

*Note: These minutes are not official until approved by the Finance Committee at a subsequent meeting. Please refer to the meeting minutes when these minutes are approved to obtain any changes to these minutes.*

DeKalb County Government  
Sycamore, Illinois

**Finance Committee Minutes  
June 5, 2018**

The Finance Committee of the DeKalb County Board met on Wednesday, June 5, 2018, at 7:00 p.m. in the Administration Building's Conference Room East. Chairman Stoddard called the meeting to order. Those Members present were Mr. Cribben, Mr. Frieders, Ms. Leifheit, Mr. Reid, and Chairman Stoddard. Mr. Luebke and Ms. Polanco were absent. A quorum was established with five Members present and two absent.

Others that were present included Gary Hanson, Pete Stefan, Christine Johnson, Jim Hutcheson, Jim Scheffers, Sheila Santos, and Greg Millburg.

**APPROVAL OF THE AGENDA**

**It was moved by Mr. Cribben, seconded by Mr. Frieders and it was carried unanimously by voice vote to approve the agenda as presented.**

**APPROVAL OF THE MINUTES**

**It was moved by Mr. Reid, seconded by Mr. Cribben and it was carried unanimously to approve the minutes of the May 2, 2018 Finance Committee Meeting.**

**PUBLIC COMMENTS**

There were no public comments.

**DELINQUENT PROPERTY TAX SALE RESOLUTION**

DeKalb County Treasurer Christine Johnson joined the Committee to request the approval of a delinquent property tax sale resolution. She explained that the parcel (#02-24-476-008) was half of a detention pond in Riverbend Subdivision in Genoa (Kingston Township). The City of Genoa has bid \$815.00 for the purchase of the detention pond. Ms. Johnson additionally shared that she will have a few more parcels in this same subdivision that will be coming to the Committee in the next couple months.

**It was moved by Mr. Frieders, seconded by Mr. Cribben and was approved unanimously to forward the resolution to the full County Board recommending its approval.**

**PURCHASING & AWARD OF CONTRACTS POLICY**

Mr. Stefan shared that this policy has been in place since October of 2013. A modification had been made in 2014 and now this modification is only to add paragraph II. H. "Subject to all Federal, State, and Local laws, statutes, and regulations, purchases made through Federal, State and Local joint purchasing programs and cooperative purchasing programs are allowed provided competitive selection procedures are used by the applicable program. Examples include purchases of bulk rock salt, vehicles, other commodities and services through the State of Illinois Joint Purchasing Program, and purchases of insurance services such as general liability, workers compensation, property, health, dental, and life through a governmental pool or cooperative."

Mr. Stefan shared that this is something that has been going on and it was only an oversight to not have it incorporated into the actual policy.

**It was moved by Mr. Reid, seconded by Mr. Cribben and approved unanimously to forward the resolution modifying the policy to the full County Board recommending its approval.**

**ORDINANCE AUTHORIZING THE ISSUANCE OF \$14,000,000 GENERAL OBLIGATION ALTERNATE BONDS OF THE COUNTY OF DEKALB, ILLINOIS FOR THE PURPOSE OF FINANCING THE IMPROVEMENT OF THE DEKALB COUNTY REHAB AND NURSING CENTER**

Mr. Stefan shared that this Ordinance is the first step in issuing debt for the Rehab & Nursing Center Expansion Project. The project cost is not to exceed \$15 million – total of all hard and soft costs. The Nursing Home will pay for the project out of operations, as it did with the prior bonds that were retired in 2016. Current plans are for the Home to use \$2 million of equity, with the remaining costs covered by bonds, approximately \$13 million (not to exceed \$14 million). This process is the same one that was taken when the County's issued the bonds for the Jail Expansion Project. A Debt Service Coverage Report was also conducted by an independent firm to confirm the Nursing Home had the appropriate cumulative cash to repay the bonds.

If approved, the Ordinance will be published in the newspaper which will then start a 45 day window where a petitions may be filed with the County Clerk asking that the issuance of the bonds be submitted to referendum. Mr. Hanson added that there will also be a Public Hearing at the August 15<sup>th</sup> full County Board Meeting on this.

**It was moved by Mr. Cribben, seconded by Mr. Frieders and approved unanimously to forward the Ordinance to the full County Board recommending its approval.**

**FUND BALANCE REPORTING & FLOW OF FUNDS POLICY ANNUAL REPORT**

Mr. Stefan presented and review with the Committee the recommendations for Fund Balance allocation as of December 31, 2017 in accordance with the Fund Balance Reporting & Flow of Funds Policy. This policy was implemented to comply with GASB #54 by assigning and reporting fund balances in all the various governmental accounting funds to one or more of the five levels of restrictions denoted by the Governmental Accounting Standards Board. Mr. Stefan additionally provided the previous year's report to show a comparison among the two. The biggest highlight of the Annual Report showed that the County actually added to their General Fund Balance from 2016 through 2017. The original anticipated \$900,000 draw down that was reported back last August did not take into consideration the revenue side of the equation and when all the final numbers were in for 2017, it showed that the Fund Balance was added to instead of drawn down.

**GENERAL FUND TARGET FUND BALANCE POLICY**

Mr. Stefan additionally reviewed that the Non-Spendable Fund Balance for the General Fund ending December 31, 2017 was \$286,655. The Unassigned Fund Balance amount was \$7,189,458 which comes out to be 26% of General Fund expenditures. He provided the calculations and explained how their policy now calls for 25% Target Unassigned Fund Balance. Mr. Hanson added that this may be the best budget news the Committee receives all season.

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It was clarified that this is the same calculation process that has been used in several years past, only with updated figures. Mr. Hanson additionally explained the cash flow process throughout the General Fund and how the other funds in Section C of the analysis contribute to that process.

Mr. Stefan also presented to the Committee the top ten Non-Property Tax Revenue Sources ranked by the FY 2018 budget amount and the Major General Fund Non-Personnel Expenditures.

#### **STATE OF ILLINOIS BUDGET UPDATE**

Mr. Stefan stated that there are some unknowns with the Airline Fuel Sales Tax issue. That is still hanging out there and could certainly put a crimp into the budget if that were to go away (\$1 million deficit). He also added that there are four other items that could additionally pose hardship on the upcoming budget. (a) The first being Income Tax and that could be a \$75,000 swing to the positive or negative. (b) The Sales Tax Collection Fee is on the Home-Rule portion only so doesn't affect the County too much but is a minor affect through the County's Intergovernmental Agreement with the City of DeKalb. Most of the money going into the pool that is shared with the City of DeKalb is Home-Rule money (instead of costing \$17,000 it will cost the County \$13,000). (c) The Marketplace Fairness Act is proposed legislation pending in the United States Congress that would enable State Governments to collect sales taxes and use taxes from remote retailers with no physical presence in their state. It would be distributed on a per capita basis so the County would only collect on the unincorporated portion of the County. (d) Lastly, Replacement Tax, there was a \$297 million diversion last year to the State from that and its \$300 million this year so it is still a reduced level but no real change from last year.

#### **ADJOURNMENT**

**It was moved by Ms. Leifheit, seconded by Mr. Cribben, and it was carried unanimously to adjourn the meeting.**

Respectfully submitted,

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Paul Stoddard, Chairman

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Tasha Sims, Recording Secretary

# DEKALB COUNTY GOVERNMENT

## FUND BALANCE REPORTING & FLOW OF FUNDS POLICY

### 2017 ANNUAL REPORT

#### **Background**

The Governmental Accounting Standards Board (GASB), the rule-making authority for governmental accounting, has issued a pronouncement (GASB Statement #54) relating to how governmental entities report fund balance. The pronouncement made reporting more consistent and much clearer to not only regular users of financial statements, but also for the layperson. The terms are intended to be easy to use and implement and to provide a logical framework for presenting the fund balance.

GASB # 54 identified five levels of restrictions on fund balance, listed below in hierarchy from most constrained to the least constrained:

1. Non-Spendable –noncash items (prepaid, inventory) or endowments
2. Restricted – limited by external actions, such as Federal or State law
3. Committed – self-imposed restraints at the highest level of decision making
4. Assigned - for a specific intended purpose
5. Unassigned - anything left over and available

#### **Annual Review of Policy Statement Implementation**

DeKalb County Government does comply with GASB #54 by assigning and reporting fund balances in all of the various governmental accounting funds to one or more of the five levels of restrictions denoted by the Governmental Accounting Standards Board. In accordance with the County's policy adopted on November 16, 2011 on this issue, the County spends the most restricted dollars before the less restricted dollars in the same order as noted above.

The County's Chief Financial Officer makes the annual allocations of fund balances prior to the end of each fiscal year and the same is then reflected in the County's annual audit report. The Finance Committee reviews these fund balance allocations as part of the acceptance process of the audit report, making sure that the allocations are reflective of the County's mission and operating goals, for the various governmental funds. The Finance Committee made no changes during the 2017 calendar year.

#### **Proposed Fund Balance Allocations for 2017**

Attached are the proposed fund balance allocations for 2017 that will be incorporated into the Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2017.

06-06-2018

**Proposed Fund Balance Allocations  
for Governmental Funds  
as of December 31, 2017**

	Major Funds		Non-Major Funds			Total Governmental Funds
	General Fund	Jail Expansion Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
<b><u>Non-Spendable</u></b>						
Non-Spendable - Prepaid Items	286,655	-	155,244	-	2,615	444,514
Total Non-Spendable Fund Balance	286,655	-	155,244	-	2,615	444,514
<b><u>Restricted</u></b>						
Restricted for Debt Service	-	-	-	3,248,887	-	3,248,887
Restricted for Retirement	-	-	602,539	-	-	602,539
Restricted for Public Buildings	-	4,589,331	5,636,835	-	-	10,226,166
Restricted for Micrographics	-	-	71,317	-	-	71,317
Restricted for Tax Sale Automation	-	-	215,968	-	-	215,968
Restricted for History Room	-	-	41,856	-	-	41,856
Restricted for Fiber Optic Network	-	-	1,127,010	-	-	1,127,010
Restricted for Transportation	-	-	1,210	-	-	1,210
Restricted for Judiciary Activities	-	-	1,817,308	-	-	1,817,308
Restricted for Police Activities	-	-	684,830	-	-	684,830
Restricted for Highways and Streets	-	-	10,105,601	-	-	10,105,601
Restricted for Health and Welfare	-	-	6,217,183	-	-	6,217,183
Total Restricted Fund Balance	-	4,589,331	26,521,657	3,248,887	-	34,359,875
<b><u>Unrestricted</u></b>						
<b><u>Assigned</u></b>						
Assigned for Capital Purposes	-	-	-	-	13,056,731	13,056,731
Assigned for Bike Paths	-	-	-	-	75,000	75,000
Total Assigned Fund Balance	-	-	-	-	13,131,731	13,131,731
<b><u>Unassigned</u></b>						
Unassigned Fund Balance	Remaining Balance	Remaining Balance	Any Deficit Balance	Any Deficit Balance	Any Deficit Balance	Remaining Balances/Deficits
Estimated Amount of Unassigned Fund Balance	7,189,458	-	(25,608)	-	(73)	7,163,777
<b><u>Total Fund Balance</u></b>						
Estimated Amount of Total Fund Balance	7,476,113	4,589,331	26,651,293	3,248,887	13,134,273	55,099,897

Note: Final amounts subject to audit adjustments.

06-07-2017

**Proposed Fund Balance Allocations  
for Governmental Funds  
as of December 31, 2016**

	Major Funds		Non-Major Funds			Total Governmental Funds
	General Fund	Jail Expansion Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
<b><u>Non-Spendable</u></b>						
Non-Spendable - Prepaid Items	311,087	-	142,559	-	224	453,870
Total Non-Spendable Fund Balance	311,087	-	142,559	-	224	453,870
<b><u>Restricted</u></b>						
Restricted for Debt Service	-	-	-	1,430,207	-	1,430,207
Restricted for Retirement	-	-	498,848	-	-	498,848
Restricted for Public Buildings	-	-	5,461,840	-	-	5,461,840
Restricted for Micrographics	-	-	79,463	-	-	79,463
Restricted for Tax Sale Automation	-	-	201,646	-	-	201,646
Restricted for History Room	-	-	42,347	-	-	42,347
Restricted for Fiber Optic Network	-	-	1,007,681	-	-	1,007,681
Restricted for Evergreen Village	-	-	3,848	-	-	3,848
Restricted for Judiciary Activities	-	-	1,746,863	-	-	1,746,863
Restricted for Police Activities	-	-	589,162	-	-	589,162
Restricted for Highways and Streets	-	-	11,536,406	-	-	11,536,406
Restricted for Health and Welfare	-	-	6,142,859	-	-	6,142,859
Total Restricted Fund Balance	-	-	27,310,963	1,430,207	-	28,741,170
<b><u>Unrestricted</u></b>						
<b><u>Assigned</u></b>						
Assigned for Capital Purposes	-	-	-	-	12,892,677	12,892,677
Assigned for Bike Paths	-	-	-	-	55,000	55,000
Total Assigned Fund Balance	-	-	-	-	12,947,677	12,947,677
<b><u>Unassigned</u></b>						
Unassigned Fund Balance	Remaining Balance	Remaining Balance	Any Deficit Balance	Any Deficit Balance	Any Deficit Balance	Remaining Balances/Deficits
Estimated Amount of Unassigned Fund Balance	7,024,461	(7,218,812)	(7,281)	-	-	(201,632)
<b><u>Total Fund Balance</u></b>						
Estimated Amount of Total Fund Balance	7,335,548	(7,218,812)	27,446,241	1,430,207	12,947,901	41,941,085

Note: Final amounts subject to audit adjustments.

**Target General Fund Balance Analysis  
Updated 06-06-2018**

**Best Practices - What Should Our Goal Be?**

	Unaudited 2017 Data Displayed	Calculations
A	<u>Ideal Unassigned Fund Balance Target</u>	
A-1	Liquidity / Cash Flow	8,825,000
A-2	Less Amount Available from Other Funds	(4,653,000)
A-3	Net Liquidity / Cash Flow	4,172,000
A-4	Revenue Source Stability	1,655,000
A-5	Expenditure Volatility (Budget Practices)	965,000
A-6	Vulnerability to Extreme Events	69,000
A-98	Total Target Unassigned Fund Balance	6,861,000
A-99	Target Unassigned Fund Balance as % of Expenditures	25%
		Based on 32.0% of Revenues from Line B-1
		See Section C Below for Calculation
		Based on 6.0% of Revenues from Line B-1
		Based on 3.5% of Revenues from Line B-1
		Based on 0.0025% of Revenues from Line B-1
		Sum of Lines A-1 thru A-6
		Calculated by Dividing Line A-98 by Line B-2

**Benchmark - How Are We Doing?**

	Unaudited 2017	
B	<u>Unaudited Results</u>	
B-1	County General Fund Revenues for Fiscal Year	27,578,460
B-2	County General Fund Expenditures for Fiscal Year	27,355,406
B-3	Unassigned Fund Balance as of December 31st	7,189,458
B-4	Unassigned Fund Balance as Percent of Expenditures	26%
		Calculated by Dividing Line B-3 by Line B-2

**Sub-Level Calculation for Line A-2 Above**

	Line A-2 Unaudited 2017	Calculations
C	<u>Other Funds Availability Calculation - Line A-2</u>	
C-1	Retirement Fund Availability	345,000
C-2	Medical Insurance Fund Availability	1,620,000
C-3	Tort & Liability Fund Availability	69,000
C-4	Asset Replacement Fund Availability	1,312,000
C-5	Special Projects Fund Availability	110,000
C-6	Capital Improvement Reserve Fund Availability	376,000
C-7	Opportunity Fund Availability	821,000
C-99	Total Available from Other Funds	4,653,000
		Unaudited 12/31/17 Fund Balance of \$602,539 x 57.3% = \$345,000 (General Fund Expenditure Ratio for 2017).
		Unaudited 12/31/17 Fund Balance of \$3,073,117 x 52.7% = \$1,620,000 (General Fund Expenditure Ratio for 2017).
		Only \$69,000 of Unaudited 12/31/17 Fund Balance of \$6,731,121 included to offset Extreme Events exposure from Line A-6 above.
		Unaudited 12/31/17 Fund Balance of \$5,247,367 x 25% = \$1,312,000
		Unaudited 12/31/17 Fund Balance of \$441,926 x 25% = \$110,000
		Unaudited 12/31/17 Fund Balance of \$1,504,874 x 25% = \$376,000
		Unaudited 12/31/17 Fund Balance of \$3,283,247 x 25% = \$821,000
		This amount inserted in Line A-2 Above

**Major General Fund Revenues**  
**Top Ten Non-Property Tax Revenue Sources**  
**Ranked by FY 2018 Budget Amount**  
**06-06-2018**

Account			Historical Revenue Totals					FY 2018 Projection			
			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Budget	FY 2018 YTD	FY 2018 Projection	Budget Over / (Under)
Rank	Number	Revenue Source									
1)	1290-3322	Sales Tax (0.25%)	4,318,888	4,341,774	4,027,216	3,651,739	3,819,364	3,130,000	535,003	3,230,000	100,000
2)	1290-3311	State Income Tax	1,515,815	1,523,188	1,692,769	1,548,646	1,461,228	1,497,000	737,143	1,470,000	(27,000)
3)	2670-4537	Communication Contracts	1,024,000	1,005,000	1,023,500	1,052,998	1,064,500	1,077,500	575,168	1,077,000	(500)
4)	1290-3331	Replacement Tax	593,226	610,716	576,324	577,048	684,294	539,000	350,802	517,000	(22,000)
5)	2310-5025	Circuit Clerk-County Fees (41%)	601,953	568,879	541,020	481,958	471,027	466,000	151,745	432,000	(34,000)
6)	2910-4105	State Grant-Ct. Svcs. Salaries	240,579	227,610	509,717	496,373	521,729	450,800	29,710	475,000	24,200
7)	2310-4501	Circuit Clerk-Office Fees	587,997	532,962	515,796	440,656	423,371	430,000	138,518	408,000	(22,000)
8)	1290-3324	Local Use Tax	201,126	296,790	345,482	375,329	401,852	420,000	187,374	416,000	(4,000)
9)	1290-4451	City of DeKalb Sales Tax Sharing	-	-	300,000	300,000	388,088	357,000	49,085	342,000	(15,000)
10)	2610-4545	Police Partnerships	499,763	529,735	542,996	552,184	383,954	203,000	67,750	203,200	200
<b>Total-Top 10 Non-Property Tax General Fund Revenues</b>			<b>9,583,347</b>	<b>9,636,655</b>	<b>10,074,820</b>	<b>9,476,931</b>	<b>9,619,407</b>	<b>8,570,300</b>	<b>2,822,299</b>	<b>8,570,200</b>	<b>(100)</b>



**Major General Fund Non-Personnel Expenditures**  
**Ranked by FY 2018 Budget Amount**  
**06-06-2018**

			<b>FY 2018 Projection</b>			
<b>Rank</b>	<b>Account Number</b>	<b>Expenditure</b>	<b>FY 2018 Budget (Net)</b>	<b>FY 2018 YTD</b>	<b>FY 2018 Projection</b>	<b>Budget Under / (Over)</b>
1)	2680-8087	Detention Space (Corrections)	450,000	413,640	620,000	(170,000)
2)	Multiple	Elections (Commodities & Servcies)	400,000	233,614	377,000	23,000
3A)	4810-8041	Utilities (FMO)	290,000	70,636	281,000	9,000
3B)	4910-XXXX	Utilities (Community Outreach Building)	41,100	10,542	42,000	(900)
3C)	4920-XXXX	Utilities (Public Health Maintenance)	76,300	16,634	70,600	5,700
4)	2910-8087	Detention Space (Court Services)	120,000	21,720	79,000	41,000
5)	2910-8311	Specialized Care & Treatment	-	-	-	-
<b>Total Major General Fund Non-Personnel Expenditures</b>			<b>1,377,400</b>	<b>766,786</b>	<b>1,469,600</b>	<b>(92,200)</b>