

COMMITTEE REPORT

COMMITTEE: Finance, Tax & Budgets
CHAIRPERSON: Ron Smith
DATE/TIME: October 27, 2011

PRESENT: Ron Smith Rick Dittmar Randy Jobgen
 Steve Rutz Ron Mapes Marvin Schultz

Other Board members:

Others: Dan Reimer, Carol Soat and Donna Berlage.

1. **Minutes** – Randy Jobgen made a motion to approve the minutes of the September 29, 2011 meeting. Rick Dittmar seconded and motion passed.

At this time Vice-Chairman Ron Mapes asked that item 4a on the agenda be moved forward. Presentation by Tracy Bauer, CEO of Midwest Medical Center, in regards to property tax exemptions for hospitals with a 501 (c) 3 not for profit tax statues. Tracy Bauer introduced Mary Sheehan, Midwest Medical Board Chair, Bill Morden, Board Treasurer, Vince Toepfer, Board Member, Cheryl Farruggia, Vice-Chair, and Carrie Temperly, Human Resource Director. Bauer reviewed the history of Galena Stauss Hospital and Healthcare Center which was originally a hospital district and when the new hospital was built the hospital district was dissolved (June of 2006) and a 501 (c) 3 not for profit organization was established. Bauer discussed a letter that was sent by Governor Pat Quinn to the Illinois Hospital Association (IHA) in which he ask various parties including the IHA to develop recommendations for the Governor’s consideration by March 1, 2012 for legislation that would address property tax exemptions for not-for-profit hospitals. Mary Sheehan discussed the economic impact that Midwest Medical Center has on the service area, payroll wages, direct and indirect employees, and the economic impact if Midwest Medical Center were to close. Bauer informed the committee that as a charitable organization they currently pay approximately \$50,000 in taxes per the Hospital Assessment Program, charity care provided by the hospital exceeds \$170,000 per year, with 3 to 4 applications weekly, uncompensated care is approximately \$800,000 and while the financial condition of hospital has improved in the past two or three years the hospital continues to operate at a deficit. Bauer discussed that representatives from Midwest Medical Center are in the process of speaking to County leaders about the importance of hospital receiving property tax exemptions.

2. **Staff Reports**

- a) Chief County Assessment Officer. Donna Berlage, Chief County Assessor, reported that her office is continuing to work 2011 assessments and are working on the last 2 quad townships and all the PTAB cases that were due on October 10 have had the evidence prepared and sent to Springfield. The office recently received two more 2009 PTAB cases. A hearing officer from PTAB conducted hearings in Jo Daviess County on October 17th and 18th and 7 cases were heard. For two of the cases, the appellant did not show up so those cases were dropped. The other cases will take about six months before a decision is issued. Ron Mapes asked Berlage to provide a brief report on agenda items 3 c - f at this time. Berlage reported that

she did contact the State about conducting an appraisal for Eagle Ridge Resort if the County would pay the State's expenses and she was told that they would not. They will look at the property record cards and look to see if there are any other cases similar to these in the State of Illinois and provide that information. Berlage reported that this month's packet included options for re-districting township assessment districts. Berlage discussed State Statute 35 ILCS 200/9-225 regarding division of 4 assessment districts and states that assessment districts shall follow township lines if the county is organized into townships, and shall divide, as near as may be, the work of assessing the property in the county into 4 equal parts. Neither the area nor the number of parcels of property need be equal in the 4 assessment districts. Berlage provided a breakdown of the total parcels for four districts for the different options that have been discussed. Ron Mapes asked that on next month's agenda to have a discussion and motion to send forward on the recommendation. Dan Reimer asked Berlage if she could research the amount paid by each county assessment districts to their township assessors.

Ron Mapes asked that item 4e be moved forward at this time. Discussion and possible action on flood debasement program for farmland assessments. Ron Lawfer, President of the Jo Daviess County Farm Bureau presented some facts on flood damage that occurred in Jo Daviess County on July 28, 2011 and the affects that the flood had on crop yields. Chief County Assessor, Donna Berlage, explained that she researched with the Illinois Department of Revenue the Disaster Area application for reassessment and this particular application pertains only to structures not farm fields. The application applies when a Disaster Proclamation has been issued by the Governor or the President. According to the State, this reassessment is for structures that have had substantial damage due to flooding (i.e; houses that are completely inhabitable or must have major renovation done, owner had to move out for a considerable amount of time, out buildings that have had a substantial amount of damage). This application does not pertain to crops or farmland. Berlage received information from the Department of Revenue on guidelines for farmland assessments. It explains that flood adjustments are considered in the PI (productivity index) and it also states that there is no farmland relief due to a gubernatorial proclamation declaring a county as a disaster area. An Agricultural Disaster Declaration was sent to Berlage that states that farmers are eligible for disaster assistance but this is through the Department of Agriculture not the County Assessor's Office because it does not apply to farmland assessments. Because the information from the State indicates that flood adjustments are considered in the PI it was discussed what farmers would need to do or the process they would have to follow to apply to have PI adjusted on affected flood acreage. The information received from the State of Illinois included what is needed for flood adjustment procedures and the following is stated; identify the actual acres affected by flooding, determine, from yield data, the extent of crop loss (in bushels) caused in each flood situation, adjust the PI of the affected soils by a percentage equal to the percentage of crop loss caused by each flooding situation over a multi-year (preferable ten years) period and recomputed the flood adjustments annually because the continuous collection and analysis of yield data is needed in order to identify and compensate for changes in a parcel's flooding history. Merri Berlage suggested that information

regarding this program be placed on the Jo Daviess County website including instructions as to the information that would need to be submitted to the County Assessor's Office by the producer. It was determined that Chief County Assessor Berlage should compile a list of the criteria that is needed for the farmers to submit for an adjustment of PI. Once the criteria are determined she will submit the list to the Jo Daviess County Website, the Jo Daviess County Farm Bureau and the FSA office. A press release will be submitted to the local papers informing the public.

- b) Treasurer's Office. County Treasurer Carol Soat reported that the Jo Daviess County property tax sale was held on Tuesday, October 25, 2011. There were 240 parcels sold at the sale which represents about 1% of total tax parcels in the county. Soat reported that she is planning to complete the final tax distribution to the taxing districts within the next two weeks.
- c) County Administrator. Dan Reimer reminded the Committee that the budget hearing meeting is scheduled November 17, 2011 @ 6:30 pm this is a special County Board meeting to adopt the budget, the appropriations ordinance and the annual tax levy ordinance. Reimer reported that a copy of all the budgets will be available on the Jo Daviess County website by November 2, 2011.

3. Unfinished Business

- a) Jo Daviess County strategic goals. This will be added to next months agenda.
- b) Finance Committee assignments associated with the County Board Retreat. This will be added to next months agenda.
- c) Township Assessor pilot program. See above
- d) Township Assessor program intergovernmental agreement. See above
- e) Re-districting per tax code for multi-township assessment districts. See above
- f) Update on timeframe to load cost data into the CAMA system. See above
- g) Update on PTAB (Property Tax Appeal Board) cases. See above
- h) Update on Chapman Cutler and financing for the Emergency Radio Communications System Upgrade Project. Dan Reimer reported that Finance Chairman, Ron Smith, and Reimer had a conference call with Chuck Jarik of Chapman Cutler and discussed the process that will need to be followed to implement an installment contract and debit certificates associated with the Emergency Radio Communications System Upgrade Project.
- i) Options to raise revenue to pay for the Emergency Radio Communications System Upgrade Project. Marvin Schultz reported that by the November finance committee meeting bids for this project will be received.
- j) Review of 2011 Prioritized Options for Reducing Expenses and/or Increasing Revenue. Reimer reviewed the draft of prioritized options for reducing expenses and/or increasing revenue for FY2012. The FY2012 options are the same options as FY2011 and included updated narrative to coincide with FY2012. **Steve Rutz made a motion to pass the draft FY2012 prioritizing options for reducing**

expenses and/or increase revenue forward to the Executive Committee. Seconded by Rick Dittmar and motion passed.

4. New Business

- a) Presentation by Tracy Bauer, CEO of Midwest Medical Center, in regards to property tax exemptions for hospitals with 501 (c) 3 not for profit tax statutes. See above.
- b) Discussion and possible action on resolution to execute a deed of conveyance to the County's interest for parcel number 21-001-298-20 in Warren Township. **Rick Dittmar made a motion to approve a resolution to execute a deed of conveyance of the County's interest for parcel number 21-001-298-20 in Warren Township. Seconded by Marvin Schultz and motion passed.**
- c) Discussion and possible action on renewal of 2012 Insurance Renewal (PC & WC) with ICRMT. Dan Reimer informed the committee that the renewal from ICRMT. Ron Mapes discussed that if the renewal became available that this item will be placed on the County Board agenda on November 8, 2011 as not recommended by the committee.
- d) Discussion and possible action on a resolution to implement GASB 54. Dan Reimer informed the committee he was working with auditors on a policy resolution should be completed in time for the budget hearing. This item will be placed on next months agenda.
- e) Discussion and possible action on flood debasement program for farmland assessments. See above.
- f) Discussion and possible action on a resolution to approve journal entries to correct an accounting error associated with the County Clerk Automation Fund. Reimer reviewed the proposed resolution. **Ron Mapes made a motion to approve a resolution to approve journal entries to correct an accounting error associated with the County Clerk Automation Fund. Seconded by Steve Rutz and motion passed.**
- g) Consideration and possible recommendation to approve a professional service agreement with Clarity in Numbers, LLC for actuarial valuation services for the fiscal year-end 2011 for Postretirement Medical Plan under GASB 45 at a cost not to exceed \$4,200. **Steve Rutz made a motion to forward a recommendation to approve a professional service agreement with Clarity in Numbers, LLC for actuarial valuation services for the fiscal year-end 2011 for Postretirement Medical Plan under GASB 45 at a cost not to exceed \$4,200. Seconded by Rick Dittmar and motion passed.**
- h) Discussion and possible action on RFP's for annual audit services. Dan Reimer reviewed a spreadsheet of the RFP's for professional audit services that were submitted. The spreadsheet included an annual all-inclusive cost and total cost over a five year audit period, FY2011 to FY2015, and associated anticipated hours to complete the audit. **Steve Rutz made a motion to accept the professional service proposal from WIPFLI. Seconded by Marvin Schultz. Motion was voted on and failed with a vote of 1 aye and 4 nays.** The committee further

discussed and recommended that several members of County staff who work most closely with the audit should interview the two firms with the lowest bids and make a recommendation to the Committee. Ron Mapes discussed that unless a special Finance Committee meeting is scheduled a recommendation should be placed on the November 8, 2011 County Board agenda as not a recommendation of the Finance, Tax and Budget Committee.

5. Other.

6. Board member concerns.

7. Citizens' comments.

Next committee meeting is on Thursday, November 17, 2011 @ 7:00 p.m.

Randy Jobgen made a motion to adjourn at 9:50 pm. Seconded by Steve Rutz and motion passed.