

COMMITTEE REPORT

COMMITTEE: Finance, Tax & Budgets
CHAIRPERSON: Steve Allendorf, Chairman
DATE/TIME: March 28, 2019 @ 6:30 p.m.

PRESENT: Steve Allendorf John Schultz Staci Duerr
 Vacant Brandon Behlke (7:25 pm) Ron Smith
 Scott Toot John Lang

Other Board members: None

Others: Donna Berlage, Melisa Hammer, Rose Noble, Dan Reimer. Matt Schueler and Eric Tison

1. **Call to Order** – Steve Allendorf called the meeting to order at 6:34 pm.
2. **Roll Call** – A quorum was established.

Chairman Allendorf informed the committee that there was a tragedy today in Stephenson County. An Illinois State Trooper by the name of Brooke Jones-Story was killed in the line of duty. She was performing a truck inspection and was struck by another semi that got too close. Brooke has ties to Jo Daviess County. She grew up in Warren and she and her husband of just a few years were living outside of Stockton. Allendorf asked for a moment of silence to remember Brooke, her colleagues and her family today.

3. **Approval of Minutes** – John Lang made a motion to approve the February 28, 2019 Finance, Tax & Budgets Committee meeting minutes as presented. Seconded by Staci Duerr and motion passed.
4. **Citizens Comments** – None

Chairman Allendorf moved down to 6. New Business a) and b) at this time.

5. Unfinished Business

- a) FY2017/FY2018 Strategic Goals & Plans – Chairman Allendorf asked to forego this item, the County Board Retreat is scheduled for May 15th and new goals and plans will be developed by each of the Committees after the Retreat.
- b) Update and possible action on Hotel/Motel Tax, Airbnb's and GGMI – Dan Reimer reviewed some of the issues that have arisen with the collection of hotel/motel tax from Airbnb's and other online travel agencies. Eric Tison, Planning & Development Administrator, discussed an informational piece that he drafted regarding guest accommodations. Tison conferred with Melisa Hammer, County Treasurer, and the Health Department to incorporate some information from all three departments. An introduction paragraph was added at the beginning regarding the importance of Tourism. Tison suggested an edit to the second sentence which will eliminate a redundant sentence at the end. This is a statement of fact regarding individual property owner requirements for licensing their properties for rent and their obligations to pay hotel/motel tax. Many of them are in fact aware of that, perhaps not all of them are, but this does incorporate areas outside of Tison's jurisdiction, beyond guest accommodations, that he can't monitor directly. Melisa Hammer discussed information she received from the Illinois Department of Revenue regarding gross lodging receipts in Jo Daviess County and the amount of hotel/motel tax collected by the State. The State provided information on the amount of

hotel/motel tax paid to the State from lodgings in Jo Daviess County including the amount paid by Airbnb. Total gross receipts, reported to the Illinois Department of Revenue for 2018, from Airbnb, for rentals in Jo Daviess County including the City of Galena, was \$2,214,939.38. 5% of that amount is \$110,746.97 which is the amount of local hotel/motel tax which should have been received from Airbnb rentals. Hammer, discussed that it is the responsibility of each lodging or guest accommodations owner to collect the appropriate amount of hotel/motel tax and file a report monthly with the Jo Daviess County Treasurer's office. Airbnb has stated that they do not collect the local tax only the State tax. Some lodgings may not be aware that online travel agencies are not collecting local hotel/motel tax. We are going to try and education the lodging and quest accommodations owners of this, and also that it is their responsibility to ensure that the appropriate amount of local hotel/motel tax is collected and paid. Steve Allendorf suggested that a meeting be scheduled with Hilary Dickerson at the Galena Gazette to get her input on the best way to convey this message.

6. New Business

- a) Presentation of FY2018 Jo Daviess County Financial Audit – Matt Schueler, Wipfli – Matt Schueler, CPA and Partner with Wipfli, LLP, reviewed the results of the FY2018 Jo Daviess County Financial Audit. Audit documents include the financial statements report and management letter. 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. 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. The audit was reviewed in detail by management and elected officials. Schueler first reviewed the Circuit Clerk's audit. This audit is required to be conducted annually on the Circuit Clerk's operations. There were no compliance findings with that audit. It is one of the few Circuit Clerk audits where we do not have any internal control issues. They do a tremendous job in that office. Schueler reviewed a summary draft of the FY2018 financial statements. They intend to issue an unmodified clean opinion on your financial statements. In the current year the County adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Schuler reviewed the government-wide statements which are reported on a full accrual basis. Schuler discussed that the County was not required to have a single audit for fiscal year 2018 because the County expended less than the threshold amount of \$750,000 for federal awards. Major funds include the General Fund, Highway, and Public Health. The County's assets exceeded its liabilities at the close of the fiscal year by \$34,477,917 (net position). Of this amount \$4,502,429 (unrestricted net position) may be used to meet the County's ongoing obligations. The County's total net position decreased by \$673,261 during fiscal year 2018 as reported in the statement of activities. The County's major revenue consisted of \$6,471,526 in property tax distributions, \$2,364,602 in charges for services, and \$1,571,867 in operating grants and contributions. At the close of fiscal year 2018, the County's governmental funds reported combined ending fund balances of \$16,630,832, a decrease of \$329,160 in comparison to the prior year. At the end of fiscal year 2018, the unassigned fund balance in the General Fund was \$4,025,336, which is 53.7% of total general fund expenditures. Schueler then reviewed the County Revenues by Source over the last five fiscal years.

- b) Discussion and possible action to accept the FY2018 Jo Daviess County Audit – **John Schultz made a motion to accept the FY2018 Jo Daviess County Financial Audit as presented. Seconded by Ron Smith and motion passed.**
- c) Discussion and possible action on An Ordinance Addressing the Payment of Cable Television Franchise Fees in the County of Jo Daviess – Dan Reimer briefly reviewed the current Cable Television Franchise agreement with Mediacom which was approved by the County Board in 2012. Several years ago the Public Utilities Act was amended to include State-issued authorization to provide cable service in Illinois. Mediacom applied to the Illinois Commerce Commission for State-issued authorization. On March 5, 2019, the Illinois Commerce Commission authorized Mediacom to offer cable video service in Jo Daviess County pursuant to its State-issued authorization rather than a franchise agreement. In order for Jo Daviess County to continue to receive cable television franchise fees from Mediacom the County must adopt an ordinance. Reimer reviewed a draft ordinance. **Brandon Behlke made a motion to approve An Ordinance Addressing the Payment of Cable Television Franchise Fees in the County of Jo Daviess. Seconded by Staci Duerr and motion passed.**
- d) Discussion and possible action to purge inactive vendors from the Jo Daviess County Vendor List – Steve Allendorf reported that Sandy Bloom, County Clerk’s office, provided a list of inactive vendors. Dan Reimer discussed that on advice from our auditors, for internal control purposes, inactive vendors should periodically be purged from the Jo Daviess County vendor list. **Brandon Behlke made a motion to purge inactive vendors from the Jo Daviess County Vendor List. Seconded by Staci Duerr and motion passed.**
- e) Discussion and possible action on FY2019 Prioritized Options for Reducing Expenses and/or Increasing Revenue Policy – Steve Allendorf commented that the Prioritized Options for reducing expenses and/or increasing revenue policy is reviewed and approved annually. Dan Reimer reviewed the policy with the Committee. The policy includes criteria that could trigger implementation such as a significant decline in revenue in one or more County budgets, the financial position of the County declining more than anticipated, and/or future financial planning goals of the County. Options for reducing expenses are prioritized by category. The policy states that if needed, implementation shall begin with options in Category 1, followed in order by Category 2, Category 3, and Category 4. The need to implement one or more of the expense reducing options will be assessed by the Finance, Tax & Budgets Committee at the conclusion of three major accounting milestones. These milestones include: October budget workshops, results of the annual audit (March/April), and 4-5 months of current year financial data (April/May). The committee will discuss this item more at next month’s meeting.

7. Staff Reports

- a) **Chief County Assessment Office** – Donna Berlage, Chief County Assessor, reported that that her office is currently waiting on the Township Assessors to turn their work in. They have until June 15th. Senior Freeze applications for 2019 are coming in and there seems to be an increase from prior year. The final multiplier for Jo Daviess County was issued by the State and it was a 1.00. Jim Crosley’s term is up the end of May and he has decided not to ask for reappointment.
- b) **Treasurer’s Office** – Melisa Hammer, County Treasurer, handed out her Treasurer Cycle Planner for 2019 which is a calendar of the taxing process that her office goes through. They are on schedule for sending out tax bills and are waiting for the roll over information from the County Clerk’s office. They are getting everything ready to print with their

printer. The office has been getting lots of calls from people wanting to know how much their taxes are for the year. They have received a lot of positive feedback on the new w/edge program and have referred a lot of people to the online program. The office has been working on the hotel/motel tax and trying to research a program to make tracking easier.

c) **Grants Administrator** – Trina Orr, Grants Administrator, was not in attendance.

d) **County Administrator** – Dan Reimer, County Administrator, reviewed some of the economic statistics in the Management discussion and analysis section of the audit book and reviewed new home building permits, transfer declarations and real estate sales. Employment and the property tax levy were also reviewed. Reimer reviewed the State Shared Revenue report, Sales Tax Receipts report and County Supplemental Tax report. Reimer reviewed the financial reports for the three months ending February 28, 2109 which included revenues/expenditures compared to budget and salaries.

8. **Citizens' comments** - None

9. **Board Member Concerns** – Steve Allendorf handed out some information that went along with the discussion of item 6. New Business e).

The next Finance, Tax & Budgets Committee meeting will be on Thursday, April 25, 2019 @ 6:30 p.m.

John Schultz made a motion to adjourn at 8:30 pm. Seconded by Staci Duerr and motion passed.