

*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  
August 1, 2018**

The Finance Committee of the DeKalb County Board met on Wednesday, August 1, 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. Luebke, Ms. Polanco, Mr. Reid, and Chairman Stoddard. A quorum was established with all seven Members present.

Others that were present included Gary Hanson, Pete Stefan, Christine Johnson, Jim Hutcheson, Jim Scheffers, Sheila Santos, Greg Millburg, Karen Cribben, Anthony Cervini, Fred Lantz, and a couple additional members of the public.

**APPROVAL OF THE AGENDA**

**It was moved by Ms. Leifheit, seconded by Ms. Polanco and it was carried unanimously by voice vote to approve the agenda as presented.**

**APPROVAL OF THE MINUTES**

**It was moved by Mr. Luebke, seconded by Mr. Frieders and it was carried unanimously to approve the minutes of the June 5, 2018 Finance Committee Meeting.**

**PUBLIC COMMENTS**

There were no public comments.

**PRESENTATION OF ANNUAL AUDIT**

Mr. Anthony Cervini and Mr. Fred Lantz of Sikich LLP joined the Committee to present the FY 2017 Audit Reports. Some of General information that was provided through the audit included:

1. The assets and deferred outflows of resources of governmental activities of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$116.4 million which is an increase of \$9.7 million from the previous year. This increase is primarily due to the following two factors: a) a \$6.7 million increase in capital grants and contributions as several road and bridge projects funded with federal and state grants were completed in 2017, and b) a \$3.4 million increase due to a change in accounting principle to restate net pension liabilities and related deferred outflows and inflows as of December 31, 2016. The property tax base increase by \$117.7 million or 6.8% this year which is the second consecutive annual increase following five consecutive years of declining property values, an indication that property values continue their recovery towards the prerecession peak attain in 2009.
2. For the fiscal year ending December 31, 2017, revenues totaled \$72.1 million. This is an increase of \$8.6 million or 13.7% from 2016.

There was a \$1.5 million increase in charges for services comprised mainly of \$0.4 million in increased revenues at the Nursing Homes, \$0.4 million in construction fees received in connection with the ComEd Grand Prairie Gateway Project, \$0.3 million in increased revenue from landfill activity, and \$0.1 million received in court security fees as the result of a fee increased that went into effect with the 2017 fiscal year. The remaining \$0.3 million was the result of a general increase in charges for services across most funds due to an improving local economy.

Operating grants and contribution increased by almost \$147,000 due to a combination of increases in operating grants receives such as the Juvenile Justice Council grant, the Adult Redevelopment Illinois grant, and the Swift, Certain and Fair Projection Program grant.

Property tax collections decreased \$0.3 million in 2017 due to the elimination of the 2005 Bond Issue that was paid off in 2016 although the reduction was partially offset by the allowable increases realized from the Consumer Price Index and new construction activity.

3. DeKalb County's expenses totaled \$65.5 million in 2017 decreasing by \$1.5 million or 2.3% from 2016. Public Safety expenses remain the largest expense group for the County at 37% of total expenses as they surpassed Health and Welfare expenses in 2014.

General Government expenses increased by a modest \$0.2 million or 2.4% from 2016 to 2017 in essence mirroring the rate of inflation for wages and benefits with a slightly higher medical inflation rate for health care costs.

4. The unassigned General Fund fund balance of \$7.2 million is 26.3% of total 2017 General Fund expenditures of \$27.3 million or more than 95 days of operating funds. The General Fund fund balance increase of \$0.2 million was primarily due to the one-time construction fees revenue received in 2017 in connection with the ComEd Grand Prairie Gateway Project.
5. General Fund revenues in 2017 were \$0.6 million or 2.3% less than the budgeted amount. The major contributing factor to this is the taxes and charges for services categories that each fell about \$0.25 million short of the budgeted amount. Sales taxes in the taxes category underperformed by about \$325,000 while office fees in the charges for services category underperformed by about \$246,000.
6. General Fund expenditures and transfers in 2017 were \$1.0 million or 3.6% less than the final budgeted amounts as all departments except for one ended the fiscal year under their final budget amounts for the year since the revenue shortage for 2017 was recognized early in the year allowing the appropriate adjustments to be made in discretionary expenditures in order to keep total General Fund expenditures within budgeted amounts.

Mr. Cervini shared that Sikich LLP found full compliance with investment policies as of December 31, 2017, and all County's deposits with financial institutions are either covered by deposit re-insurance or by collateral held in the County's name by an independent third-party in accordance with their investment policy.

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Mr. Lantz and Mr. Cervini were pleased to report that the County encountered no significant difficulties in dealing with management performing and completing the clean unmodified FY 2017 Audit.

Mr. Cervini briefly reviewed the County's Single Audit Report with the Committee. Mr. Cervini shared that the Single Audit Report is comprised of two separate auditor's reports and auditor's opinions. The first one being: Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. As well as: Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. Mr. Cervini announced he was pleased to report unmodified opinions on both audit reports.

Mr. Cervini congratulated the Committee, the County Board, Mr. Stefan, and Mr. Hanson for being presented with a Certificate of Achievement for Excellence in Financial Reporting from Government Finance Officers Association for the 31<sup>st</sup> consecutive year in a row for its Comprehensive Annual Financial Report.

*DeKalb County's full Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2017 can be found on the County's website at the link below:*  
[http://dekalbcounty.org/Financial/Audit/audit\\_main.html](http://dekalbcounty.org/Financial/Audit/audit_main.html)

#### **CITY OF DEKALB TAX INCREMENT FINANCING DISTRICT**

Mr. Hanson shared that the City of DeKalb has recently announced to proposal of a new Tax Increment Financing (TIF) District. Mr. Hanson has been monitoring the progress of that proposal and noted that it does seem that the City seems to be on a fast track for approval on this item. He noted that he does have some concerns with this juncture and how it may affect the County long-term.

Mr. Hanson remains confident that the County and the other Taxing Districts can work with the City to come to a plan that may work a little better for everyone but at this point the County remains in the position that some tweaks should be made to the current proposal.

Mr. Hanson provided a little bit of background and reviewed some of the County's concerns. Mr. Hanson explained that a TIF District takes a point in time and freezes the assessed value for a given set of properties from that point on and the idea is to pump money into development in that area and any increase assessed value generates additional property tax. But all that property taxes are sent to the District and that means not just from the City of DeKalb in this case but the County's portion of the taxes, the school's portion of the taxes, etc. So the City would get a 100% of incremental value. Additionally these TIF Districts go on for 23 years, so it's a very long term financial commitment. The City of DeKalb currently has 2 TIF Districts and the Committee reviewed those fairly large areas on a map.

Mr. Hanson continued to explain that TIF 1 was going to expire somewhere around 2010-12 and at that point the City came to all the taxing bodies and said that they would like to extend the TIF for another 12 years. Which was allowed by law as long as everyone agreed to it. In return, if the other taxing bodies agreed to extend that TIF another 12 years, they were going to rebate back

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half of the increment to each of the taxing bodies. The County does not receive quite half back because there are some other nuances that have kicked in but essentially that has been going on. TIF 1 is now extended to the end of 2022 and TIF 2 ends at the end of this tax year.

Mr. Hanson stated that TIF 1 has had the current properties in a TIF District for 35 years, which is a long time not to have the other taxing bodies share in that revenue. Over the years of that TIF, all of the taxing bodies, including the City of DeKalb, have pumped \$140 million into the City of DeKalb for redevelopment. Mr. Hanson continued that now that we are at the end of the TIF, the City of DeKalb wants to take part of the downtown area and place it into a new TIF fund, which if approved, would allow some of these properties to be in a TIF for 58 years.

Mr. Hanson also explained that the ability to create a TIF District is the City's decision. The County can only offer input or advice. There is a Joint Review Board, which is a member of each of the taxing bodies that are impacted by the TIF District, will meet in advance and provide a recommendation on whether they think this is a good idea or not (but it is simply only a recommendation).

Mr. Hanson continued express his concerns with the proposed TIF to the Committee. The heart of one of the concerns was that if the City were to approve this at the end of September like that are trying to, the base would be frozen at its last certified assessed value which would be January 1, 2017. He reviewed that there have been some big developments in downtown DeKalb since then (Cornerstone Apartments, the Plaza, SunDog IT). The taxing bodies would not see any increase in those values from those developments if this new proposed TIF were to go into effect, even though their TIF dollars paid to redevelop that area, Mr. Hanson shared. It is certainly not to him the intent of a TIF District to take already developed property and put it into another TIF District. Mr. Hanson commented that money is obviously the driving factor of this proposal. As an example, if Cornerstone Apartments was worth \$100,000 and now it's worth \$4-5 million, one can imagine the amount of property tax revenue that is going to generate and the City would get 100% of that revenue.

Chairman Pietrowski commented on the intent of a TIF District and shared with the Committee the results of some conversations he has had with City Council Members and others on this issue.

The Committee discussed the issue further and expressed their concerns with the City's new TIF proposition.

**Mr. Frieders moved to direct Mr. Hanson to continue to pursue and negotiate a mutual benefit agreement with the City of DeKalb regarding their proposed new TIF District. Mr. Luebke seconded the motion and it was approved unanimously by voice vote.**

#### **NURSING HOME BOND ISSUE**

Mr. Hanson reviewed that at the last County Board Meeting the Board approved an Ordinance to authorize the issuance of \$14 million in bonds. At that point a publication was put in the newspaper that set off a 45 day time period for when citizens could ask for a referendum on that issue. That 45 day period will end on August 6<sup>th</sup> but at this point no one has objected, Mr. Hanson informed.

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He lastly shared that another publication was run last Saturday that announced a Public Hearing that will take place at the August 15<sup>th</sup> County Board Meeting for the purpose of receiving public comments on the proposal to sell general obligation alternate bonds of the County, from time to time in on or more series, in the amount of \$14,000,000 for the purpose of financing the improvement of the DeKalb County Rehab and Nursing Center, located in the City of DeKalb, Illinois, including building improvements, site improvements, furnishings and equipment.

#### **OTHER BUSINESS**

County Clerk Doug Johnson shared that next week the Executive Committee will hear a proposal from him regarding the possible purchase of voting machines from Kane County. Mr. Johnson explained that the Aurora Election Commission was dissolved via a referendum held in early 2018 and those responsibilities have now been absorbed by area counties that included their respective parts of that Commission, including Kane County. The ownership for some of the voting machines used by the Aurora Election Commission was transferred to the Kane County Clerk for handling additional election precincts, but more machines were transferred to Kane County than what is anticipated to be needed and now Kane County wishes to divest of the excess machines. The Kane County Clerk has offered to sell those machines to DeKalb County, noting that the machines have only been used in one prior election and that these are the latest machine models offered by the vendor and the machines have a normal selling price of around \$4,000. These machines are an upgrade of what DeKalb County are currently using but the current machines could still be marketable to other Counties that are currently utilizing even older technology. Mr. Hanson noted that the funds for the machines, if approved would come from the Opportunity Fund which is earmarked for opportunities that arise like this.

#### **ADJOURNMENT**

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

Respectfully submitted,

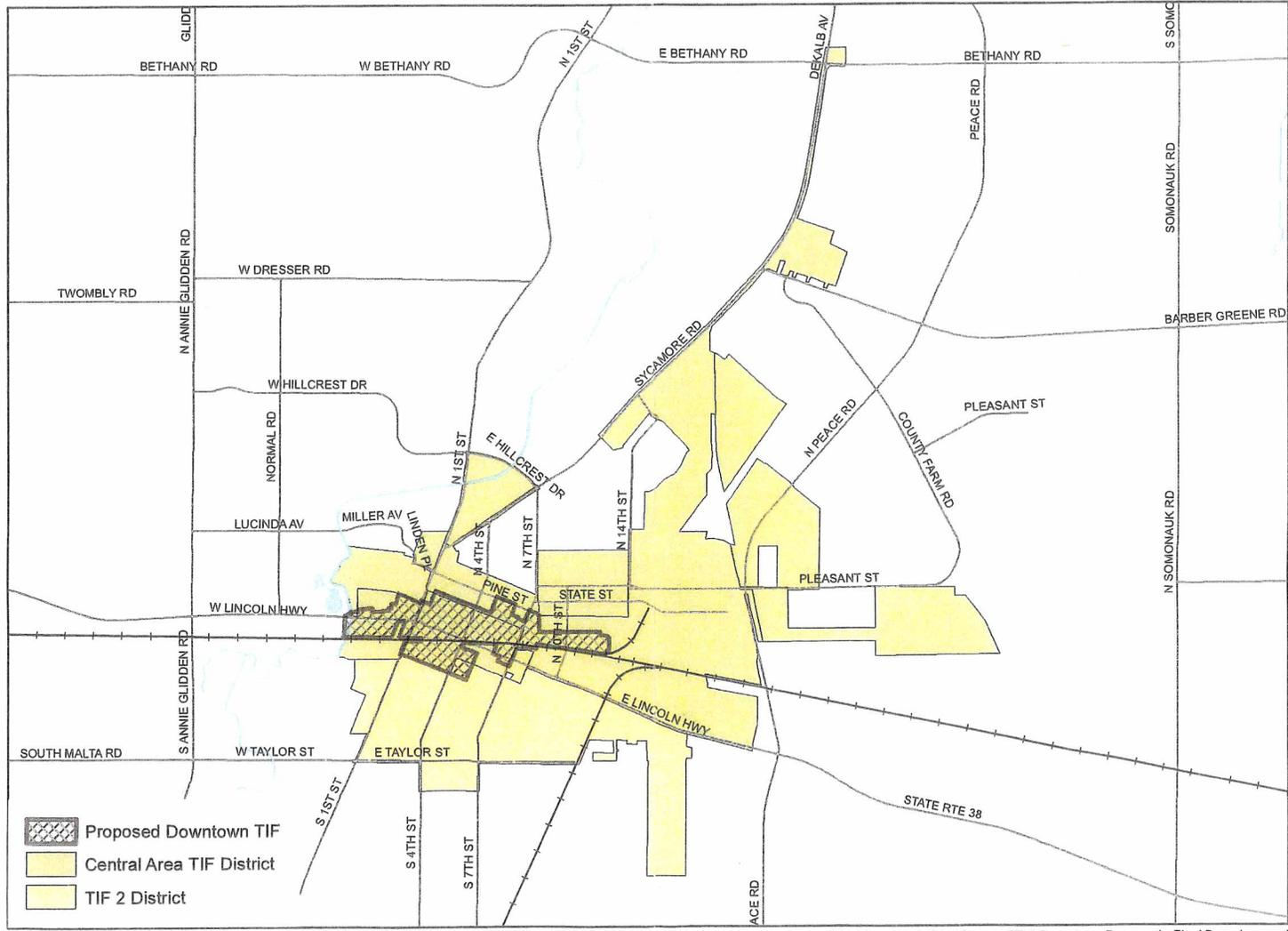
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Paul Stoddard, Chairman

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Tasha Sims, Recording Secretary

# Proposed Downtown TIF



File: \Community Development\TIF Downtown Proposed - Final Boundary.mxd  
 Created: 5/14/2018 DJE  
 Last Updated: 6/27/2018 DJE

