COMMITTEE REPORT

COMMITTEE: **Finance, Tax, & Budgets**
CHAIRPERSON: **John Schultz**
DATE/TIME: **June 26, 2025 at 6:00 p.m.**

COMMITTEE MEMBERS PRESENT: John Schultz, John Lang, LaDon Trost, Diane Gallagher, Michael Holt, and Michael Dittmar. Present electronically: John Creighton.
COMMITTEE MEMBERS ABSENT: None.
OTHER BOARD MEMBERS PRESENT: Jacob Ambrosia joined electronically at 6:04 p.m.
OTHERS PRESENT: Angela Kaiser, Tessa Moore, Laura Edmonds, Tammy Cahill, Melisa Hammer, and Nicole Hermsen. Todd Holland joined electronically at 6:58 p.m.

1. **Call to Order:** Committee Chairperson John Schultz called the meeting to order at 6:01 p.m. A quorum was established.
2. **Minutes Approval:**
   a) Minutes of the May 29, 2025 Finance, Tax & Budgets Committee meeting – **Gallagher/Lang motioned to approve the minutes of the May 29, 2025 Finance, Tax & Budgets Committee meeting. The motion carried by voice vote.**
3. **Citizens' Comments:** None.
4. **Unfinished Business:** None.
5. **New Business:**
   a) Discussion and possible action to recommend the renewal of a property tax, CAMA, property characteristics software license maintenance and support agreement for a term of five years (March 1, 2026 to February 28, 2031) with DEVNET Inc., which includes the offices of the County Clerk, County Treasurer, Chief County Assessment Officer, and Planning & Development, at a first-year cost of $49,251.45 – **Gallagher/Lang motioned to recommend the renewal of a property tax, CAMA, property characteristics software license maintenance and support agreement for a term of five years (March 1, 2026 to February 28, 2031) with DEVNET Inc., which includes the offices of the County Clerk, County Treasurer, Chief County Assessment Officer, and Planning & Development, at a first-year cost of $49,251.45. The motion carried by voice vote.**

   b) Discussion and possible action to recommend amending R2025-3 Authorizing FY2025 Loans to Fund (071) Transit from Fund (016) Contingency to remove the maximum loan amount – The reasoning for amending R2025-3 is that there was a maximum loan amount stated. Kaiser explained that a 2-3 month wait for reimbursements has been difficult for the Transit Fund (071) and that this resolution is only for FY2025. FY2026 will be addressed in the next fiscal year. There was much discussion regarding reimbursements and loan amounts. **Schultz/Holt motioned to recommend amending R2025-3 Authorizing FY2025 Loans to Fund (071) Transit from Fund (016) Contingency to remove the maximum loan amount. The motion carried by voice vote.**

   c) Discussion and possible action to recommend a Resolution to Designate Cannabis Retailers' Occupation Tax to Funds Courthouse Bond Repayment (089), Economic Development Investment (018), and General Fund (001) – The discussion of cannabis tax revenue included much back and forth regarding an appropriate amount to designate toward the Courthouse Bond Payment Fund (089) and remaining revenue being split between the General Fund (001) and the Economic Development Fund (018). The annual bond payment is around $600,000 and Finance Chair Schultz wants to ensure there is enough put aside as a reserve, in case the cannabis revenue starts declining. There is no easy way to project how much cannabis tax revenue will be received five years from now. Kaiser noted that for FY2025, there was $750,000 budgeted for revenue, and we are on track to receive close to that by the end of the fiscal year. If there is no change in FY2026, there could tentatively be another $750,000, however, funding has been trending downward. The initial draft of the resolution commits the first $675,000 to the bond payment every year, the next $100,000 to fund economic development, and any remaining revenue would be put into the General Fund. Schultz felt it appropriate to increase the bond payment allocation amount to $700,000. Melisa Hammer mentioned her concern regarding a possibility of not taking in enough revenue to cover the annual bond payment – if there are not enough reserves, she isn't sure what to do at that point. Gallagher noted the county is not using property tax revenue to fund the Courthouse renovation; she feels it is necessary to inform their constituents. Dittmar felt there should first be a set amount allocated to economic development, with the bond payment allocation coming second. Kaiser reminded members that when they passed the bond payment Ordinance, they committed using Cannabis ROT for the payment, so that must come first. There was an extensive amount of discussion that continued. Gallagher felt it necessary to state that there was never a revenue stream for Fund 018 and that riverboat money sat in the fund for some time. Regardless of the amount allocated to Fund 018, she feels this is a great start. There was more discussion. **Schultz/Lang motioned to recommend the Resolution as amended: to Designate Cannabis Retailers' Occupation Tax in the amount of $700,000.00 to the Courthouse Bond Repayment Fund (089), the next $100,000.00 to the Economic Development Investment (018), and anything remaining to the General Fund (001). The motion carried by a roll call vote resulting in 5 Ayes and 2 Nays. Ayes: Schultz, Lang, Trost, Gallagher, and Holt. Nays: Creighton and Dittmar.** At this point, members believed this motion was an amendment since it changed the terms of the original draft resolution, so a second roll call was taken that resulted in all ayes. Dittmar thanked the committee, saying he was thrilled with the motion.

d) <u>Discussion and possible action to recommend a Resolution to Amend R2011-34 Establishing GASB 54 Policy to add the Jo Daviess County Transit Fund (071) to the list of operating funds with minimum fiscal year end fund balances and remove the dissolved Home Health Care Fund (026)</u> – There was extensive discussion regarding Transit operations and financials. By adding the Transit Fund (071) to the GASB 54 Policy, it will give a better understanding as to Transit's operating expenses. The recent loans to Transit have made it clear that its operation expenses need to be monitored in the same manner as the other operating funds. There was mention of the minimum fiscal year-end fund balance policy and what would be an appropriate amount. The members discussed the Transit fares and the recent increases. Dittmar noted that the recent action regarding the Transit fare increase needs to be looked at and all the facts should be discussed so it can be explained to the constituents. Kaiser explained that there was recently a public hearing, but nobody attended. There was more discussion. **Lang/Holt motioned to recommend a Resolution to Amend R2011-34 Establishing GASB 54 Policy to add the Jo Daviess County Transit Fund (071) to the list of operating funds with minimum fiscal year end fund balances and remove the dissolved Home Health Care Fund (026). The motion carried by voice vote.**

e) <u>Discussion and possible action to recommend revising P2023-5 Retiree Health Insurance Assistance</u> – As discussed in previous meetings, the economic impact of this policy was never fully projected for board members and the large amount of money it would cost the county in future years. Kaiser noted that while some employees are affected by this revision, it is a minimal amount. In the coming years, out of the negotiated employees, only

5-6 would be eligible. With no revision, by FY2036, there would be 14 eligible employees – of those 14, four of six are CBA employees that are already collecting. That leaves only 2 to be eligible to take it. The non-represented policy is where the outflow of cash is. **Holt/Schultz motioned to recommend revising P2023-5 Retiree Health Insurance Assistance as presented. The motion carried by voice vote.**

f) Discussion and possible action regarding items associated with the FY2026 Jo Daviess County Budget

i. Review County financial position, minimum year-end fund balance policies, and General Fund cash flow analysis – Kaiser explained the highlights she included in the meeting packet. There was discussion regarding the FY2024 audit numbers, and the Highway Department was a big topic. Highway needs more funding, which Kaiser explained will be discussed later in the agenda. The minimum year-end fund balance policy was also discussed and Hammer felt that the policies should be reviewed. Dittmar mentioned TIF Districts and Schultz commented that the money is not paid into the county or the other taxing districts to be distributed, so it needs to be recovered and spread out amongst the rest of the taxpayers.

ii. Review FY2026 Round 1 revenue estimates – Kaiser explained that the General Fund revenue estimates for FY2026 are projected at $10,799,841, which is a 7.9% decrease, or $921,202 less than the FY2025 budget, which in part is related to the loss of $750,000 in cannabis retailer occupation tax. Additionally, she will be proposing a change in the 1% allocation of the County sales tax, which accounts for a portion of the decrease, so she lowered the Round 1 estimate to account for that possibility.

iii. Establish initial allocation of 2025 property tax levy (payable 2026) – Kaiser presented the four options for the 2025 payable 2026 property tax levy, with an explanation for each. She recommended Option #4, which applied the increase with an additional 10% to the Highway Department, making changes as needed to Social Security and IMRF, and the remaining amount into the General Fund. Based on everything presented, she explained her reasoning for recommending Option #4. The Highway Fund's levy has not increased since 2019. It has been 6 years at the same amount and any additional property tax revenue has gone into the General Fund. Kaiser also presented some graphs for explanation. Diverting the additional 1% tax and raising the tax extension, still leaves Highway with a negative unassigned fund balance. She explained that while our main operating fund is the General Fund, we have several funds that also have many responsibilities. There are more road and bridge maintenance projects happening that require funding, than we've seen in recent years. The FY24 audit shows the net book value of roads and bridges at 44.7% and a good rule of thumb is when that number falls below 50%, it means you haven't been keeping up with them. due to, in part, the roads and bridges have fallen below 50%. There is also equipment that needs repair and replacement. When legislature approved the 1% sales tax in the mid-1980's, 100% of it was allocated to the Highway Department. In the 1990's, it slowly started shifting. The General Fund currently is allocated 75% of the sales tax. **Gallagher/Lang motioned to approve the use of Option #4 for the initial allocation of the 2025 property tax levy (payable 2026) as presented, with any additional property tax increase being dedicated as needed to cover expenses in the General Fund/Highway Fund/Social Security Fund/IMRF Fund. The motion carried by voice vote with a nay vote recorded for Dittmar.**

iv. Establish initial allocation of FY2026 County (1%) sales tax – Kaiser said that the revenue estimate of the 1% sales tax for FY2026 is $675,200, a 21% increase. The 'Level the Playing Field Act' reduces the local use tax and diverts it to sales tax. The current fund balance for Highway suggests a higher allocation is warranted. **Holt/Creighton motioned to establish an initial allocation for the FY2026 County 1% sales tax with 75% to the Highway Fund (002) and 25% to the General Fund (001). The motion carried by voice vote.**

v. Establish FY2026 Expense Budget Guidelines – Kaiser presented the FY2026 Expense Budget Guidelines. There is a CPI of 2.9% and a potential tax increase of 3.7%. She has been reviewing past expenses and looking to make changes to operations budgets. She is suggesting that operations budgets be reduced and use a five-year average of actual operating expenses. That represents a decrease of $198,169, or 1.83%. In order to make the change successful, additional funds will be budgeted in 001-40112-901 Contingency in the event any General Fund budget is depleted. This will effectively lower budgets while still providing a safety mechanism should a department expend all their funding. Any expenses from that line will be requested of and approved by the County Administrator. Kaiser does not believe recommending a 4% increase is out of line for non-represented employees. Probation is determined by AOIC and that increase is 3%. The IMRF rate for SLEP has decreased, and regular IMRF has slightly increased. The health insurance increase is 7.8%, and Kaiser had originally projected around a 10% increase. She continued to present the guidelines as included in the meeting packet. There was additional discussion regarding the guidelines. The county-owned cemeteries were brought up and the maintenance that is required. Kaiser commended all the Department Heads and their exceptional fiscal responsibility and largely attributed our financial solvency to them. **Schultz/Lang motioned to accept the FY2026 Expense Budget Guidelines as presented for the General Fund and Special Fund expense budgets and set the initial FY2026 agency funding amounts at the same funding level as appropriated in the FY2025 budget with the addition of cemetery maintenance. The motion carried by voice vote.**

6. Reports:

a) Assessments – Edmonds provided her monthly report, which was included in the packet. The statutory deadline for Township Assessor work was June 16th and 99% of all non-quadrennial townships have been reviewed and completed. There have been multiple calls and questions to the Assessment office, which her staff is fielding.

b) Treasurer – Hammer explained her office has been extremely busy with tax payments. There has been $44,205.245.78 collected as of June 23rd, which is 60% of the total year's tax amount of $73,932,963.05. The delinquent amount of the first installments is $1,790,081.41, or 6%. There was discussion regarding the issue with USPS and how not all payments are postmarked when they are received.

c) Grants Administrator – Cahill gave her monthly report. She updated the Committee on the grants she has been working on.

7. Citizens' Comments: Schultz called on Hermsen to discuss the contract between Transit and The Workshop. The fares being approved have nothing to do with the contracts. Hermsen's fear is that if one contract is changed because of comments, that it will not stop there and others will be requested to get changed. Kaiser noted that these increases are not coming out of the pockets of a majority of the disabled individuals at The Workshop.

8. **Committee Member Concerns:** Gallagher thanked everyone for their reports and also Kaiser for her hard work. She said that she feels so much more comfortable being prepared prior to meetings. Holt echoed Gallagher's comments.

9. **Adjourn: Lang/Holt motioned to adjourn at 8:31 p.m. The motion carried by voice vote.**

The next regular meeting is Thursday, July 31, 2025 at 6:00 p.m.