

Minutes approved 02-15-2011



Finance Committee

Justice Center Community Room
Tuesday, January 18, 2011 – 3:00

Committee Members Present: Chairman Tim Neuhauser, Vice Chair Jim Carius, Dean Grimm, Mike Harris, Linc Hobson, Carroll Imig, Darrell Meisinger, Jerry Vanderheydt and Terry Von Boeckman

Absent Committee Members: Russ Crawford, Jan Donahue

Others: County Administrator David Jones, Helen Barrick of Clifton Gunderson

Chairman Neuhauser allowed the Human Resources Committee to meet prior to Finance.

MOTION

MOTION BY HARRIS, SECOND BY MEISINGER to adjourn and reconvene upon completion of HR meeting.

RECONVENE

Chairman Neuhauser reconvened Finance Meeting at 3:49 p.m.

MOTION

MOTION BY CARIUS, SECOND BY VON BOECKMAN to approve the minutes of the December 07, 2010 meeting.

On voice vote, motion carried.

MOTION
F-11-01

MOTION BY HARRIS, SECOND BY D. GRIMM to recommend approval to County Board for transfer request for Community Development.

On voice vote, motion carried.

**REPORTS AND
COMMUNITCATION**

Chairman Neuhauser introduced Helen Barrick of Clifton Gunderson, the county's auditing firm, to discuss agreed upon procedures regarding the Recorder of Deeds Office due to the change of a county official.

Barrick stated that whenever funds are managed by a county official – and there is a change in the official – an "audit" is performed. It is an examination of the books,

cash flow and revenue reconciliation. They will rectify all funds from 12-01-10 through 02-28-11. This is per statute. Audits are done annually. This is a mid year transition audit.

Chairman Neuhauser asked Barrick's opinion of changes expected especially with the local economy.

She stated that from a reporting perspective the county may need to do a consolidation of some funds. This will be addressed in the 2011 audit.

Carius asked if she is still seeing repeats of the areas previously pointed out in the annual audit. Barrick stated some of the things are not easy to correct. She stated that "receipting" may save bookkeeping steps. Cash accounts and segregation of duties remains an issue.

REVENUE UPDATE

Administrator Jones referred to the report that Treasurer Burress provided. All sales tax revenues are strong. Income and Use is flat. The problem with income tax revenue is the lag time with the State. We know what we can expect to receive, but when is unknown. There has been no communication from the State indicating they would renege on their obligation to the county.

Jones discussed the Income Tax Legislation. Under the old law the county received 10% of the share of income tax. Now we will receive 6% of the higher amount, which is supposed to be revenue neutral. There is a provision of this law that says if spending is up more than 2% in any year at the State level then the tax increase is repealed.

The concern is there is no snapback provision to the law to move the sharing of income tax back to the old formula. If this happened, it would cost the county nearly \$800,000.00 annually.

We will raise concerns legislatively. There is a very specific section of the law that could negatively impact the county's share.

Jones brought one other point to the meeting. Consumer Price Index was released last week for calendar 2010. The inflationary tax increase that the county could see for 2012 is based on that number. The CPI-U for the third

year in a row was low. The actual increase was 1.5% for calendar year 2010.

Neuhauser stated that one of things we need to monitor is the sales tax revenues that we receive. Recently people have been spending again as likely feeling more confident in the economy. Tazewell County budgeted conservatively again for FY11. With this Income Tax Legislation spending may again decline. It would be approximately five months before there would be any warning signs.

Neuhauser stated all had received the Treasurer's Report as well as the Public Safety Sales Tax Report.

MOTION

MOTION BY VON BOECKMAN, SECOND BY VANDERHEYDT to recommend to County Board to approve the bills.

On voice vote, motion carried.

Chairman Neuhauser recessed the meeting at 4:15 p.m.

Transcribed by S. Beeney