

COMMITTEE REPORT

COMMITTEE: Finance, Tax & Budgets
CHAIRPERSON: Steve Allendorf, Chairman
DATE/TIME: July 25, 2019 @ 6:30 p.m.

PRESENT: Steve Allendorf John Schultz Staci Duerr
 Diane Gallagher Vacant Ron Smith
 Scott Toot (7:10 pm) John Lang

Other Board members: None

Others: Donna Berlage, Laura Edmonds and Dan Reimer

1. **Call to Order** – Steve Allendorf called the meeting to order at 6:30 pm.
2. **Roll Call** – A quorum was established.
3. **Approval of Minutes** – **John Schultz made a motion to approve the June 27, 2019 Finance, Tax & Budgets Committee meeting minutes as presented. Seconded by Ron Smith and motion passed.**
4. **Citizens Comments** – None

Donna Berlage introduced Laura Edmonds to committee members. Edmonds was appointed at the July 9th County Board meeting to serve as the Chief County Assessment Officer effective August 1st upon Berlage's retirement.

5. Unfinished Business

- a) FY2019/FY2020 Strategic Goals and Plans – The committee reviewed their committee assignment from the 2019 County Board retreat. One of the committee goals is to fund exterior Courthouse repairs immediately. Dan Reimer reported the that Law Enforcement & Courts Committee discussed fascia and soffit repairs at their last meeting. Due to a limited amount of funds appropriated in the FY2019 budget, the Committee approved a motion to carry over the balance of funds designated for fascia/soffit repair to the FY2020 budget. Hopefully more funds for this project will be appropriated in the FY2020 budget. If a larger project is let out to bid it may attract more interested contractors and would also spread out engineering and construction management costs.
- b) Update on Hotel/Motel Tax/Guest Accommodations/Online Travel Agencies/Education and Enforcement – Melisa Hammer was not in attendance. This item will be discussed at the next meeting.
- c) Update on an evaluation process for a hiring freeze policy – Scott Toot spoke to the Lee County chairman about their hiring policy. Lee County does not hire anyone without County Board approval.
- d) Update on the Jo Daviess County Purchasing Card Policy – Dan Reimer reported that the purchasing card policy was discussed again at the Department Heads meeting. One of the ideas discussed was a distinct color for purchasing cards. This item will remain on the Department Heads agenda. Scott Toot added that the policy is on the ftp site and he reviews claims with the Finance Committee chair. Steve Allendorf would like department heads to review all purchase card claims so any issues can be addressed before they go to the County Clerk's office for processing.

6. New Business

- a) Discussion and possible action to approve a Resolution to authorize the emergency purchase of a vehicle for the JDC Emergency Management Agency and to pay for it from the Contingency Fund (016) – Scott Toot discussed that the resolution is in the process of being drafted. Toot explained that Chuck Pedersen, EMA Director, has had problems with his vehicle. The air conditioning went out and it was going to cost \$850 to repair. This is the third major repair this year on the 2010 Chevy Impala; the vehicle has over 150,000 miles on the odometer. The Law & Courts Committee recommended that it would be a better investment to purchase a newer all-wheel drive vehicle with less miles rather than continue to repair the current vehicle. The Jo Daviess County Emergency Management Agency researched used vehicles and located and inspected a used 2014 GMC Terrain 4-wheel drive vehicle. The Law & Courts Committee recommended an emergency purchase. **Staci Duerr made a motion to approve a Resolution to authorize the emergency purchase of a vehicle for the JDC Emergency Management Agency and to pay for it from the Contingency Fund (016). Seconded by Diane Gallagher and notion passed.**
- b) FY2020 Budget Update – Dan Reimer, County Administrator, reviewed a handout for STEP 6 of the FY2020 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 2020 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-eight (28) General Fund budgets. The week of July 1st the County Administrator's Office 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 5th. Since early July, 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 FY2020 budget document, and prepare summary reports and projections for the Joint Committee budget review meetings.

The joint committee budget meetings are scheduled for August 20th, August 22nd, August 27th and September 4th. On June 27, 2019 the Jo Daviess County Finance, Tax & Budgets Committee reviewed Round 1 revenue estimates, established the initial distribution of the FY2019 property tax levy (payable FY2020), determined the initial allocation of County (1%) sales tax, established guidelines for the development of FY2020 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 FY2020 revenue estimates and initial target expense estimates serve as the basis or starting point for developing the FY2020 budget. Preliminary (Round 1) FY2020 revenue estimates for the seven (7) Jo Daviess County operational funds is projected to be \$12,375,442; this is an overall increase of \$565,569, or 4.8% more than the FY2019 budget amount of \$11,809,873.

Preliminary Round 1 revenue estimates do not include a property tax levy increase. Departments with budgets that receive an annual property tax allocation were requested to leave this line item at the same amount as the FY2019 budget amount. The Finance, Tax & Budgets Committee reviewed several options for the initial distribution of the 2019 property tax levy (payable 2020). For purposes of developing Round 1 revenue estimates and preparing target expense budget guidelines tax levy distribution option #4 was used. Option #4 sets the levy amount for 9 of the 10 funds at a level equal to the 2019 certified PTELL levy amount for each fund. The levy amount for the IMRF Fund was increased

\$50,000 to meet the minimum requirements of the reserve fund balance policy. Final tax levy allocation decisions will be made during the budget workshops in early October. The Finance Committee allocated FY2020 County (1[^]) sales tax receipts 25/75 between the Highway Fund and the General Fund.

Three (3) of seven (7) active operational funds are projecting revenue increases. **Motor Fuel Tax Fund** is indicating a revenue **increase of \$426,000 or 82.7%**. The major revenue source anticipated to increase in FY2020 is Motor Fuel Tax Allotments (\$430,000), this increase is partially offset by an anticipated decrease in Reimbursement from Townships (\$7,000). **General Fund** is indicating a revenue **increase of \$422,452 or 5.5%**. **Tourism Promotion Fund** is indicating a revenue **increase of \$2,600 or 0.3%**. Revenue sources anticipated to increase in FY2020 from FY2019 budget amounts include: Penalties (\$2,500) and Interest (\$100). Four (4) of seven (7) active operational funds are projecting revenue decreases in FY2020. **Public Health Fund** is indicating a revenue **decrease of \$149,828 or 19.3%**. Revenue sources anticipated to decrease in FY2020 from FY2019 budget amounts include: Dental Program Fees (\$150,000), Immunization Medicaid Match (\$10,000), and Fees from Individuals (\$5,00); these decreases are partially offset by anticipated increases in Environmental Health Fees (\$10,000), Transfer from Bio-Terrorism (\$4,372), Vector Control; Grant (\$1,8530, and Property Taxes (\$1,078). **County Highway Fund** is indicating a revenue **decrease of \$101,350 or 6.2%**. Revenue sources anticipated to decrease in FY2020 from FY22019 budget amounts include: County Sales Tax (1%) (\$85,198) this decrease is due to reallocation from 50/50 to 24/75, Fuel Reimbursement (\$25,000), Transfer from Motor Fuel Tax Fund (\$5,000), and Property Taxes (\$3,652); these increases are partially offset by anticipated increases in reimbursement from Townships (\$7,500), CD Interest (\$5,000) and Miscellaneous Income (\$5,000). **GIS Automation Fund** is indicating a revenue **decrease of \$29,610 or 14.8%**. Revenue sources anticipated to decrease in FY2020 from FY2019 budget amounts include: GIS automation fees (\$29,970) and GIS mapping fees (\$2,600); these decreases are partially offset by an anticipated increase in GIS Website Subscription fees (\$2,000). **Animal Control Fund** is indicating a revenue **decrease of \$4,695 or 4.5%**. Revenue sources anticipated to decrease in FY2020 from FY2019 budget amounts include: Rabies Tags (\$5,000) and Private Dog Pickup (\$200); these decreases are partially offset by an anticipated increase from miscellaneous revenue (\$475).

General Fund revenue consists of eleven (11) revenue categories and a total of one hundred-one (101) individual revenue line items. Round 1 revenue estimates – twenty-six (26) revenue line items indicate an increase, thirteen (13) indicate a decrease, and sixty-two (62) indicate no change from prior year budget estimates. Round 1 FY2020 General Fund core revenue is estimated to be \$6,229,644; this amount is \$318,217 or 5.0% more than the FY2019 budget amount of \$6,379,626, this increase is primarily due to anticipated increases in Intergovernmental revenue (\$321,045) and Service Charges (\$39,564). The most significant line item revenue increases are anticipated to occur in County Sales Tax (1%) (\$124,281), State Income Tax (\$94,577), Local Use Tax (\$65,314), GGMI Service Contract (\$62,000), and CD Interest (\$25,000).

- c) Discussion and possible action to approve initial FY2020 General Fund target budget amounts including any new mandatory and /or necessary expenses – On June 27, 2019 the Finance, Tax & Budgets Committee approved guidelines for establishing FY2020 General Fund and Special Fund expense budgets and agency funding amounts. Target expense amounts for General Fund budgets, were set at the same level (zero increase) as the final FY2019 target amount less any non-recurring expenses added during the FY2019 budget

process including any approved unfunded requests and increased/decreased for allowable mandated expenses.

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, with review and approval by the Finance, Tax & Budgets Committee, b) Any new necessary expense that causes the target amount to be exceeded shall 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.

Reimer discussed two mandatory/necessary expense requests. The first was for a \$2,010 or 5% increase in the JDC Public Safety Radio Communications System Maintenance Agreement with Comelec Services. The second was a request for \$26,706 to adjust salaries/wages and associated benefits, for FY2020 General Fund budgets, by a factor of 0.5%. FY2020 is a leap year meaning that there will be one additional work day in 2020. Because Jo Daviess County accrues payroll to the month worked an additional work day in a leap year will increase the total hours that need to be paid to employees. **Diane Gallagher made a motion to approve mandatory expense increases of \$2,010 for a 5% annual maintenance agreement increase with ComElec Services and \$26,706 to adjust General Fund salaries/wages and associated benefits by a factor of 0.5% for leap year. Seconded by Staci Duerr and motion passed. Staci Duerr made a motion to approve the initial FY2020 General Fund target budget amounts as presented including items #1 and #2. Seconded by John Schultz and motion passed.**

7. Staff Reports

- a) **Chief County Assessment Office** – Donna Berlage, Chief County Assessor, reported it is pretty much business as usual in their office right now. Her office is reviewing the work submitted by the township assessors. They are getting down to the last few townships. Sales ratios from the state indicate that a couple of areas will probably show a negative multiplier and one area will probably show a plus multiplier. The overall sales ratio for the entire county did not come in too bad. Steve Allendorf commented, on behalf of this committee, thanked Berlage for her many, many years of service and wishes her the best in her retirement.
- b) **Treasurer's Office** – Melisa Hammer, County Treasurer, was not in attendance.
- c) **Grants Administrator** – Trina Orr, Grants Administrator, was not in attendance.
- d) **County Administrator** – Dan Reimer, County Administrator, reviewed the several financials for the seven months ended June 30, 2019. For the most part we are on track compared to budget and no significant concerns at this time. Reimer also reviewed the State Shared Revenue report and discussed the local use tax and corporate personal property replacement tax.

8. Citizens' comments - None

9. Board Member Concerns – Dianne Gallagher thanked the committee for telling her about UCCI. Both Hendrica Regez and Gallagher have found people who are very open to discussing issues and listening to their concerns.

The next Finance, Tax & Budgets Committee meeting will be on Thursday, August 29, 2019 @ 6:30 p.m.

Staci Duerr made a motion to adjourn at 8:11 pm. Seconded by John Schultz and motion passed.