

COMMITTEE REPORT

COMMITTEE: Finance Committee
CHAIRPERSON: Yerda Potter, Chairperson
DATE/TIME: October 7, 2002 9:00 am

PRESENT: ___ Berlage ___ Lyons _x_ Schubert
 ___ Bielenda _x_ Montelius ___ Sisler
 ___ Breckenridge _x_ Potter ___ Stoffregen
 ___ Carroll _x_ Powers ___ Toepfer
 ___ Creighton ___ Rosenthal ___ Zillig
 x Hasken _x_ Rutherford

Others: Duane Olivier, County Administrator
 Jean Dimke, County Clerk/Recorder
 Nancy Miller, Chief County Assessment Officer
 Carol Soat, County Treasurer
 John Mazor, CVB Executive Director
 Brian Melton, Chief Deputy Sheriff

1. **Claims review.** The Committee reviewed the claims to be considered for approval by the County Board at its meeting on October 8, 2002.
2. **Approval of Minutes.** The Committee reviewed Minutes for its meetings on September 9, 2002 and September 23, 2002. On a motion by Dutch Powers, 2nd by Domer Schubert, the Minutes were approved with the correction indicating the Margie Montelius was present at the September 23rd meeting
3. **Treasurer's financial reports.** The Committee reviewed several monthly financial reports prepared by the County Treasurer. On a motion by Domer Schubert, 2nd by Margie Montelius, the Committee placed the reports on file.
4. **FY2001 Annual Financial Report.** The Annual Financial Report for FY2001 prepared by Lindgren, Callihan, Van Osdol & Co, Ltd. was discussed. John Rutherford noted that the General Fund carry-over balance at the end of FY2001 was more than sufficient for cash flow purposes and that part of this balance should be used to fund the projected FY2003 deficit. This idea will be considered by the Committee during the budget approval process.
5. **Lodging Occupancy Tax Collection.** One of the items in the FY2001 Annual Financial Report Management Letter was to institute a better procedure for the verification of hotel/motel tax collections. The County's hotel/motel tax ordinance currently contains a provision for annual verification of hotel/motel tax payments. This requirement of the ordinance has not been implemented in the past. Consequently, the attached County hotel/motel tax collection verification procedure has been developed by the County staff. On a motion by John Rutherford, 2nd by Dutch Powers, the Committee approved supporting the implementation of the attached hotel/motel tax collection verification

procedure beginning in 2003.

6. **Allocation of “single-audit” costs.** Because the County receives over \$300,000 in federal funds, it must comply with the compliance requirements described in the “U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement”. This “compliance audit” is in addition to the County’s regular audit and its cost (\$7,000 for FY2001) is in addition thereto. An allocation of the cost (attached) of the “compliance audit” was prepared by the County Administrator based on the amount of federal funds received by a County department or an independent not-for-profit agency and requests for payment of such costs were made to the appropriate benefiting department or agency. If each benefiting department or agency does not pay the cost of the “compliance audit”, the cost will be paid from the General Fund. Following discussion, on a motion by Vince Hasken, 2nd by John Rutherford, the Committee approved a policy, effective with the FY2001 Annual Financial Report and Compliance Audit, that the cost of the “compliance audit” be borne by each benefiting County department or independent not-for-profit agency in proportion to the amount of funds received. For the “compliance audit” for FY2001, the cost to the Public Health Fund is \$4,376 and to Jo Daviess Workshop, Inc. \$2,275.

7. **FY2003 Budget Update and Discussion.** The County Administrator presented several summaries of the General Fund budget, attachments I, II, III, IV, and V. Summaries I and II indicate that based on an estimate of current revenue sources and budgets submitted by departments/offices there is currently an estimated budget deficit of \$205,173. Summaries III and IV indicate that with certain estimated service fee increases in the County Clerk/Recorder’s Office and the Sheriff’s Department the estimated budget deficit could be reduced to \$134,713. Several options are available for further reducing the estimated budget deficit (attachment V) through additional expenditure reductions. An option not included in the summaries, but suggested by John Rutherford is to fund the estimated budget deficit with carry-over balance funds. A complete version of the proposed FY2003 budget will be discussed by the Committee at its meeting on Monday, October 21, 2002.

The Committee also discussed adjustments in the preliminary 2002 Tax Levy that would result in +/- \$10,000 in additional revenue from the corporate levy. On a motion by Vince Hasken, 2nd by John Rutherford, the Committee approved reducing the preliminary 2002 Tax Levy amounts for Social Security and Illinois Municipal Retirement Fund to levels that would cover the County’s costs in these areas, but that would not increase the estimated year end balance in these funds, and to add the resulting reduction to the Corporate levy amount.

Brian Melton asked when the Committee could meet with the Sheriff to discuss the Sheriff’s budget proposal. The Committee agreed that it would meet with the Sheriff at its October 21st meeting.

8. **Service Fee Cost Study.** Duane Olivier reviewed three proposals for completing a “cost study” for various fees collected by the County Clerk/Recorder and the Sheriff. Proposals were received from Maximus, Inc., RSM McGladrey, and Lindgren, Callihan, Van Osdol & Co., Ltd (LCV). Each of the proposals indicated completion of a study in accordance with the requirements of Illinois law resulting in a report to the County Board of the costs associated with providing various fee based services. With this report, the County Board could then establish fees based on the cost of providing such services.

The fee proposed to be charged by each of the firms is as follows:

Maximus, Inc.	\$15,000 (for study of “direct” costs only)
	\$10,000 (to include “indirect” costs in study)
RSM McGladrey	\$12,000 (direct and indirect cost study)
LCV, Ltd.	\$11,000 (direct and indirect cost study)

On a motion by John Rutherford, 2nd by Dutch Powers, the Committee approved recommending engaging LCV, Ltd. to perform a service fee cost study in accordance with the requirements of Illinois law at a cost not to exceed \$11,000.

There being no further business, the meeting adjourned.