

*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 1, 2016**

The Finance Committee of the DeKalb County Board met on Wednesday, June 1, 2016, 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. Gudmunson, Mr. Jones, Mr. Reid, Mrs. Tobias, and Chairman Stoddard. Mr. Luebke was absent. A quorum was established.

Also present was Pete Stefan, Jim Scheffers, Deanna Cada, Dianne Leifheit, and John Frieders.

**APPROVAL OF THE MINUTES**

**It was moved by Mr. Gudmunson, seconded by Mrs. Tobias, and it was carried unanimously to approve the minutes of the May 4, 2016 Finance Committee Meeting.**

**APPROVAL OF THE AGENDA**

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

**PUBLIC COMMENTS**

There were no public comments.

**ANNUAL REPORT OF COMPLIANCE WITH THE BOND RECORD KEEPING POLICY**

Mr. Stefan presented the annual report that demonstrates compliance with the Bond Record Keeping Policy so that bond interest costs can be maintained at lower tax-exempt levels. These included the: 2005 PBC Lease Bonds, 2010A Building America Bonds, and 2010B Recovery Zone Bonds. He also reported the figured presented represented that there is no rebate liability due to the U.S. Treasury for arbitrage.

**It was moved by Mr. Jones, seconded by Mr. Gudmunson and it was carried unanimously to accept and place on file the 2015 Annual Report of Compliance with the Bond Record Keeping Policy.**

*Mr. Luebke arrived at 7:05 p.m.*

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

Mr. Stefan presented and reviewed with the Committee the recommendations for fund balance allocations as of December 31, 2015 in accordance with the Fund Balance Reporting & Flow of Funds Policy.

Mr. Stefan additionally highlighted that the County started the last year (FY 2015) with \$8.9 million and ended with \$8.3 million in the General Fund so there was about a \$600,000 draw down. It was originally budgeted to be \$740,000 so the County did a little bit better than anticipated even with the unexpected expenses throughout the year that popped up. The target for the Fund Balance is 28% and the County is currently still above that with 30%. Mr. Stefan noted that FY 2016 will be very challenging and they may dip below the 28% target in the Fund Balance mostly due to Sale Tax Revenue being way below the projected amount because of fuel prices. If fuel prices do come back up, there is still hope to remain at the 28% target amount.

#### **FY 2017 BUDGET CALENDAR AND PROCESS**

Mr. Stefan presented the proposed the FY 2017 Budget Calendar and Budget Process for approval. He noted that the process is similar to last year's process and the main focus will be on the numbers in order to present a Balanced Budget.

**It was moved by Mr. Jones, seconded by Mr. Luebke and it was carried unanimously by voice vote to approve the FY 2017 Budget Calendar and Process.**

#### **NEW BUSINESS**

There were no new business items identified.

#### **ADJOURNMENT**

**It was moved by Mr. Luebke, 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 FINANCE OFFICE**  
**ANNUAL REPORT OF COMPLIANCE WITH THE**  
**BOND RECORD KEEPING POLICY**

**Report for 2015**

The Finance Office is responsible for reporting on the County's compliance with the County's Bond Record Keeping Policy which was adopted on November 16, 2012.

DeKalb County's Chief Financial Officer (and Bonds' Compliance Officer), Peter Stefan, reports that all required records for all applicable bond issues, have been maintained and stored. This includes Closing Transcripts and Debt Obligations for the 2005 PBC Lease Bonds (which was the refinancing of the 1997 Health Facility Bond Issue), as well as the 2010A "Build America Bond" Issue and the 2010B "Recovery Zone Bond" Issue. This also includes true, correct, and complete counterparts of each and every document and agreement delivered in connection with the issuance of the Obligations, including without limitation (a) the proceedings of the County authorizing the obligations, (b) any offering document with respect to the offer and sale of the Obligations, (c) any legal opinions with respect to the offer and sale of Obligations delivered by any lawyers, and (d) all written representations of any person delivered in connection with the issuance and initial sale of all Obligations.

The Arbitrage Rebate Liability regarding these bonds for 2015 is indicated below:

2005 PBC Lease Bonds	Interest Paid-\$ 71,763	Interest Earned-\$ 197
2010A Build America Bonds	Interest Paid-\$297,555	Interest Earned-\$1,157
2010B Recovery Zone Bonds	Interest Paid-\$310,108	Interest Earned-\$ 348

These figures represent that there is no rebate liability due to the U.S. Treasury for arbitrage.

The DeKalb County Compliance Officer also reports that all requisitions, invoices, and receipts and other information that may be needed in order to establish that the interest paid on the Obligations is entitled to be excluded from "gross income" for federal income tax purposes has been preserved.

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**Report for 2015 (Continued)**

All retained records are kept for as long as the Obligations relating to such records (and any Obligations issued to refund the Obligations) are outstanding, plus three years and include:

- (a) complete copies of the bond transcripts delivered when the Obligations were initially issued and sold;
- (b) copies of account statements showing the disbursement of all bond proceeds for their intended purposes;
- (c) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any Obligations have been held;
- (d) copies of all bid requests and bid responses used in the acquisition of any special investments used for the proceeds of any tax-exempt bond obligations, including any sways, swaptions, or other financial derivatives entered into with respect to any tax-exempt bond obligations in order to establish that such instruments were purchased at *fair market value*;
- (e) copies of any subscriptions to the U.S. Treasury for the purchase of State and Local Government Series (SLGS) obligations;
- (f) any calculations of liability or *arbitrage rebate* that is or may become due with respect to any issue of tax-exempt bond obligations, and any calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the U.S. Treasury together with any applicable IRS Form 8038-T; and
- (g) copies of all contracts of the County, including any leases, with respect to the use of any property owned by the County and acquired or financed with the proceeds of tax-exempt bond obligations, any part of which property is used by a private person at any time when such bonds are or have been outstanding.

End

**DEKALB COUNTY GOVERNMENT  
FUND BALANCE REPORTING & FLOW OF FUNDS POLICY**

**2015 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 2015 calendar year.

**Proposed Fund Balance Allocations for 2015**

Attached are the proposed fund balance allocations for 2015 that will be incorporated into the Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2015.

06-01-2016

**Proposed Fund Balance Allocations  
for Governmental Funds  
as of December 31, 2015**

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Governmental Funds
<b><u>Non-Spendable</u></b>					
Non-Spendable - Prepaid Items	261,303	150,532	-	1,999	413,834
Total Non-Spendable Fund Balance	261,303	150,532	-	1,999	413,834
<b><u>Restricted</u></b>					
Restricted for Debt Service	-	-	1,525,276	-	1,525,276
Restricted for Retirement	-	480,272	-	-	480,272
Restricted for Public Buildings	-	4,414,418	-	-	4,414,418
Restricted for Specific Purpose	-	1,459,150	-	943,138	2,402,288
Restricted for Public Safety	-	2,449,834	-	-	2,449,834
Restricted for Highways and Streets	-	11,364,110	-	-	11,364,110
Restricted for Health and Welfare	-	6,266,402	-	-	6,266,402
Total Restricted Fund Balance	-	26,434,186	1,525,276	943,138	28,902,600
<b><u>Unrestricted</u></b>					
Assigned for Subsequent Year Budget	400,000	-	-	-	400,000
Assigned for Capital Purposes	-	-	-	11,011,092	11,011,092
Total Assigned Fund Balance	400,000	-	-	11,011,092	11,411,092
Unassigned Fund Balance	Remaining Balance	Any Deficit Balance	Any Deficit Balance	Any Deficit Balance	Remaining Balances/Deficits

*Note: Final amounts subject to audit adjustments.*

**DEKALB COUNTY GOVERNMENT**  
**FY 2017 BUDGET**  
**January 1, 2017 thru December 31, 2017**

**CALENDAR & PROCESS**

- June 1, 2016      Finance Committee adopts budget calendar, budget process, and confirms directive to present a balanced budget for FY 2017.
- June 8, 2016      County Administrator and Finance Director begin individual meetings with Department Heads to discuss impact of budget directive.
- June 17, 2016     Budget request forms distributed to all departments.
- July 6, 2016      County Administrator and Finance Director begin to meet with County Board members individually, for those who so desire, to discuss the budgets for their Committees and any special areas of interest that they feel should be specifically addressed and/or studied.
- Aug 1, 2016      Budget request forms are due back to the Finance Office. Departments are expected to submit budgets in accordance with the direction provided. Narratives may be included which outline any concerns the Department has with the direction provided.
- Sept 7, 2016
  1.    Budget workbooks are electronically distributed to County Board members. This workbook will include copies of all documentation submitted by Departments.
  2.    Finance Committee receives a recommendation on the entire budget from the County Administrator and Finance Director. The proposal will include recommendations for department staffing and line items which could be changed through an appeal process open to both Board members and Department Heads.
  3.    Finance Committee sends the budget recommendation to the County Board to place it on file for public inspection.

**DEKALB COUNTY GOVERNMENT  
FY 2017 BUDGET  
January 1, 2017 thru December 31, 2017**

**CALENDAR & PROCESS - CONTINUED**

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|---------------|--|
| Sept 21, 2016 | <ol style="list-style-type: none"><li>1. County Administrator and Finance Director hold a “Question &amp; Answer Forum” for County Board members to further clarify the rationale behind the budget recommendations. This will be at 6:15 p.m. prior to the monthly County Board meeting.</li><br/><li>2. County Board places the budget recommendation on file for public inspection.</li></ol> |
| Sept 24, 2016 | Publish notice of public hearing on the proposed Tax Levy.   |
| Sept 28, 2016 | Last day for County Board members or Department Heads to file an appeal concerning Administrative budget recommendations. Appeals will then be reviewed by the appropriate Board Committee. If the Committee concurs with the appeal, it will then be forwarded to the Finance Committee for a decision in November.   |
| Sep 29, 2016  | Board Committees begin budget discussions. Focus will be primarily on areas which are appealed from the Administrative recommendation.   |
| Oct 5, 2016   | Finance Committee hosts public hearing on the proposed Tax Levy.   |
| Oct 19, 2016  | County Board adopts the Tax Levy Ordinance.  |
| Oct 22, 2016  | Publish notice of public hearing on proposed Budget.   |
| Nov 1, 2016   | Board Committees complete reviews of any appeals which were filed concerning budgets for which they have oversight.  |
| Nov 2, 2016   | Finance Committee hosts public hearing on the proposed Budget. Any appeals successful at the Standing Committee level are decided at this meeting. Overall final budget adjustments are made at this time, and the entire budget is forwarded to the County Board for adoption.  |
| Nov 16, 2016  | County Board adopts the Annual Budget prior to the start of the fiscal year on January 1, 2017.  |