

COMMITTEE REPORT

COMMITTEE: Finance, Tax & Budgets
CHAIRPERSON: Steve Rutz
DATE/TIME: April 30, 2014 @ 11:00 a.m.

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

Other Board members:

Others: Dan Reimer, Melisa Hammer, Hope Wheeler, Donna Berlage and Carol Soat

1. Review and approve minutes – Randy Jobgen made a motion to approve the March 27, 2014 Finance, Tax and Budget Committee minutes and the April 7, 2014 special committee minutes. Seconded by Ron Smith and motion passed.

2. Citizens Comments

Chairman Rutz moved item 5a forward at this time - Presentation of FY2013 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 FY2013 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. Significant accounting policies include implementation of GASB 63 which renamed "net assets" to "net position". Wheeler reported that significant accounting estimates were determined based on management's knowledge and experience. The County hired an actuary to determine the cost of post-employment benefits per GASB 45. 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 three report level findings: 2013-1 Financial statement and SFDA preparation, 2013-2 Segregation of duties- Circuit Clerk's Office, 2013-3 Proper controls over payroll timesheets. There were no material weaknesses. Finding 2013-1 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 2013-2 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. Finding 2013-3 is a repeat finding and was addressed earlier in the fiscal year by the Highway Department and has since been remedied. Wheeler reviewed the management letter and discussed one recommendation regarding 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, prevent burnout and helps the County ensure that job tasks are being performed according to County policy. Wheeler reviewed a summary draft of the FY2013 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 \$31,914,844 and \$29,859,959 (net position) at the close of fiscal years 2013 and 2012, respectively. Of this amount, \$17,168,540 represented the County's investment in capital assets, net of related debt, \$9,575,058 was held for restricted purposes, and \$5,171,246 was unrestricted. The County's total net position increased by \$2,054,885 and \$3,335,432 in fiscal years 2013 and 2012, respectively. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,636,770. The County received \$662,700 in federal awards in FY2013; two programs were tested. **Randy Jobgen made a motion to accept the FY2013 Jo Daviess County Financial Audit that was completed by CliftonLarsonAllen LLP. Seconded by Rick Dittmar and motion passed.**

Chairman Rutz moved item 5b forward at this time - Discussion and possible action to approve a policy to ensure year-end financial statements, including footnote disclosures, and the Schedule of Federal Awards, are reviewed and approved by a qualified individual, independent of the financial statement auditors.

Reimer discussed a letter received from the U.S. Department of Justice regarding two recommendations from the FY2012 Jo Daviess County audit report. The letter requests the County to provide a corrective action plan that adequately addresses the two recommendations. In addition the County must submit documentation to OJP demonstrating that the County's financial points of contact or other key personnel directly responsible for the financial management of grants awarded by the DOJ have completed the DOJ-sponsored Grants Financial Management Online Training. Training must be completed within 120 days of the date of the DOJ letter. To comply with the request a written policy was drafted - *Policy for the Review and Approval of Year-end Financial Statements and the Schedule of Expenditures of Federal Awards*. The policy memorializes procedures that have been implemented by the County to ensure year-end financial statements, including footnote disclosures, and the Schedule of Expenditures of Federal Awards, are reviewed and approved by a qualified individual, independent of the financial statement auditors. Circuit Clerk Sharon Wand developed a written policy, *Financial Transactions Policy Circuit Clerk* which will be implemented effective May 1, 2014. In addition, to comply with the online training requirement Jo Daviess County Sheriff Kevin Turner has designated his Operations Lieutenant to complete the online training within 120 days of the date of the request letter. **Randy Jobgen made a motion to approve a policy to ensure year-end financial statements, including footnote disclosures, and the schedule of federal awards, are reviewed and approved by a qualified individual,**

independent of the financial statement auditors. Seconded by RJ Winkelhake and motion passed.

3. Staff Reports

- a) **Chief County Assessment Office** – Chief County Assessment Officer, Donna Berlage reported that it has been four weeks since final assessed values for Jo Daviess County were sent to the Department of Revenue and she is waiting to hear back on the final multiplier. Berlage reported that Township Assessors have until June 15th to turn in their assessment work. Berlage reported that her office has received resolutions from 18 Townships regarding multi-township assessment districts; the deadline for returning resolutions is May 1st. Of the 18 Townships that have responded fifteen have accepted the proposal and three have denied the proposal; Apple River, Thompson and Rush. Berlage reported that she is waiting to hear from the following Townships; Scales Mound, Dunleith, Berreman, Derinda and Stockton.
- b) **Treasurer's Office** – County Treasurer, Carol Soat, reported her office is getting ready to process property tax bills. Once the state multiplier is received the County Clerk's office can process tax computation reports for the 107 taxing districts. After this part of the tax cycle is completed her office will print and mail the tax bills. Soat is hopeful that tax bills will go out the week of May 19th; first installment will be due around June 20th. Soat reported that 389 mobile home tax bills were sent out in March. This amount is lower than last year because several mobile homes have been sold to a new owner and per statute they are now required to pay real estate taxes.
- c) **County Administrator** - Dan Reimer, County Administrator, discussed that the FY2015 budget process will begin in about a month. At the May meeting the Finance Committee will be asked to approve the FY2015 budget schedule planner. Reimer asked the Committee for direction as to how they would like to schedule the August joint committee budget meetings and regular monthly committee meetings. It was the consensus that joint budget committee meetings along with regular business meetings made for too long of a meeting. Winkelhake asked that preliminary budgets be made available ahead of time so that they can be reviewed and questions ready for the individuals presenting budgets. The Committee discussed the possibility of some day meetings. Reimer suggested that the business meetings of two committees be scheduled on the same evening. The consensus of the committee was to request the Administrator's Office to draft two or three schedule options and bring them back to the committee for review and approval. Reimer discussed the spring health insurance review meeting with Steve Hamilton, Insurance Broker with Tricor Insurance. Hamilton estimated group health insurance rates could increase 9% to 11% for Jo Daviess County in FY2015. Rick Dittmar recommended that Hamilton request proposals from our current provider and other providers for comparison purposes. Ron Smith discussed that he would like to see a committee established to consider current and future health insurance needs and help make recommendations pertaining to employee health insurance. This item will be discussed under item 5d below. Reimer reviewed updated

economic statistics, the revenue comparison report and the Jo Daviess County state shared revenues report.

4. Unfinished Business

- a) Jo Daviess County strategic goals – Nothing new to report.
- b) Township Assessor Pilot Program – Nothing new to report.
- c) Township Assessor Program Intergovernmental Agreement – Berlage reported that she did send a draft agreement to States Attorney Hay for review.
- d) Update on options to fund the Public Safety Radio Communications System- Randy Jobgen discussed that Jo Daviess County may want to research the new medical marijuana law and tax revenue that could be generated if implemented. Ron Smith discussed that about 20 years ago, before the 911 land line surcharge was implemented, communication system users were charged a fee. Smith recommended that additional research be done on the possibility of user fees.
- e) Update on five year capital improvement plan from standing committees – Nothing new to report.

5. New Business

- a) Presentation of FY2013 Jo Daviess County Financial Audit - Hope Wheeler, Clifton Larson Allen - See above.
- b) Discussion and possible action to approve a policy to ensure year-end financial statements, including footnote disclosures, and the Schedule of Federal Awards, are reviewed and approved by a qualified individual, independent of the financial statement auditors - See above.
- c) Discussion and possible action regarding a request from Guilford Township for reimbursement of legal expenses related to redistricting of assessment districts - Smith reported that the County received an invoice from Guilford Township requesting reimbursement for legal fees associated with redistricting of township assessment districts. **Randy Jobgen made a motion to deny the request from Guilford Township for reimbursement of legal expenses related to redistricting of assessment districts. Seconded by Ron Smith.** After much discussion the motion was voted on; the voice vote was 3 ayes and 3 nays, motion failed. **RJ Winkelhake made a motion to send a letter to Guilford Township requesting an itemized invoice for the \$3,795.00 in legal expenses listed and ask if expenses incurred by other Townships are included in the bill related to redistricting of township assessment districts. Seconded by Rick Dittmar.** After much discussion the motion was voted on; the voice vote was 3 ayes and 3 nays, motion failed. Because both motions failed, parliamentary procedures were reviewed. Reimer contacted Nancy Sylvester, Professional Registered Parliamentarian. Sylvester advised that the failed motions could be reconsidered at the same meeting provided a member of the prevailing side made the motion to reconsider. If no one from the prevailing side makes a motion to reconsider the failed motion then nothing more can be done at this meeting. No action was taken to reconsider either failed motion.

- d) Discussion and possible action regarding the establishment of an ad-hoc health insurance committee - Reimer discussed that Health Insurance Broker Steve Hamilton usually meets several times a year with County personnel and the Finance Committee. Smith suggested that an ad-hoc health insurance committee be established for the purpose of considering health insurance needs, options and possibilities for Jo Daviess County and make recommendations to the Finance, Tax and Budget Committee. **Rick Dittmar made a motion to establishment of an ad-hoc health insurance committee which would include 3 department heads, 3 county board members, 3 union representatives, 3 general employees and the County Administrator. Seconded by John O'Boyle and motion passed.**

6. Board Member concerns

7. Citizens' comments

Next committee meeting is on Thursday, May 29, 2014 @ 6:00 p.m.

Randy Jobgen made a motion to adjourn at 2:20 pm. Seconded by John O'Boyle and motion passed.