

## COMMITTEE REPORT

**COMMITTEE:** Finance, Tax & Budgets  
**CHAIRPERSON:** Steve Rutz, Chairman  
**DATE/TIME:** June 30, 2016 @ 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, Elizabeth Kane and Dan Reimer

1. **Call to Order** – Steve Rutz called the meeting to order at 6:05 pm.
2. **Roll Call** – A quorum was established.
3. **Review and approve minutes** – **Randy Jobgen made a motion to approve the May 31, 2016 Finance, Tax & Budgets Committee meeting minutes as presented. Seconded by John O'Boyle and motion passed.**
4. **Citizens Comments** – None
5. **Unfinished Business**
  - a) FY2015/FY2016 Strategic Goals & Plans – Nothing new to report.
  - b) Update on options to maintain the Public Safety Radio Communications System – Nothing new to report.
  - c) Update on proposed Courthouse office space layout – Nothing new to report.
6. **New Business**
  - a) Discussion and possible action on the Revised FY2017 Budget Review Schedule – Dan Reimer, County Administrator, discussed that there is a possible conflict meeting schedule on August 24<sup>th</sup>. August 24<sup>th</sup> is currently the date scheduled for the fourth and final budget review meeting and it is also the date scheduled for August Zoning Board of Appeals meeting. **Merri Berlage made a motion to revise the FY2017 Budget Schedule by changing the Wednesday, August 24<sup>th</sup> Budget Review meeting at 5:30 pm to Thursday, August 25<sup>th</sup> at 5:30 pm to be followed by the August Finance Committee meeting. Seconded by John O'Boyle and motion passed.**
  - b) Discussion and possible action regarding items associated with the FY2017 Jo Daviess County Budget
    - i. Review round 1 revenue estimates - Dan Reimer, County Administrator reviewed a handout for STEP 4 of the FY2017 Budget process. Reimer discussed that the following Step 4 items will be covered; review round 1 revenue estimates, determine preliminary distribution of 2016 property tax levy (payable FY2017) and approve FY2017 budget guidelines to be used in establishing initial funding amounts for departments and agencies. Reimer explained that revenue forecasting represents an essential component of budgeting and is perhaps the most critical step in achieving a balance budget. Preliminary (Round 1) revenue estimates are intended to serve as the basis, or starting point for developing the allowable levels of spending on the expense side of most county budgets including the

General Fund budget. The Jo Daviess County budget is developed by using a 15 step target-based budget process. Over the years target-based budgeting has proven to simplify the budget preparation process, ensure the County's budget process remains organized, reduce interdepartmental conflict, and has assisted the County in providing essential services to the residents and taxpayers of Jo Daviess County in a fiscally responsible manner. County Departments and agencies are familiar with the process. Target-based budgeting also enables the Finance, Tax & Budgets Committee to limit budget requests to expected revenue levels, while giving departments an opportunity to make a case for extraordinary needs. Preliminary (Round 1) FY2017 revenue estimates for the eight (8) Jo Daviess County operational funds indicate an overall decrease of \$391,008, or 3.2% from prior year. Four of eight operational funds are projecting revenue increases (General Corporate Fund 1.1%, County Highway 0.2%, Public Health 0.5%, and Animal Control 118.6%). The County Highway Fund is indicating that revenue associated with property taxes (\$31,233) and reimbursements from townships (\$1,000) will increase in FY2017 over FY 2016 budget amounts, these increases are partially offset by anticipated decreases in Sales Tax (\$20,375), Fuel Reimbursement (\$5,000) and Insurance Settlement Payment (\$5,000); the Public Health Fund is indicating that revenue from Space Rental (\$8,716), fees from individuals (\$6,700), and Environmental Health Fees (\$3,000) will increase in FY2017 over prior year budget amounts, these increases are partially offset by anticipated decreases in rent/utilities from HHC (\$13,000) and a reduced Medical Reserve Corp Grant (\$2,000); the Animal Control Fund is indicating revenue from rabies tags (\$5,000) and city contracts (\$770) will increase in FY2017 over prior year and a new interfund transfer from the PH Capital Investment Fund (\$150,000) is scheduled for FY 2017, these increases are partially offset by one time interfund transfers to the Animal Control Fund from Public Health Fund (\$20,000) and Dog Fund (\$1,587), which were made in FY2016 but will not be scheduled again in FY 2017. Due to the transfer of the Animal Control Department from the Highway Department to the Public Health Department, effective December 1, 2015, the Animal Control Fund was added to the operating funds group for the first time beginning with the FY2016 budget. Previously Animal Control operating expenses were paid for from a budget in the General Fund, beginning in FY2016 operating expenses are paid from the Animal Control Fund. Four of eight operational funds are projecting revenue decreases in FY2017. The Motor Fuel Tax Fund is indicating a decrease in revenue from Motor Fuel Tax Allotments (\$10,000), Miscellaneous Revenue (\$300) and Interest (\$300); the Home Health Care Fund – on March 2, 2016 the Jo Daviess County Board of Health adopted a resolution to dissolve the Home Health Care Program, as a result there will be no revenue for this fund in FY2017; the Tourism Promotion Fund is indicating revenue decreases in FY2017 from Hotel/Motel Tax (\$34,185), Event Revenue (\$10,000), Private Sector Revenue (\$7,500), Basic Service Fees (\$4,000), and Miscellaneous Reimbursements (\$525), these decreases are partially offset by anticipated increases in transfer from LTCB Fund (\$32,104), Purchasing Card Rebate (\$400), and Interest (\$100); the GIS Automation Fund is indicating revenue decreases in FY2017 from GIS Automation Fees (\$8,165), Address Maps (\$240), GIS Mapping Fees (\$180) and County Map Sales (\$20), these decreases are partially offset by anticipated increases in GIS digital data base license fees (\$1,500) and GIS website subscription fees (\$360).

ii. Establish initial distribution of 2016 property tax levy (payable 2017) - Reimer explained that Jo Daviess County is a PTELL (Property Tax Extension Limitation Law) County. The estimated allowable property tax extension increase for 2016 (payable 2017) is \$106,152. To determine this amount, several variables were considered. The County Assessor's Office estimated the 2016 gross assessed valuation of Jo Daviess County to be \$755,000,000; this compares to a gross assessed value of \$746,114,500 in 2015,

\$740,438,975 in 2014 and \$746,609,213 in 2013. This total includes an estimated \$7,500,000 in new property/construction. Using a 9.5% factor for exemptions the County Clerk's Office estimated the 2016 taxable EAV for Jo Daviess County to be \$683,275,000 and the overall maximum aggregate tax levy extension for 2016 to be \$5,934,785. This amount represents an increase of \$106,152 or 1.8% more than the 2015 PTELL certified levy extension of \$5,828,633. This amount is \$1,312 or 0.02% less than the actual 2015 increase amount (payable 2016) of \$107,464. Reimer discussed that for purposes of developing Round 1 revenue estimates, the Finance, Tax and Budget committee must decide how to distribute the estimated \$106,152 increase in allowable 2016 property tax levy (payable 2017). Reimer reviewed three possible options for the distribution of the property tax levy. For purposes of developing preliminary Round 1 General Fund revenue estimates and target expense guideline recommendations; management used tax levy distribution option #2. **Randy Jobgen made a motion to approve the use of option #2 for initial distribution of the 2016 Jo Daviess County Property Tax Levy (payable 2017). John O'Boyle seconded. The motion was voted on; the vote was 4 ayes and 1 nay, motion passed.**

County Levy	Budget	Option #2		% Change	\$ Change
	2015 Levy Payable 2016	PTELL Actual 2015 Levy Payable 2016	Option #2 2016 Levy Payable 2017	Actual 16 to Budget 17	Actual 16 to Budget 17
General Corporate Fund	2,160,792	2,159,501	2,224,368	3.00%	\$64,867
County Highway Fund	1,039,790	1,039,790	1,071,023	3.00%	\$31,233
Federal Aid Matching Fund	336,611	336,612	341,638	1.49%	\$5,026
County Aid To Bridges Fund	336,611	336,612	341,638	1.49%	\$5,026
Public Health Fund	323,258	323,257	323,257	0.00%	\$0
Mental Health Fund	348,796	348,794	348,794	0.00%	\$0
IMRF Fund	541,674	541,671	541,671	0.00%	\$0
Social Security Tax Fund	258,786	258,786	295,000	13.99%	\$36,214
Extension Education Fund	81,157	81,157	81,157	0.00%	\$0
Insurance Fund	402,452	402,453	366,239	-9.00%	-\$36,214
<b>COUNTY TOTALS</b>	<b>\$5,829,927</b>	<b>\$5,828,633</b>	<b>\$5,934,785</b>	<b>13.97%</b>	<b>\$106,152</b>

iii. Establish initial distribution of FY2017 County (1%) sales tax – Reimer explained that Jo Daviess County receives approximately \$380,000 of County (1%) sales tax annually (\$367,736 projected for FY2017) for its share of retail sales tax collected by the State from businesses in unincorporated areas of the County. Each year the County Board considers how this tax will be allocated. From FY2002 to FY2013 County (1%) sales tax was divided 50/50 between the General Fund and Highway Fund. For FY2014 the County (1%) sales tax was divided 50/50 between the General Fund and Highway Fund. For FY 2014 the County (1%) was divided 25% General Fund and 75% Highway Fund. For both FY2015 and FY2016 County (1%) was divided equally 50/50 between the General Fund and the County Highway Fund. Reimer recommended for FY2017 to divide County (1%) sales tax receipts equally between the General Fund 50% and the County Highway Fund 50%. **Ron Smith made a motion to establish the initial distribution of FY2017 County (1%) sales tax at a rate of 50% Highway Fund and 50% General Fund. John O'Boyle seconded. The motion was voted on; the vote was 3 ayes and 2 nays, motion passed.**

iv. Establish FY2017 Expense Budget Guidelines - The committee reviewed the FY2016 budget guidelines. Reimer discussed some of the variables that will affect the final bottom line of the FY2017 General Fund budget. During the early stages of developing the FY2017 Jo Daviess County budget certain assumptions must be made regarding key budget variables. Many of these assumptions will change or need to be

adjusted as new information becomes available and additional organizational decisions are made. The following are some of the initial assumptions that were used in preparing preliminary FY2017 budget revenue recommendations: 8.9% rate increase for health insurance, 10% rate increase for liability and WC insurance, salaries/wages - compensation increase per position classification/compensation plan for no-union employees; comparable compensation increase for probation officers; per collective bargaining agreements for union employees; per resolution for elected officials, employer contribution rates for IMRF (10.00%) and SLEP (20.42%). Reimer suggested the following budget guidelines be used in establishing FY2017 Jo Daviess County expense budgets:

1. The target-based budgeting process shall be used to establish the twenty seven (27) General Fund expense budgets and a modified target-based process shall be used to establish the fifty-eight (58) Special Revenue Fund expense budgets.
2. Personnel related expense line items shall be considered mandatory expenses for all County budgets (General Fund and Special Funds) and shall include salaries and wages, employee fringe benefits and postage; and shall be calculated as follows:
  - a. Employer retirement contribution rate – IMRF **10.00%**, SLEP **20.42%**
  - b. Health Insurance – **8.9%** rate increase
  - c. Salaries and wages - compensation increase per position classification compensation plan for non-union employees, comparable increase for probation officers, per possible collective bargaining agreements for union employees, per resolution for elected officials.
  - d. S.S./Medicare – increase/decrease proportionally to payroll estimates
  - e. Postage – no increase in FY2017
3. The County Administrator’s office shall calculate mandated line item expenses for General Fund expense budgets prior to packet distribution and shall assist in the calculation of mandated expenses for operational Special Fund budgets.
4. Reductions made in FY2010 and continued in FY2011 to FY2016 budgets to meet the 3% General Fund budget reduction requirement **shall remain and not be reinstated** in initial FY2017 budget target amounts.
5. The target amount for General Fund expense budgets, after allocating increases/decreases for allowable mandated expenses, shall be set at the same level (zero increase) as the final FY2016 target amount less any non-recurring expenses added during the FY2016 budget process including any approved un-funded requests.
6. All Interfund Transfers scheduled in FY2016, except interfund transfers to the Contingency Fund, shall be maintained unless otherwise instructed.
7. Any **new mandated** expense or any new expenses which will increase per an existing contract or agreement shall be allowed to increase the target amount accordingly.
8. Any **new necessary** expense that causes the target amount to be exceeded should be submitted to the County Administrator’s Office as an overage request with a detailed letter of explanation. Overage requests will be reviewed by the Finance, Tax & Budgets Committee. If the Committee determines the request is a necessary expense, the target amount will be increased accordingly. If the Committee does not consider the request a necessary expense, the request will be submitted as an unfunded activity.
9. Any **new General Fund request or activity not considered a mandatory or necessary expense**, and exceeds the department target amount(s), the requesting Department Head(s) shall submit as an un-funded activity on an un-funded expense estimate form. These forms will be used to rank unfunded activities and be used as a reference point for approving further expenditures if additional revenue is identified or resources are allocated.
10. Departments with Special Fund budgets are requested to follow the same guidelines as General Fund departments. Any significant increase or decrease in expense

line item estimates that deviate from the previous three year period, or any anticipated appropriation of fund balance are to be explained in a detailed memorandum.

11. Initial funding amounts for agencies, who receive funding from the Jo Daviess County General Fund shall be set at the same level of funding as appropriated in the FY2016 budget. **Merri Berlage made a motion to approve the FY2017 expense budget guidelines as established with deleting item #4. Randy Jobgen seconded. The motion was voted on; the vote was 4 ayes and 1 nay, motion passed.**

v. Set initial target funding amounts for departments and agencies – The committee discussed that guideline number (11) states that initial funding amounts for agencies, who receive funding from the Jo Daviess County General Fund shall be set at the same level of funding as appropriated in the FY2016 budget. **Randy Jobgen made a motion to set initial FY2017 agency funding amounts at the same funding level as appropriated for each agency in the FY2016 budget. Seconded by Merri Berlage and motion passed unanimously.**

**Merri Berlage made a motion to reconsider the prior motion of establishing budget guidelines – Establish the FY2017 Expense Budget Guidelines as presented deleting item #4 for the Jo Daviess County General Fund Expense Budgets and the Jo Daviess County Special Fund Expense Budgets. Randy Jobgen seconded.**

## 5. Staff Reports

a) **Chief County Assessment Office** – The Chief County Assessor report was included in the informational packet.

b) **Treasurer's Office** – Melisa Hammer, County Treasurer, reported that the first distribution of \$10.5 million was sent out to all of the taxing bodies. There are two new taxing bodies this year, Special Service Area #6 and Warren Fire. The State of Illinois is up to date with salary reimbursements. We have also received our Federal entitlement payment. They are following through with mobile home payments and penalties. A letter went out this year stating that all delinquent mobile home taxes are subject to the tax sale.

c) **County Administrator** – Dan Reimer reviewed the updated Capital Improvement Plan and the Vehicle Replacement Plan. Reimer also reviewed some economic trends beginning on page 48 of the Step 4 booklet. These included Well and Septic Stats, Hotel/Motel Tax Receipts, New Home Building Permits, County Sales Tax Receipts and Transfer Declarations.

## 6. Citizens' comments - None

## 7. Board Member Concerns –

The next Finance, Tax & Budgets Committee meeting will be on Thursday, July 28, 2016 @ 6:00 p.m.

Randy Jobgen made a motion to adjourn at 9:07 pm. Seconded by Merri Berlage and motion passed.