To forecast expenditures, the County considers claims, retention levels, fixed costs, and fund reserves.

FISCAL YEAR 2022 BUDGET CALENDAR

Budget Task	Date
Chief Financial Officer and Finance Department to review budget process, refine budget requirements, determine budget calendar and prepare preliminary budget guidelines	Feb 10 th – 26 th
Finance Committee to authorize distribution of Budget Calendar	March 4 th
Finance Committee to approve 2022 Budget Policy & Guidelines	April 1 st
County Board to approve 2022 Budget Policy & Guidelines	April 8 th
Budget preparation materials are distributed to departments	May 1 st
Initial forecast of Fiscal Years 2021 and 2022 with tax levy options to be presented to the Finance Committee	June 3 rd
Departments to submit all budget documents to the Chief Financial Officer	June 4 th
Departments to submit Budget & Outcome Goals to the Chief Financial Officer	June 8 th
Chief Financial Officer and Administrator to review all preliminary budgets with Departments	June 9 th – 23 rd
Recommended budgets are provided to Department Heads/Elected Officials	June 25 th
Finance Committee will review department budget presentations (1-2)	July 1 st
* Finance Committee will review department budget presentations (2-2) (if necessary)	July 15 th
Budget to be reviewed by Chairman, Administrator and Chief Financial Officer	July 19 th – 23 rd
County Administrator to present recommended budget to the Finance Committee	Aug 5 th
* Finance Committee to make recommended budget changes (if necessary)	Aug 12 th
Truth in Taxation Hearing (if needed)	Aug 26 th
County Board to place balanced Proposed Budget on public display	Aug 26 th
County Board to adopt the appropriation and tax levy ordinance/budget	Sept 23 rd
* Delineates a special Finance Committee meeting	

Prior to adoption but after the County Board places the budget draft on public display, the draft budget may be amended in the following way:

It is recommended that all requests for amendment to the draft budget be submitted to the Chief Financial Officer, in writing, no less than ten (10) days prior to the County Board meeting scheduled to adopt the budget. The Chief Financial Officer will review the amendment to the draft budget to ensure it is presented in a clear and appropriate manner. The amendment to the draft budget will be provided to the Finance Committee for their recommendation. The Finance Committee recommendations will be presented to the County Board prior to the adoption of the budget.

Budget Amendment process (after adoption by the Board):

All requests for budget amendments must start with a completed Budget Amendment Form (accessed on the Finance Department page of the County website) submitted to the Chief Financial Officer, who upon review will work with the requesting department head in preparing an ordinance (if required) in the County Board approved format for committee and board presentation.

- The County Board must approve all transfers of budgets between departments or funds by a 2/3rd majority vote (14) of the County Board. (Transfers may not be made from certain special purpose funds to other funds).
- Additional (emergency) appropriations must also be approved by a 2/3rd majority vote (14) of the County Board.
- Line item transfers between object-class-level, which is the budgetary level of control over expenditures, may be approved by the Chief Financial Officer, provided the total amount appropriated by the County Board for the respective department (org code) is not exceeded.
- The Chief Financial Officer and the County Administrator during the normal course of the budget preparation process may make budget revisions prior to the final board approval of the budget. It should be noted that budget revisions made after the first reading but before final passage shall be posted both in the County Clerks and on the county's website. These revisions shall also include a version number and date of revision.

Exhibit B

Budget Policy Changes for FY2022

- 1) Font converted from 11 point Times Roman to 12 point Ariel and all paragraph titles are in bold. (This was done to improve readability)
- 2) The term CAFR which is the acronym for Comprehensive Annual Financial Report was removed. (This term is considered offensive in some cultures and will be mandated for removal by GFOA and GASB, In its place the full title is used "Comprehensive Annual Financial Report")
- 3) The Budget Calendar was revised both in format and scope of activities. A key feature this year is allowing for two special Finance Committee meetings for budget review and presentation.
- 4) The County Treasurers Investment Policy is now integrated into the Budget Policy. (We really appreciate Sue Gorals willingness to work with us on this component)

Significant Policy Changes Both Old Text and New Text Provided

- 5) **Old:** Supplemental Requests - Due to anticipated revenue shortfalls in the 2021 budget year no additional funding will be considered for departments with the exception of contractual agreements that require adjustment due to the contract terms.

New: Supplemental Requests - Due to anticipated revenue shortfalls in the 2022 budget year no additional funding will be provided during the budget preparation process. Exceptions may be considered by the County Administrator on a case by case basis. Departments with contractual agreements may be required to adjust head count in order to meet contractual obligations.

(This was done to allow flexibility in budgeting and to indicate intent to hold contractual offices within budget)

- 6) **Old:** Priorities - 8. Outside agency funding/local match to Grants

New: Priorities - 8. Meeting the 25% unrestricted reserve requirement of the General Fund and PSST Fund

9. Outside agency funding to include non-obligated Host Fee Grants and local matching grants

(This was done to show intent that fund reserve balance take priority over non-obligated Host Fee expenditures)

- 7) **Old:** Capital Budget - Long Term - Each Department Head/Elected Official will submit a list of capital needs for the next five years categorized by the following: immediate purchase/replacement (including details indicating urgency), 2 - 3 year purchase/replacement; and 4 - 5 year purchase/replacement. Funding for a capital plan will be reviewed in conjunction with the annual budget. Submittal of capital needs does not guarantee funding.

New: Capital Budget - Long Term - Each Department Head/Elected Official will submit a list of capital needs for the next three years. Funding for a capital plan will be reviewed in conjunction with the annual budget. Submittal of capital needs does not guarantee funding. It should be noted that this budgetary requirement has already been completed for this year in conjunction with the Capital Improvement Plan (CIP).

(This was done because the CIP project effectively meets this obligation)

- 8) **Old:** Elected Officials and Appointed Boards - If an elected official or appointed board decides not to follow the policies as set forth by the County Board, it is their responsibility to notify the County Administrator immediately of their intent.

(This item removed because elected officials and appointed boards are expected to stay within budget)

- 9) **Old:** Budget Amendment process (after adoption by the Board):

All requests for budget amendments must start with a completed Budget Amendment Form (accessed on the Finance Department page of the County website) submitted to the County Administrator, who upon review will work with the requesting department head in preparing an ordinance (if required) in the County Board approved format for committee and board presentation.

- All departments must submit a required adjustment form (can be accessed on the County website - Finance Department page) to the County Administrator to provide an accounting record of the requested budget change prior to an ordinance being presented to the committees and the full County Board for approval.

New: Budget Amendment process (after adoption by the Board):

All requests for budget amendments must start with a completed Budget Amendment Form (accessed on the Finance Department page of the County website) submitted to the Chief Financial Officer, who upon review will work with the requesting department head in preparing an ordinance (if required) in the County Board approved format for committee and board presentation.

(This was done to remove redundancy and clarify the language)

New Policy Change Language Added

- 10) • The Chief Financial Officer and the County Administrator during the normal course of the budget preparation process may make budget revisions prior to the final board approval of the budget. It should be noted that budget revisions made after the first reading but before final passage shall be posted both in the County Clerks and on the county's website. These revisions shall also include a version number and date of revision.

(This was done to provide flexibility with the budget preparation process)

Winnebago County
Fiscal Year 2021 Budget Policy

Winnebago County Government operates on policies designed to protect the County's assets and taxpayers' interests, provide guidance to employees, and serve the public efficiently. It is the intent that the policy statements be used to avoid conflicting goals or activities, which may have a negative impact on the overall financial position of the County. The County's system of internal accounting controls is designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability for assets and obligations.

The County's budget process is governed by Illinois Compiled Statutes (55 ILCS 5/6) and Winnebago County Board Policies. In addressing concerns for maintaining financial strength while protecting the interest of the taxpayer, the County Board is implementing the following directives for the development of the fiscal year 2021 budget:

Financial Strength

The County has been significantly impacted financially by the COVID-19 crisis. Revenues have been and will be reduced due to stay at home orders, business closings, unemployment and other factors. The fund balances in the General and 1% Public Safety Sales Tax Funds have been projected to fall significantly below the 90 day reserve amount in fiscal year 2020. Fund balances in other non-general funds have also seen significant reductions due to COVID crisis and will be impacted in future years as well.

Budget Submittal

Elected Officials and Department Heads shall be provided budget worksheets with existing levels of funding. Based on revenue estimates for the current and next fiscal year, funding levels may be reduced from the current years appropriations. Elected Officials and Department Heads are encouraged to analyze all services and programs for the cost of the programs, citizens demand, and mandated by Federal, State or County law.

Elected Officials and Department Heads must provide position descriptions and corresponding wages to support the salary line items included in the budget worksheet. There is no guarantee staffing will remain at current levels.

Supplemental Requests

Due to anticipated revenue shortfalls in the 2021 budget year no additional funding will be considered for departments with the exception of contractual agreements that require adjustment due to the contract terms.

Federal and State Funded Programs

In the event of loss of Federal or State funding and/or reimbursement for specific services, it is understood that Department/Elected Official will be expected to either reduce funded services or identify other reductions/revenue increases to offset the losses. Exceptions will be addressed on a case by case basis.

User Fees and Charges

All user fees and charges should be reviewed by County Administration, Elected Officials and Appointed Department Heads on an annual basis to ensure the fee collected is covering the cost of service provided (subject to State Statutes).

The County charges user fees for items and services which benefit a specific user more than the general public. State statutes or an indirect cost study determines user fees. Fee studies based on costs are conducted as needed to determine the level of fees needed to equal the total cost of providing the service.

Revenue Estimations

The County will project annual revenues on a conservative analytical basis to protect it from short-run fluctuations in any one revenue source. In instances where the County is providing non-mandated services and the revenue stream(s) is/are not covering the costs of said services, direction will be requested by County Administration from the reporting Liaison Committee (and if necessary the full County Board) on whether said service should be allowed to continue and supplemented with County funds.

Nonrecurring (one-time) revenue sources will be used for operations unless directed for a specific use by the County Board.

Consumer Price Index

Winnebago County is mandated to follow the Illinois Property Tax Extension Limitation Law (PTELL) by the State of Illinois. PTELL allows governing bodies the ability to cover the costs of inflationary increases incurred in their day to day operations by increasing their previous year's extension by the CPI or 5%, whichever is smallest. For fiscal year 2021 the CPI is 2.30%. During the budget process, County Administration will present the increases available if the County Board chose to capture new growth and/or to utilize the CPI increase authorized under PTELL in the calculation of property tax revenues when developing the fiscal year 2021 budget. The Finance Committee will inform the County Administrator of the amount of the levy to include in the budget document.

Fund Reserves

Given the impact of the COVID-19 in fiscal year 2020 fund balances have dropped below the 90 day (3 month) in the General and Public Safety Sales Tax Fund. It should be the objective of the 2021 Budget Policy to increase fund balances back to the 90 day reserve level.

Alternative Service Delivery & Outsourcing

Many forms of government are looking at new methodologies in providing needed services while controlling costs. The County Board is requesting all Department Heads and Elected Officials to review the cost of service delivery within their departments and to consider other cost saving options. Below is a brief narrative of methods being considered:

- Outsourcing – The organization utilizes an outside contractor to provide the service. Costs still exist for the organization, but if done correctly should be lower than providing the service with in-house employees.

- Privatization – The organization sells the operation's assets and walks away from the service responsibility. Eliminates all future cost to the organization.

Wage Adjustments

The Finance Committee will provide the County Administrator the non-union employee wage increase rate to include in the budget document. The Finance Committee will make a recommendation no later than the 1st Finance Committee meeting in June, 2020.

Priorities

Direction is hereby given to the County Administrator to create the fiscal year 2021 budget with the following priorities:

1. Debt service payments required
2. Contractual payments based on lease agreements, software agreements and other contractual agreements
3. Mandated services at affordable funding levels
4. All operating necessities (Utilities, IMRF, Health Insurance, Liability Insurance)
5. General operating costs to provide services
6. Non-Union employee compensation
7. Capital needs of the organization
8. Outside agency funding/local match to Grants

The pages that follow provide further definitions and guidelines for the development of the fiscal year 2021 budget, and should be considered as directives from the County Board.

Accounting/Auditing

State statutes require an annual audit by independent certified public accountants (55 ILCS 5/6-31003). A Comprehensive Annual Financial Report (CAFR) shall be prepared according to the criteria set by the Government Finance Officers Association (GFOA). The County follows Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Accounting and Financial Reporting Policies

The accounting policies of the County of Winnebago, Illinois will conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

It shall be the intent of the County to maintain a self-balancing set of accounts on an on-going basis to be closed quarterly. The general ledger will be closed by the Finance department no later than 45 days after month end. The books shall remain open 90 days after the fiscal year end.

It shall be the intent of the County to maintain a program of internal controls to safeguard all assets and ensure effective and efficient use of all assets. It shall be the responsibility of the Finance Director to establish a formal set of "best practice" internal controls. In addition, the County Auditor shall ensure that all departments comply with those controls. It shall also be the

intent for the independent auditor to review the system of internal controls and report any weaknesses detected to the Board as part of the annual audit.

It shall be the intent of the County to utilize fund accounting principles and generally accepted accounting practices in the recording of all financial transactions. The general ledger shall be maintained on a cash basis, with the intent to move to an accrual basis on a quarterly basis. The Finance Committee will be provided with budget versus actual revenue and expenditure reports on a quarterly basis.

It shall be the intent of the County to prepare annually a Comprehensive Annual Financial Report (CAFR) to be presented to the Board no later than 180 days after year-end. The CAFR should be audited by an independent CPA firm experienced in governmental auditing. It shall be the further intent of the County to present its CAFR to the Government Finance Officers Association to receive the Certificate of Excellence award in financial reporting. If at any time the County will not receive an unqualified opinion from the CPA firm, the CPA firm and the Finance Director will notify the Board prior to the issuance of the report.

It shall be the intent of the County to maintain a capital asset ledger of all permanent assets acquired. The Finance department will maintain these asset records on an on-going basis to ensure proper controls and report annually regarding these records to the Board. No asset will be considered fixed unless its value or component value exceeds \$12,000 dollars or in the case of infrastructure assets purchased or acquired with an original cost of \$50,000 or more. Depreciation will be charged on all capital assets. This policy is consistent with the requirements of GASB Statement No. 34. Depreciation will be recorded on a straight-line basis over the normal useful life of the asset.

It shall be the intent of the County to manage all accounts receivable. Accounts receivable are created by operations in certain departments and offices. In general, they arise at the renewal of a permit or license from departments such as Health, River Bluff Nursing Home or Transportation. The department or office that is responsible for the billing is responsible for collections and managing receivables. Consistent with good financial management, each department and office will age their receivables. Departments and Offices shall continue collection efforts.

It is the intent of the County to comply with the modified accrual basis of accounting, in which revenues are recorded when they are both measurable and available. The County considers revenue to be available if they are collected within 60 days of the end of the current fiscal period for property taxes, 180 days of the end of the current fiscal period for certain health department and County reimbursable grants, and 90 days of the end of the current fiscal period for all other amounts.

Appropriation

All operating funds are appropriated in the "Official Budget". Appropriations will be considered the maximum authorization to incur obligations and not a mandate to spend.

Balanced Budget by Fund

The intent of the Finance Committee is the budget must balance expenditures against available revenues by fund.

Budget Presentation

When an Elected Official/Department Head has completed the required budget forms, a meeting will be scheduled with the County Administrator to review and ensure budget policy compliance. Concerns and or issues should be addressed by the Department Head/Elected Official at this time. Upon review by County Administrator, the budget will be scheduled for presentation to the Finance Committee. Meetings will be scheduled with the Finance Committee for individual departments/Elected Official to address the Finance Committee regarding their individual budget requests.

Once the Finance Committee has reviewed departmental budgets, and the recommended supplemental requests have been approved, the budget is moved to the whole board to be placed on public display for a minimum of fifteen (15) days prior to final approval.

Capital Budget – Long Term

Each Department Head/Elected Official will submit a list of capital needs for the next five years categorized by the following: immediate purchase/replacement (including details indicating urgency), 2 – 3 year purchase/replacement; and 4 – 5 year purchase/replacement. Funding for a capital plan will be reviewed in conjunction with the annual budget. Submittal of capital needs does not guarantee funding.

Elected Officials and Appointed Boards

If an elected official or appointed board decides not to follow the policies as set forth by the County Board, it is their responsibility to notify the County Administrator immediately of their intent.

Fiscal Year

The County's fiscal year is October 1st through September 30th. (Set by County Board per 55 ILCS 5/6-1-001).

Grants

The importance of preparing and implementing a proper grant budget cannot be overstated. To inform the County Board of the value of a new grant program, the Board must have full knowledge of the total cost of the program and its funding sources. Too often, grant programs contain hidden costs.

- The County Board's definition of a new grant is:
 1. A grant that has not been awarded in the previous year
 2. A current grant (or renewal grant) whose financial terms have changed (grant award has increased, decreased, or added a local match, etc.)
 3. A grant whose local match financial requirements have changed
- Departments who apply for grants that require a local match must find the local match within their budgets.
- Upon notification of a grant award, departments will submit a budget amendment to the County Administrator to amend the respective budget.

- A 2/3rd vote of all members constituting the County Board is required to amend department budgets to reflect grant revenues and expenses (55 ILCS 5/6-1003).
- The term “grant” includes any form of funding or reimbursement for County Services from the State, Federal or third party agencies.
- Grants will be controlled at the operating budget level based on the County’s fiscal year.
- The grant “operating-budget” will be periodically reviewed by the County Administrator and Finance Director to assure that the revenues and expenditures are consistent with the grant award.
- Revenue grants will be reviewed during the budget process.
- Grants will be reviewed semi-annually by the County Administrator or Finance of Director with the Department Head/Elected Official.

Investment

The County Treasurer is responsible for the investing of all Winnebago County funds (55 ILCS 5/3-11006).

Risk Management

The County has an established program for unemployment, liability and workers compensation. To forecast expenditures, the County considers claims, retention levels, fixed costs, and fund reserves.

BUDGET DEVELOPMENT PROCESS

The specific steps taken to prepare the Fiscal Year 2021 Budget are as follows:

County Board approves 2021 Budget Policy	May 14
Budget preparation materials are distributed to departments	June 1
Initial Forecast of Fiscal Years 2020 and 2021 and Tax Levy Options Presented to the Finance Committee	June 18
Departments submit all required budget documents to County Administrator	June 15
County Administrator reviews all preliminary budgets with Departments	June 15 July 3

Recommended budgets are provided to department head/Elected Official	July 10
Finance Committees conduct public hearings on department budgets	July 13 July 27
Preliminary Budget presented to Finance Committee	July 30
Finance Committee makes recommended budget changes (if necessary)	August 21, 2020
Truth-in-Taxation Hearing (if needed)	September TBD
County Board places balanced draft budget on public display	September 3, 2020
County Board adopts the appropriation and tax levy ordinance/budget	September 24, 2020

Prior to adoption but after the County Board places the budget draft on public display, the draft budget may be amended in the following way:

It is recommended that all requests for amendment to the draft budget be submitted to the County Administrator, in writing, no less than ten (10) days prior to the County Board meeting scheduled to adopt the budget. The County Administrator will review the amendment to the draft budget to ensure it is presented in a clear and appropriate manner. The amendment to the draft budget will be provided to the Finance Committee for their recommendation. The Finance Committee recommendations will be presented to the County Board prior to the adoption of the budget.

Budget Amendment process (after adoption by the Board):

All requests for budget amendments must start with a completed Budget Amendment Form (accessed on the Finance Department page of the County website) submitted to the County Administrator, who upon review will work with the requesting department head in preparing an ordinance (if required) in the County Board approved format for committee and board presentation.

- All departments must submit a required adjustment form (can be accessed on the County website – Finance Department page) to the County Administrator to provide an accounting record of the requested budget change prior to an ordinance being presented to the committees and the full County Board for approval.
- The County Board must approve all transfers of budgets between departments or funds by a 2/3rd majority vote (14) of the County Board. (Transfers may not be made from certain special purpose funds to other funds).

- Additional (emergency) appropriations must also be approved by a 2/3rd majority vote (14) of the County Board.
- Line item transfers between object class level, which is the budgetary level of control over expenditures, may be approached by the county administrator, provided the total amount appropriated by the County Board for the respective department (org code).

**RESOLUTION
OF THE
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

2021 CR _____

SUBMITTED BY: FINANCE COMMITTEE

**RESOLUTION SUPPORTING SB1721 — PROPOSED AMENDMENTS TO THE PROPERTY
TAX CODE (35 ILCS 200/21-90; 35 ILCS 200/21-215; 35 ILCS 200/21-355)
ILLINOIS COUNTIES CODE (55 ILCS 5/5-1121) AND
ILLINOIS MUNICIPAL CODE (65 ILCS 5/11-31-1)**

WHEREAS, on February 26, 2021, Illinois State Senator Steve Stadelman has sponsored a new bill, SB1721, which proposes amendments to the Property Tax Code (35 ILCS 200/21-90; 35 ILCS 200/21-215; 35 ILCS 200/21-355), Illinois Counties Code (55 ILCS 5/5-1121) and Illinois Municipal Code (65 ILCS 5/11-31-1); and

WHEREAS, the proposed amendments to the Property Tax Code (35 ILCS 200/21-90; 35 ILCS 200/21-215; 35 ILCS 200/21-355) relate to the provisions for delinquent property and tax sales, which would include the Winnebago County Trustee program, and a summary of the amendments are as follows:

- Makes it discretionary and not mandatory for the County to take steps necessary to acquire title to the property and adds new managerial and operational rights;
- Provides costs to be distributed to taxing districts, including operation and maintenance costs and all costs associated with county staff and overhead used to perform the duties of the trustee;
- Reduces the maximum penalty bids for the annual tax sale from 18% to 12%;
- For redemption of property, it limits the assessments of penalties from every 6 months to 12 months (and conforms other timeframes); and

WHEREAS, the proposed amendments to the Illinois Counties Code (55 ILCS 5/5-1121) - *Demolition, repair and enclosure*, modifies the requirements to have a circuit court declare property abandoned, and a summary of the amendments are as follows:

- To declare a property abandoned, the property's condition must impair public health, safety, or welfare for reasons specified in the petition;
- Requiring the posting of a notice on the property prior to any declaration of abandonment;
- The owner of record or person having an interest in the property shall make a request to demolish the property or put it in safe condition, rather than repair it
- The may petition the court to issue a judicial deed for the property to the county or another governmental body designed by the county in the petition; and

WHEREAS, similar amendments from the Illinois Counties Code are proposed to the Illinois Municipal Code (65 ILCS 5/11-31-1) - *Demolition, repair, enclosure, or remediation*, for

abandoned property; and

WHEREAS, for years the County of Winnebago, Illinois has had a successful Trustee program to conduct tax sales of delinquent or forfeited properties pursuant to the provisions of the Property Tax Code; and

WHEREAS, the County of Winnebago, Illinois has also utilized the remedy under the Illinois Counties Code by filing petitions with the 17th Judicial Circuit Court to have properties declared abandoned and remove blight; and

WHEREAS, the Property Tax Code and the Illinois Counties Code are both utilized by the County of Winnebago to address issues with blighted properties located within the county and improve the health, safety and welfare of its citizens.

NOW, THEREFORE BE IT RESOLVED, by the County Board of the County of Winnebago that SB1721 would benefit Winnebago County, Illinois, its citizens and support its efforts in addressing tax delinquent, forfeited and blighted properties more efficiently. Therefore, the County of Winnebago, Illinois supports SB1721.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

**Respectfully submitted,
FINANCE COMMITTEE**

AGREE

DISAGREE

Jaime Salgado, Chairman

Jaime Salgado, Chairman

Steve Schultz

Steve Schultz

John Butitta

John Butitta

Paul Arena

Paul Arena

Joe Hoffman

Joe Hoffman

Jean Crosby

Jean Crosby

Keith McDonald

Keith McDonald

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this _____ day of _____, 2021.

Joseph Chiarelli, Chairman of the
County Board of the
County of Winnebago, Illinois

ATTEST:

Lori Gummow, Clerk of the
County Board of the
County of Winnebago, Illinois

**RESOLUTION
OF THE
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

2021 CR _____

SUBMITTED BY: FINANCE COMMITTEE

**RESOLUTION OPPOSING SB1721 — PROPOSED AMENDMENTS TO THE PROPERTY
TAX CODE (35 ILCS 200/21-90; 35 ILCS 200/21-215; 35 ILCS 200/21-355)
ILLINOIS COUNTIES CODE (55 ILCS 5/5-1121) AND
ILLINOIS MUNICIPAL CODE (65 ILCS 5/11-31-1)**

WHEREAS, on February 26, 2021, Illinois State Senator Steve Stadelman has sponsored a new bill, SB1721, which proposes amendments to the Property Tax Code (35 ILCS 200/21-90; 35 ILCS 200/21-215; 35 ILCS 200/21-355), Illinois Counties Code (55 ILCS 5/5-1121) and Illinois Municipal Code (65 ILCS 5/11-31-1); and

WHEREAS, the proposed amendments to the Property Tax Code (35 ILCS 200/21-90; 35 ILCS 200/21-215; 35 ILCS 200/21-355) relate to the provisions for delinquent property and tax sales, which would include the Winnebago County Trustee program, and a summary of the amendments are as follows:

- Makes it discretionary and not mandatory for the County to take steps necessary to acquire title to the property and adds new managerial and operational rights;
- Provides costs to be distributed to taxing districts, including operation and maintenance costs and all costs associated with county staff and overhead used to perform the duties of the trustee;
- Reduces the maximum penalty bids for the annual tax sale from 18% to 12%;
- For redemption of property, it limits the assessments of penalties from every 6 months to 12 months (and conforms other timeframes); and

WHEREAS, the proposed amendments to the Illinois Counties Code (55 ILCS 5/5-1121) - *Demolition, repair and enclosure*, modifies the requirements to have a circuit court declare property abandoned, and a summary of the amendments are as follows:

- To declare a property abandoned, the property's condition must impair public health, safety, or welfare for reasons specified in the petition;
- Requiring the posting of a notice on the property prior to any declaration of abandonment;
- The owner of record or person having an interest in the property shall make a request to demolish the property or put it in safe condition, rather than repair it
- The may petition the court to issue a judicial deed for the property to the county or another governmental body designed by the county in the petition; and

WHEREAS, similar amendments from the Illinois Counties Code are proposed to the Illinois Municipal Code (65 ILCS 5/11-31-1) - *Demolition, repair, enclosure, or remediation*, for

abandoned property; and

WHEREAS, for years the County of Winnebago, Illinois has had a successful Trustee program to conduct tax sales of delinquent or forfeited properties pursuant to the provisions of the Property Tax Code; and

WHEREAS, the County of Winnebago, Illinois has also utilized the remedy under the Illinois Counties Code by filing petitions with the 17th Judicial Circuit Court to have properties declared abandoned and remove blight; and

WHEREAS, the Property Tax Code and the Illinois Counties Code are both utilized by the County of Winnebago to address issues with blighted properties located within the county and improve the health, safety and welfare of its citizens.

NOW, THEREFORE BE IT RESOLVED, by the County Board of the County of Winnebago that the General Assembly and the Governor should strongly consider the impact of SB1721 on local governments and its potential revenues, the entirety of the tax sale process and abandonment petitions. Therefore, the County of Winnebago, Illinois opposes SB1721.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

**Respectfully submitted,
FINANCE COMMITTEE**

AGREE

DISAGREE

Jaime Salgado, Chairman

Jaime Salgado, Chairman

Steve Schultz

Steve Schultz

John Butitta

John Butitta

Paul Arena

Paul Arena

Joe Hoffman

Joe Hoffman

Jean Crosby

Jean Crosby

Keith McDonald

Keith McDonald

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this _____ day of _____, 2021.

Joseph Chiarelli, Chairman of the
County Board of the
County of Winnebago, Illinois

ATTEST:

Lori Gummow, Clerk of the
County Board of the
County of Winnebago, Illinois

**RESOLUTION
OF THE
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

2021 CR _____

SUBMITTED BY: FINANCE COMMITTEE

**RESOLUTION SUPPORTING SB2278 — PROPOSED AMENDMENT TO STATE
STATUTE 55 ILCS 5/5-1006.5 (SPECIAL COUNTY RETAILERS' OCCUPATION TAX
FOR PUBLIC SAFETY, PUBLIC FACILITIES, MENTAL HEALTH, SUBSTANCE ABUSE,
OR TRANSPORTATION)**

WHEREAS, pursuant to 55 ILCS 5/5-1006.5 (Special County Retailers' Occupation Tax for Public Safety, Public Facilities, Mental Health, Substance Abuse, or Transportation), the county board of any county may impose a tax upon all persons engaged in the business of selling tangible personal property, other than personal property titled or registered with an agency of this State's government, at retail in the county on the gross receipts from the sales made in the course of their business to provide revenue to be used for public safety, public facility, mental health, substance abuse, or transportation purposes; and

WHEREAS, currently the County of Winnebago imposes such a tax for public safety and another tax for mental health; and

WHEREAS, the public safety sales tax was imposed by the County of Winnebago approximately 18 years ago and has been managed since that time without a separate board; and

WHEREAS, the mental health sales tax was imposed by the County of Winnebago by the approval and adoption of an ordinance on May 14, 2020, with an effective date of July 1, 2020. A 7-member board has been established to advise the County Board of the County of Winnebago, Illinois (County Board) on the use of funds received from the tax; and

WHEREAS, the County of Winnebago is the first county in Illinois to impose a tax to be used for mental health and has yet to begin the expenditure of funds received from the tax; and

WHEREAS, on February 26, 2021, Illinois State Senator Steve Stadelman has sponsored a new bill, SB2278, which proposes an amendment to 55 ILCS 5/5/-1006.5 (g); and

WHEREAS, the proposed amendment provides as follows: "any county authorized to levy a tax under this Section may establish a 7-member board, which shall oversee the use of funds received from the tax under this Section. Such board shall be appointed by the chairman of the county board or chief executive officer of the county with the advice and consent of the county board. Members of the 7-member board shall be residents of the county who are 18 years of age. The county board may by ordinance or resolution provide for the specific authority and procedures of the board"; and

WHEREAS, currently the County Board directly oversees the use of the funds received from the tax under 55 ILCS 5/5-1006.5; and

WHEREAS, the proposed amendment makes it discretionary for the County Board to establish a separate 7-member board to oversee the use of the funds and further provides that the County Board may establish the authority and procedures of said board; and

WHEREAS, the County Board understands the impact the funds received from the tax under 55 ILCS 5/5-1006.5 has on Winnebago County and its citizens, which includes providing for resources and services needed in the areas of public safety, public facility, mental health, substance abuse, or transportation.

NOW, THEREFORE BE IT RESOLVED, that the County Board of the County of Winnebago, Illinois represents the interests of the entire county and finds that SB2278 is in the best interest of the citizens of Winnebago County. Therefore, the County of Winnebago, Illinois supports SB2278.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

**Respectfully submitted,
FINANCE COMMITTEE**

AGREE

Jaime Salgado, Chairman

Steve Schultz

John Butitta

Paul Arena

Joe Hoffman

Jean Crosby

Keith McDonald

DISAGREE

Jaime Salgado, Chairman

Steve Schultz

John Butitta

Paul Arena

Joe Hoffman

Jean Crosby

Keith McDonald

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this _____ day of _____, 2021.

Joseph Chiarelli, Chairman of the
County Board of the
County of Winnebago, Illinois

ATTEST:

Lori Gummow, Clerk of the
County Board of the
County of Winnebago, Illinois

**RESOLUTION
OF THE
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

2021 CR _____

SUBMITTED BY: FINANCE COMMITTEE

**RESOLUTION OPPOSING SB2278 — PROPOSED AMENDMENT TO STATE STATUTE
55 ILCS 5/5-1006.5 (SPECIAL COUNTY RETAILERS' OCCUPATION TAX FOR PUBLIC
SAFETY, PUBLIC FACILITIES, MENTAL HEALTH, SUBSTANCE ABUSE,
OR TRANSPORTATION)**

WHEREAS, pursuant to 55 ILCS 5/5-1006.5 (Special County Retailers' Occupation Tax for Public Safety, Public Facilities, Mental Health, Substance Abuse, or Transportation), the county board of any county may impose a tax upon all persons engaged in the business of selling tangible personal property, other than personal property titled or registered with an agency of this State's government, at retail in the county on the gross receipts from the sales made in the course of their business to provide revenue to be used for public safety, public facility, mental health, substance abuse, or transportation purposes; and

WHEREAS, currently the County of Winnebago imposes such a tax for public safety and another tax for mental health; and

WHEREAS, the public safety sales tax was imposed by the County of Winnebago approximately 18 years ago and has been managed since that time without a separate board; and

WHEREAS, the mental health sales tax was imposed by the County of Winnebago by the approval and adoption of an ordinance on May 14, 2020, with an effective date of July 1, 2020. A 7-member board has been established to advise the County Board of the County of Winnebago, Illinois (County Board) on the use of funds received from the tax; and

WHEREAS, the County of Winnebago is the first county in Illinois to impose a tax to be used for mental health and has yet to begin the expenditure of funds received from the tax; and

WHEREAS, on February 26, 2021, Illinois State Senator Steve Stadelman has sponsored a new bill, SB2278, which proposes an amendment to 55 ILCS 5/5-1006.5 (g); and

WHEREAS, the proposed amendment provides as follows: "any county authorized to levy a tax under this Section may establish a 7-member board, which shall oversee the use of funds received from the tax under this Section. Such board shall be appointed by the chairman of the county board or chief executive officer of the county with the advice and consent of the county board. Members of the 7-member board shall be residents of the county who are 18 years of age. The county board may by ordinance or resolution provide for the specific authority and procedures of the board"; and

WHEREAS, currently the County Board directly oversees the use of the funds received from the tax under 55 ILCS 5/5-1006.5; and

WHEREAS, the proposed amendment makes it discretionary for the County Board to establish a separate 7-member board to oversee the use of the funds and further provides that the County Board may establish the authority and procedures of said board; and

WHEREAS, the County Board understands the impact the funds received from the tax under 55 ILCS 5/5-1006.5 has on Winnebago County and its citizens, which includes providing for resources and services needed in the areas of public safety, public facility, mental health, substance abuse, or transportation.

NOW, THEREFORE BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that the General Assembly and the Governor should strongly consider the necessity of SB2278 and recognize that the County Board represents the interests of the entire county. Therefore, the County Board should maintain authority on the oversight of the use of the funds received from the Special County Retailers' Occupation Tax (55 ILCS 5/5-1006.5) and is opposed to SB2278.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

**Respectfully submitted,
FINANCE COMMITTEE**

AGREE

DISAGREE

Jaime Salgado, Chairman

Jaime Salgado, Chairman

Steve Schultz

Steve Schultz

John Butitta

John Butitta

Paul Arena

Paul Arena

Joe Hoffman

Joe Hoffman

Jean Crosby

Jean Crosby

Keith McDonald

Keith McDonald

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this _____ day of _____, 2021.

Joseph Chiarelli, Chairman of the
County Board of the
County of Winnebago, Illinois

ATTEST:

Lori Gummow, Clerk of the
County Board of the
County of Winnebago, Illinois