

COMMITTEE REPORT

COMMITTEE: Finance, Tax & Budgets
CHAIRPERSON: Steve Rutz, Chairman
DATE/TIME: July 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:

Others: Donna Berlage, Linda Delvaux, Melisa Hammer, Lisa McCarthy, Dan Reimer and Jamie Watson

1. **Call to Order** – Steve Rutz called the meeting to order at 6:05 pm.
2. **Roll Call** – A quorum was established.
3. **Approval of Minutes** – **John O'Boyle made a motion to approve the June 30, 2016 Finance, Tax & Budgets Committee meeting minutes as presented. Seconded by Ron Smith 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) Discussion on proposed Courthouse office space layout – Nothing new to report.
6. **New Business**
 - a) Discussion and possible action on Intergovernmental Agreements associated with the Township Assessor Program – Donna Berlage, Chief County Assessment Officer, reported that she has sent letters to the Townships on the intergovernmental agreements for the Cama program. West Galena and Menominee/Rawlins/Vinegar Hill have declined to sign the agreement. She has not received a response from East Galena. The consensus of the committee was to contact the three Townships that have not signed the agreement, meet with them to explain the program and see if there are any specific problems or issues. Berlage will bring back a report to the committee next month.
 - b) Jo Daviess County FY2017 Budget Update – Dan Reimer, County Administrator, reviewed a handout for STEP 6 of the FY2017 Budget process. The Budget Preparation Schedule was approved in May. The Committee reviewed Round 1 Revenue Estimates at the last Finance Committee meeting and set budget guidelines for the 2017 budget. From those guidelines the County Administrators Office prepared expense budget documents, set the salary/benefits portion of the budget for each of the departments and calculated target amounts for the twenty-six General Fund budgets. The week of July 4th we started sending out memos, notices, budget forms and spreadsheets. The last couple of weeks the department heads have been working on developing their budgets which are due August 1st. Since early August, the County Administrator's office has been reviewing General

Fund and Special Fund budgets, working with Department Heads and agencies to accurately record and organize budget information, evaluate projections/changes, assemble a preliminary FY2017 budget document, and prepare summary reports and projections for the Joint Committee budget review meetings. The joint committee budget meetings are scheduled for August 16th, August 18th, August 22nd and August 25th. On June 30, 2016 the Jo Daviess County Finance, Tax & Budgets Committee reviewed Round 1 revenue estimates, established the initial distribution of the FY 2016 property tax levy (payable FY2017), determined the initial allocation of County (1%) sales tax, established guidelines for the development of FY2017 expense budgets, and set initial target funding amounts for departments and agencies. Our overall goal is to achieve a balanced budget, especially for each of the County's operational fund budgets. Round 1 FY2017 revenue estimates and initial target expense estimates serve as the basis or starting point for developing the FY2017 budget. 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 FY2016 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). Option #2 was used to establish preliminary Round 1 revenue estimates for the General Fund, County Highway Fund and Public Health Fund. FY2017 Round 1 revenue estimates include a property tax levy increase for the General Fund (\$64,867) and County Highway

Fund (\$31,233). The Public Health Fund property tax levy remained the same. Preliminary (Round 1) FY2017 General Fund (GF) revenue is estimated to be \$7,555,267; this is an increase of \$80,769 or 1.1% more than the FY2016 revenue budget amount of \$7,474,498. This amount includes an increase of \$64,867 in property tax levy, per initial distribution Option #2 approved by the Finance, Tax & Budget Committee. Total GF available revenue (total revenue less estimated federal/state grants and state revenue stamps) is estimated to increase \$30,909 or 0.4%. Total GF core revenue (total revenue less estimated federal/state grants, state revenue stamps and inter-fund transfers) is estimated to decrease \$3,344 or 0.1%. General Fund revenue consists of eleven (11) revenue categories and a total of one hundred four (104) individual revenue line items. Round 1 revenue estimates - twenty (20) revenue line items indicate an increase fifteen (15) indicate a decrease, and sixty-nine (69) indicate no change from prior year budget estimates. Round 1 FY2016 estimated actual revenue is projected to be \$7,428,630; this amount represents a decrease of \$45,868 or 0.6% less than the budget amount of \$7,474,498. Core Revenue is total revenue less state & federal grants, state revenue stamps and inter-fund transfers. Core revenue provides a majority of the revenue needed to maintain levels of service currently offered by General Fund departments. Round 1 General Fund core revenue is estimated to be \$6,046,153; this amount is \$3,344 or 0.1% less than the FY2016 budget amount of \$6,049,497, this decrease is primarily due to anticipated decreases in intergovernmental revenue (\$91,011).

- c) Approve initial FY2017 General Fund target budget amounts including any new mandatory and/or necessary expenses – On June 30, 2016 the Finance, Tax & Budgets Committee approved guidelines for establishing FY2017 General Fund and Special Fund expense budgets and agency funding amounts. Guidelines include the following: a) 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, b) 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, c) 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 unfunded activity on an unfunded 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. **Merri Berlage made a motion to approve non-recurring necessary expense requests #1 and #2, for \$117,200 debt service payment and \$14,928 for Administrative Assistance for TCEDA and to include them in FY2017 General Fund target budget amounts and make them recurring necessary expenses. Seconded by Randy Jobgen and motion carried.**

Merri Berlage made a motion to approve initial FY2017 General Fund target budget amounts as presented including items #1 and #2. Seconded by Rick Dittmar and motion carried.

Randy Jobgen made a motion to approve items #3, \$52,200 Holiday Patrol Grant request to increase the target budget amount for the General Fund Sheriff's budget (001-41121) \$52,200 for the Holiday Patrol grant (\$40,759-Overtime, \$2,527-S.S., \$591 Medicare, \$8,323-SLEP); #4, \$4,475 HEMP Grant request to increase the target

budget amount of the General Fund Emergency Management budget (001-41121) \$4,475 for Phase II of the Commodity flow study; #5, \$15,000 request to decrease the target budget amount of the General Fund Sheriff budget (001-41121) \$15,000 and to increase the target amount of the General Fund Emergency Management budget (001-41125) \$15,000; #6, \$1,733 request to increase the target budget amount of the General Fund Communications budget (001-40110) \$1,722 for 5% increase in JDC Public Safety Radio Communications System Maintenance Agreement; #7, \$2,510 request to increase the target budget amount of the General Fund Probation budget (001-42132) \$2,510 for wages and benefits associated with the hiring of a new Probation Officer; #8, \$5,000 request to increase the target budget amount of the General Fund Probation budget (001-42132) \$5,000 for detention services; and #9, \$699 request to decrease the General Fund Information and Communications Technology (001-40110) target budget amount \$699 for a change in health insurance coverage, as submitted. Seconded by RJ Winkelhake and motion carried.

- d) Discussion and possible action to approve revisions to the FY2017 budget review schedule associated with the joint committee meeting schedule – Dan Reimer discussed that we had two requests come in for a variety of reasons. Bill Kimball, ETSB, requested that his budget be changed to August 16th due to a conflict. Margaret Larson, Extension Education, requested that her budget be changed to August 25th due to a conflict. **Merri Berlage made a motion to approve revisions to the FY2017 Budget Review Schedule associated with the Joint Committee Meeting Schedule. Seconded by Rick Dittmar and motion passed.**
- e) Discussion and possible action on an RFP for Professional Audit Services – Dan Reimer reviewed the RFP for audit services. The proposal is for audit services for fiscal years ending November 30, 2016, 2017, 2018 with a possible option of two additional years for fiscal years ending November 30, 2019 and 2020. **Merri Berlage made a motion to approve an RFP for Professional Audit Services. Seconded by RJ Winkelhake and motion carried.**

5. Staff Reports

a) **Chief County Assessment Office** – Donna Berlage, Chief County Assessor, reported that they have been busy reviewing the township assessor's work and taking care of homestead exemptions. PTAB cases: Decisions were issued on two PTAB cases from 2014 in favor of the County. The two PTAB cases that were scheduled for hearing in Springfield on July 19th were settled before hearing. Working through our attorney, we came to an agreement on both cases.

b) **Treasurer's Office** – Melisa Hammer, County Treasurer, reported that the second property tax distribution of \$10.4 million was sent out to all of the taxing bodies. The second installment is due September 1st. Hammer anticipates being real busy in a couple more weeks. They are working on mobile home taxes. There are 38 mobile home tax bills that are delinquent for this year. They have retired 10 – 12 mobile homes going through this process. If the taxes are not paid on these mobile homes they will be sold at the tax sale this year.

c) **County Administrator** – Dan Reimer reviewed the monthly financial financial statements and the operational funds revenue report comparing seven months current year compared to prior year.

6. Citizens' comments - None

- 7. **Board Member Concerns** – Steve Rutz commented that he will be selling his house on August 5th and this is his last Finance Committee meeting. He has been on the Finance

Committee as long as he has been on the County Board. It has been a very enjoyable experience for him. He will miss everyone on the committee and wished them well moving forward.

The next Finance, Tax & Budgets Committee meeting will be on Thursday, August 25, 2016 @ 7:00 p.m.

Randy Jobgen made a motion to adjourn at 8:49 pm. Seconded by John O'Boyle and motion passed.