

COMMITTEE REPORT

COMMITTEE: Finance, Tax & Budgets
CHAIRPERSON: Steve Rutz, Chairman
DATE/TIME: April 28, 2016 @ 6:00 p.m.

PRESENT: John O'Boyle Rick Dittmar Randy Jobgen
 Steve Rutz RJ Winkelhake Ron Smith
 Merri Berlage

Other Board members: None

Others: Donna Berlage, Melisa Hammer, Dan Reimer, Kevin Turner and Hope Wheeler.

1. **Call to Order** – RJ Winkelhake, Committee Vice-Chairman, called the meeting to order at 6:03 pm.
2. **Roll Call** – A quorum was established.
3. **Review and approve minutes** – John O'Boyle made a motion to approve the March 30, 2016 Finance, Tax & Budgets Committee meeting minutes as presented. Seconded by Merri Berlage and motion passed.
4. **Citizens Comments** – None
5. **Unfinished Business**
 - a) FY2015/FY2016 Strategic Goals & Plans – Nothing new to report at this time.
 - b) Update on options to maintain the Public Safety Radio Communications System – Nothing new to report at this time.
 - c) Update on five year capital improvement plan from standing committees – Dan Reimer, County Administrator, handed out and reviewed a revised Jo Daviess County Five Year Capital Improvement Plan – FY2017-FY2021 form and a Vehicle Replacement Plan form.
6. **New Business**
 - a) Presentation of FY2015 Jo Daviess County Financial Audit – Hope Wheeler, CliftonLarsonAllen LLP – Hope Wheeler, CPA, and Partner with CliftonLarsonAllen LLP, provided a power point presentation highlighting the FY2015 Jo Daviess County Financial Audit. Audit documents include the required communications or governance letter, report findings, management letter and the financial statements report. The governance letter is a summary of required communication that provides a report to the Finance Committee regarding significant matters related to the audit of the basic financial statements of Jo Daviess County including footnotes and required supplementary information. The first area is significant accounting policies. There were new significant accounting policies. In FY2015 the County implemented GASB 68/71 which required recognizing the net pension liability related to IMRF pension plans based on actuarial study; recognizing deferred outflows and inflows of resources; and restatement of beginning net position. Wheeler reported that significant accounting estimates were determined based on management's knowledge and experience. There were no unrecorded financial statement adjustments, no disagreements with management on financial accounting and reporting matters, auditing procedures, or other matters and there were no difficulties in performing the audit other than challenges with implementation of GASB68.

Wheeler discussed three report level findings: 2015-001 – Financial Statement Preparation, 2015-002 – Segregation of Duties – Circuit Clerk’s Office and 2015-003 Significant Audit Adjustment. Finding 2015-001 the County engages CliftonLarsonAllen to assist in preparing financial statements, and accompanying disclosures. CLA cannot be considered part of the County’s internal control system so it is recommended to continue to review the process over the financial statements that are prepared. Finding 2015-002 is a repeat finding regarding control over the functions of processing and recording the financial transactions of the Circuit Clerk’s office due to an inadequate segregation of duties stemming from limited personnel. Finding 2015-003 was for a significant audit adjustment related to a retainage payable on a construction in progress project that was not recorded at year end. Wheeler reviewed a summary draft of the FY2015 financial statements. The audit report is a clean unmodified opinion. Wheeler reviewed the government-wide statements which are reported on a full accrual basis. Major funds include the General Fund, Highway, Transit and Public Health. The General Fund year-end fund balance includes the Contingency Fund and the Public Health Fund year-end fund balance includes the Catastrophic Public Health Emergency Fund. Each fund shows an excess of revenues over expenses for the year, except for the Public Health Fund which shows a deficit of \$196,000. The assets of the County’s governmental activities exceeded its liabilities by \$34,955,042 and \$33,377,967 (net position) at the close of fiscal years 2015 and 2014, respectively. Of this amount, \$18,922,294 represented the County’s investment in capital assets, net of related debt, \$10,617,155 was held for restricted purposes, and \$5,415,592 was unrestricted. The County’s total net position increased by \$1,577,075 and \$1,463,123 in fiscal years 2015 and 2014, respectively. At the close of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$16,512,889.

- b) Discussion and possible action to accept the FY2015 Jo Daviess County Audit – Merri Berlage made a motion to accept the FY2015 Jo Daviess County Financial Audit. Seconded by John O’Boyle and motion passed.
- c) Discussion and possible action to approve an additional engagement letter with CliftonLarsonAllen LLP, which breaks out the Section 5311 and Downstate Operating Assistance Program annual audits required by Illinois Department of Transportation – Hope Wheeler reported that in the past the auditor for the Operator of the Jo Daviess County Transit audited the 5311 and DOAP grant fund program. In 2014 IDOT shifted more oversight responsibilities to the Grantee and Jo Daviess County engaged CLA to audit SFY 2014 and SFY2015 5311 and DOAP programs. Originally CLA was going to include the Transit audit schedules as an attachment to the Jo Daviess County FY2015 financial statements. However, since the State fiscal year ends on June 30th and County fiscal year ends on November 30th, a separate audit report is required. The original engagement letter stated that these reports would be attached as supplemental information to the financial statements. Rick Dittmar made a motion to approve an additional engagement letter with CliftonLarsonAllen LLP, which breaks out the Section 5311 and Downstate Operating Assistance Program annual audits required by Illinois Department of Transportation. Seconded by John O’Boyle and motion passed.
- d) Discussion and possible action on a Resolution for a deed of conveyance of the County’s interest in parcel 22-101-411-00 in West Galena Township to Lucas E. Nastruz – Dan Reimer explained that this is a parcel that Joseph Meyer, Trustee for Jo Daviess County sold for us. It did not sell at the tax sale, so Joseph Meyer, advertised the parcel and found a buyer. Rick Dittmar made a motion to approve a Resolution for a deed of

conveyance of the County's interest in parcel 22-101-411-00 in West Galena Township to Lucas E. Nastruz. Seconded by Randy Jobgen and motion passed.

- e) Discussion and possible action on a Resolution to approve the transfer of funds from one appropriation of one fund to another of the same fund for the purpose of making accelerated payments to IMRF – Dan Reimer discussed that last month the County Board approved a resolution to pay accelerated IMRF payments from the budgets that two former employees were paid from. The issue is that funds were not appropriated in the FY2016 budget for the purpose of accelerated payments and the additional payments may cause the overall budget to be over budget at year end. Statute allows the transfer of funds from one appropriation of any one fund to another of the same fund. However the transfer may not affect the total amount appropriated and the County Board can approve such transfer with a two thirds majority vote. **Randy Jobgen made a motion to approve a Resolution to approve the transfer of funds from one appropriation of one fund to another of the same fund for the purpose of making accelerated payments to IMRF. Seconded by John O'Boyle and motion passed.**
- f) Discussion and possible action on a Resolution to Establish a Line Item to Account for Expenses Associated with Violent Crime Victim Assistance Grant and Approve an Associated Line Item Transfer – Dan Reimer discussed that the Violent Crime Victim Assistance Grant requires that the wages for the Victim Witness Coordinator be kept in a separate account. This resolution memorializes the new expense account line item 406 Salaries Grants and the line item transfer in the amount of \$19,100 (which is the amount of the grant) to be made from line item 001-42134-401 Salaries – Full-time to 001-42134-406 Salaries – Grants. **Merri Berlage made a motion to approve a Resolution to Establish a Line Item to Account for Expenses Associated with Violent Crime Victim Assistance Grant and Approve an Associated Line Item Transfer in the amount of \$19,100.00. Seconded by Randy Jobgen and motion passed.**
- g) Discussion on proposed Courthouse office space layout – At the January Finance Committee meeting Jo Daviess County Treasurer, Melisa Hammer discussed that she is in need of additional office space. Hammer was asked to bring back a proposal to the Finance committee for future consideration. Hammer presented possible options for revising and moving the office location of several departments who are currently located in the Jo Daviess County Courthouse. Sheriff Turner discussed the possible use of the Law Library for additional office space. Sheriff Turner will talk to the departments involved and bring back a report to the Law & Courts Committee and the Finance Committee.

7. Staff Reports

- a) **Chief County Assessment Office** – Donna Berlage, Chief County Assessment Officer (CCAO) reported her office has been busy working on Senior Homestead Freeze applications. The two township assessors without computers have turned in some of their work. The Township Assessor Program Intergovernmental Agreements were sent out on March 4th and so far two signed agreements have been received. A third agreement was received from Elizabeth/Woodbine and Berlage will forward it on to Nora/Rush/Warren. Berlage received an email from the West Galena Township Assessor and the West Galena Supervisor. Berlage attended the IACO conference in Springfield on April 19th. Discussion topics included new legislation, homestead exemptions, the hospital exemption and Veteran's exemptions. There are no new PTAB cases to report at this time. Berlage reported that due to travel constraints the Illinois Department of Revenue will no longer schedule PTAB hearings outside of Springfield. Berlage will now have to travel to Springfield for PTAB hearings.

b) Treasurer's Office – Melisa Hammer, Jo Daviess County Treasurer reported her office has printed and mailed 22,854 tax parcels totaling \$51,692,565. Hammer attended an elected official conference in Springfield. Hammer discussed the Senior Citizen Deferral. The County currently has three participants in the program. The State is telling us they are not paying those out right now and we are not to sell the taxes. Hammer discussed HB696 which passed the House. The bill would freeze property taxes effective 2015 payable 2016. Most counties are in the process of sending out tax bills, if this bill is enacted as is it could cost Jo Daviess County approximately \$17,000 to send out revised tax bills. Hammer also discussed that the State overpaid the local share of Personal Property Replacement Tax. Counties and municipalities will have to repay their overpayment. The overpayment to Jo Daviess County is approximately \$27,000.00.

c) County Administrator – Dan Reimer, County Administrator reviewed the 2016 Actual Tax Levy Distribution Amounts for Jo Daviess County and the four special service areas and also the Final Tax Computation Reports.

8. Citizens' comments - None

9. Board Member Concerns – Ron Smith, County Board Chairman, discussed that he has been looking for an individual to appoint to the Board of Review. Donna Berlage asked if a maintenance fund could be established for the purpose of painting courthouse offices on a rotational basis.

The next Finance, Tax & Budgets Committee meeting will be on Thursday, May 26, 2016 at 6:00 p.m.

Randy Jobgen made a motion to adjourn at 8:35 pm. Seconded by John O'Boyle and motion passed.