COMMITTEE REPORT

COMMITTEE: **Finance, Tax & Budgets**
CHAIRPERSON: **RJ Winkelhake, Vice Chair**
DATE/TIME: **April 30, 2015 @ 6:00 p.m.**

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

Other Board members:
Others: Melisa Hammer, Donna Berlage, Hope Wheeler, and Dan Reimer.

1. **Call to Order –** RJ Winkelhake called the meeting to order at 6:00 pm.
2. **Roll Call –** A quorum was established.
3. **Review and approve minutes –** Randy Jobgen made a motion to approve the March 26, 2015 Finance, Tax & Budgets Committee meeting minutes. Seconded by John O'Boyle and motion passed.
4. **Citizens Comments** – None
5. **Unfinished Business -** Chairman Rutz asked that item 6a be moved forward at this time - **Presentation of FY2014 Jo Daviess County Financial Audit - Hope Wheeler, Clifton Larson Allen.**

   Hope Wheeler, CPA, and Partner with Clifton Larson Allen (CLA) provided a power point presentation highlighting the FY2014 Jo Daviess County 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. In FY2014 the County implemented GASB 65 which required analysis of all deferred revenue which was then either moved to unearned revenue or deferred inflows of resources. For FY2015 Jo Daviess County will be required to implement GASB 68 regarding pension liabilities. 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. Wheeler discussed two report level findings: 2014-1 Financial statement preparation and 2014-2 Segregation of duties- Circuit Clerk's Office. There were no material weaknesses. Finding 2014-1 the County engages CLA to assist in preparing financial statements, accompanying disclosures, and schedules of expenditures of federal awards. 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 2014-2 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. Wheeler reviewed the management letter and discussed two matters that they became aware of during their audit, both are opportunities to strengthen the County's internal control and improve the efficiency of operations. The first is the County vacation policy. The general policy for the maximum amount of accumulated vacation hours

allowed is 240 hours. CLA noted two employees who have hours in excess of the allowed limit according to their departments policy. CLA recommends the County review and enforce the maximum hours allowed based on specific departmental policies. The County should consider a policy that requires employees to take a set amount of vacation hours each year. Vacations will help morale and help the County ensure that job tasks are being performed according to County policy. The second was a cash cut-off incident in which $16,000 was received prior to November 30, 2014 and the amount was recorded as accounts receivable instead of cash. Treasurer Hammer, who took office on 12/01/2014, was made aware of this situation and reported that this incident involved ACH payments received by one of the Departments. Hammer has considered control options which will help prevent this from occurring in the future. Wheeler reviewed a summary draft of the FY2014 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, Federal Aid Matching and Public Health. GASB 54 was implemented in fiscal year ended 11/30/2011. 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. The assets of the County's governmental activities exceeded its liabilities by $34,047,634 and $31,914,844 (net position) at the close of fiscal years 2014 and 2013, respectively. Of this amount, $18,405,098 represented the County's investment in capital assets, net of related debt, $10,390,772 was held for restricted purposes, and $5,251,764 was unrestricted. The County's total net position increased by $2,132,790 and $2,054,885 in fiscal years 2014 and 2013, respectively. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $15,805,426. **Randy Jobgen made a motion to accept the FY2014 Jo Daviess County Financial Audit that was completed by CliftonLarsonAllen LLP. Seconded by Rick Dittmar and motion passed 7-0.**

a) Jo Daviess County strategic goals –

b) Township Assessor Pilot Program – Donna Berlage, Chief County Assessment Officer reported that funds were appropriated for two laptop computers in the FY2015 budget for use in the Township CAMA program. The two computers have been purchased and will be assigned to the West Galena Township Assessor and the Township Assessor for Berreman, Pleasant Valley and Wards Grove.

c) Township Assessor Program Intergovernmental Agreement – Nothing new to report at this time.

d) Update on options to fund the Public Safety Radio Communications System – Nothing to report at this time.

e) Update on Jo Daviess County Purchasing Card program – County Treasurer, Melisa Hammer reported that the new purchasing card program with Illinois Bank & Trust has been implemented and the purchasing cards have been assigned. Hammer discussed that the plan is to implement the new cards and then wait a month and then close the purchasing card account with US Bank. This will insure that the transition to Illinois Bank & Trust in complete. Hammer was asked about charges to TH Media. Hammer reported that charges that appeared on one of the US Bank statements to TH Media were legitimate charges.

f) Update on Special Service District #6 – Galena Area Emergency Medical Service District Dan Reimer reported that Jack Zane Treasurer of the Galena Area EMS District has discussed the support of proposed Service District #6 with the three municipalities that would be served by Special Service Area #6 including the City of Galena, Scales Mound

and Menominee. The Galena City Council adopted a resolution of support on April 13, 2015, the Village of Scales Mound is considering approval and the Village of Menominee will yet to meet.

6. New Business

a) Presentation of FY2014 Jo Daviess County Financial Audit – Hope Wheeler, Clifton Larsen Allen. – See above.

b) Discussion and possible action regarding a letter to the BNSF Railway for the purpose of initiating a cost recovery claim associated with the response by Jo Daviess County personnel and equipment to the Galena train derailment on March 5, 2015. Dan Reimer discussed a draft letter written to BNSF Railway regarding the Galena train derailment that occurred on March 5, 2015. The letter states in part: the purpose of this letter is to initiate a claim associated with the response by Jo Daviess County personnel and equipment, including the Jo Daviess County Hazardous Materials Response Team. The letter lists each of the Jo Daviess County departments and agencies who responded and costs associated with responding. The total not including property damage is $101,421.30. The letter also states: there are also damages to Jo Daviess County roadways and property, these costs have not yet been determined and are *not* included in the attached invoices. Jo Daviess County retains the right to claim future costs for damages to roadways and property and for any other unanticipated costs or future expenses which may arise as the result of the Galena train derailment incident. **Merri Berlage made a motion to approve a letter to the BNSF Railway for the purpose of initiating a cost recovery claim associated with the response by Jo Daviess County personnel and equipment to the Galena train derailment on March 5, 2015 an to add the mailing address in the letter as to where the claims checks should be mailed. Seconded by RJ Winkelhake and motion passed 7-0.**

c) Discussion and possible action regarding a resolution for the recovery of costs and the accounting of Jo Daviess County expenditures and reimbursements associated with the BNSF Railway/Galena train derailment. Dan Reimer read a draft Resolution for the recovery of costs and the accounting of Jo Daviess County expenditures and reimbursements associated with the BNSF Railway/Galena train derailment. The resolution reads in part: WHEREAS, the Jo Daviess County Finance, Tax & Budgets Committee recommends that for County Departments with operating budgets in the General Fund (including but not limited to Sheriff, Emergency Management, States Attorney, County Administration, IT) the Contingency Fund (016) will be used to account for all expenditures and cost recovery revenue received from the BNSF Railway as a result of the March 5, 2015 Galena train derailment and that the revenue received for costs incurred by these departments shall be deposited in the Contingency Fund (016) and activity codes shall be established to account for said revenue. Said revenue shall be designated for future emergency services purposes including personnel costs and/or equipment purchases. For County Departments where operating costs are paid from a special fund (including but not limited to County Highway, GIS) all costs associated with the BNSF Railway Galena train derailment are to be paid from the respective departments operating fund(s) and all cost recovery revenue received from the BNSF Railway is to be deposited in the respective departments operating fund. Merri Berlage made a motion to approve **a resolution for the recovery of costs and the accounting of Jo Daviess County expenditures and reimbursements associated with the BNSF Railway/Galena train derailment. Seconded by Randy Jobgen and motion passed 7-0.**

5. Staff Reports

a) Chief County Assessment Office – Donna Berlage discussed her written report. On March 23, 2015 the IDOR certified the final property tax multiplier and it was a 1.00. Tax levy rates have been calculated by the County Clerk and tax bills have been sent out by the Treasurer's Office. The Assessment Office has started work on 2015 assessments. Berlage has not received the new 2015 sales ratio from the State. The office has been busy with Senior Assessment Freeze applications. The general assessment or quad townships for 2015 are Apple River, Thompson, Nora, Rush and Warren. Berlage attended a Department of Revenue meeting in Springfield on April 28th and 29th.

b) Treasurer's Office – Melisa Hammer reported that the County Clerk's office completed calculation of tax rates and extension amounts for each of the taxing districts and rolled over the books to the Treasurer's office. Her office has been busy preparing tax statements. Statements were mailed on Tuesday April 28th. First installments will be due on June 1, 2015 and second installment will be due on September 1, 2015.

c) County Administrator –Dan Reimer reviewed a memo regarding the 2014 (payable 2015) property tax extensions for each of the 10 Jo Daviess County special purpose levies and the three special service areas. The levy request for the 10 special purpose levies was $5,734,387.00. Per PTELL the County Clerk determined that the total extension for Jo Daviess County (payable 2015) is $5,721,169.27, a difference of $13,217.73. Reimer discussed a written report regarding some of the financial highlights for fiscal year ended November 30, 2014; the report compared 2014 to 2013, 2012 and 2007.

6. **Citizens' comments -** None

7. **Board Member Concerns** - None

Steve Rutz discussed that he will not be available on May 28th and asked the Committee if they would consider changing the next meeting date to May 21st. The next committee meeting will be on Thursday, May 21, 215 @ 6:00 p.m.

John O'Boyle made a motion to adjourn at 8:23 pm. Seconded by Randy Jobgen and motion passed.