

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 7, 2019**

The Finance Committee of the DeKalb County Board met on Wednesday, August 7, 2019, in the Administration Building's Conference Room East. Vice-Chair Polanco called the meeting to order at 7:00 p.m. Those Members present were Mr. Scott Campbell, Mr. John Frieders, Mr. Jerry Osland, and Vice-Chair Sandra Polanco. Mr. Steve Faivre and Ms. Dianne Leifheit were absent and there was one vacancy. A quorum was established with four Members present, two absent and one vacancy.

Others present included Gary Hanson, Pete Stefan, Christine Johnson, Sheila Santos, Tim Bagby, and Jim Hutcheson.

APPROVAL OF THE AGENDA

It was moved by Mr. Campbell, 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. Osland, seconded by Mr. Frieders and it was carried unanimously to approve the minutes of the June 5, 2019 Finance Committee Meeting.

PUBLIC COMMENTS

There were no public comments.

PROPERTY TAX SALE RESOLUTIONS

DeKalb County Treasurer Christine Johnson joined the Committee and requested the approval of eleven property tax Resolutions. She explained that the goal of the Trustee Program is to clear the title of these property and get them in the hands of residents that will take care of them and will pay the property taxes.

The statute that governs the Trustee Program also allows for municipalities who have certain parcels in their jurisdiction to request them in advance of them being put up to sale. This has been done in the past with certain parcels within the City of DeKalb as well as within the City of Genoa. The Town of Cortland has also had sales of that type to help with some of their Special Service Area (SSA) issues. Every parcel except the first one discussed falls into this reasoning.

Ms. Johnson explained that the first parcel is for the Surrender of the Certificate. Heron Creek Homeowner's Association c/o Townsend Management previously owned this parcel and did not pay the taxes and the parcel went through the tax sale process and the Trustee (County) ended up with the Tax Sale Certificate and right before the Trustee went to record the deed to the property, the Homeowner's Association came in and wanted to redeem the taxes. The HOA paid the redemption amount (\$1200.59) and the Trustee removed the liens. The hope is that the HOA will now start paying the property tax bill.

Ms. Johnson explained that the remaining ten Resolutions are being sold to the Town of Cortland. Several years ago the Town of Cortland created Special Service Areas (SSA) to help pay for their Water Treatment Plant. After creating these areas, the economic downturn happened and development didn't occur like they had anticipated. The tax bills for some of these SSA's were extremely high and the owners were not able to pay them so they ended up in the delinquent tax process. At this point, when they are coming up for sale, the Town is purchasing them to help resolve their SSA situation with their bond holders. Ms. Johnson continued to review aerial maps of the parcels with the Committee.

It was moved by Mr. Osland, seconded by Mr. Campbell and it was approved unanimously to forward the eleven (11) resolutions to the full County Board recommending their approval.

RECORDS MANAGEMENT PROCESS

Information Management Director Sheila Santos joined the Committee to continue conversations from last month's meeting regarding the County Departments digitizing more documents to help elevate the future need for paper storage.

Ms. Santos shared that she spoke with Chief Civil Assistant State's Attorney David Berault regarding this matter and he expressed that digital storage is the future and the way the County should be moving towards. He also shared that in general if a document exists, whether is kept digital or in the form of a hard copy it is usually considered "retained" by definition of the Local Records Act. That would come with needing the authority of the Local Records Act to allow for something to move into a digital format as opposed to a hardcopy format. He did express some concern for cost with the Committee did as well.

The next step in this process would be for individual County Departments to contact the Local Records Commission who would then assess the Department documents and determine whether they can move to a digital format or not. They (Commission) would also provide a timeline of how long the digital files would need to be retained for. They would also update the Application for Authority to Dispose of Local Records.

Mr. Berault shared that the State's Attorney's Office would be happy to convey their opinion to County Departments and encourage those next steps to take place, if the Committee so chose to move forward with this process. The Committee discussed the potential dollars and equipment associated with digitizing documents going forward and back.

Mr. Hanson noted that the main goal should be for the Department to acquire the authority from the Local Records Commission and when time and money permits, records can be scanned and saved in digital format.

After further discussions, the Committee requested that Ms. Santos contact the State's Attorney's Office and accept their offer to draft their opinion to County Department Heads as well as incorporate in next year's budget the Committee/Boards desire for appropriate/authorized documents to be saved in digital format.

FUND BALANCE REPORTING & FLOW OF FUNDS ANNUAL REPORT

Mr. Stefan presented and reviewed with the Committee the recommendations for Fund Balance allocation as of December 31, 2018 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 added to its General Fund Fund Balance from 2017 through 2018.

FY 2018 GENERAL FUND SUMMARY & FUND BALANCE ANALYSIS

Mr. Stefan passed out and reviewed the five-year trend of the General Fund Schedule of Revenues & Expenditures by Function & Activity. Focusing on 2018, Mr. Stefan shared that one of the biggest surpluses in revenues was sales tax (\$860,000 over budget due to still receiving airline fuel tax dollars). Total revenues were up about \$650,000 from the prior year. Another large revenue source was Special Use Permit fees for Solar Gardens.

On the expenditure side, he reviewed the breakdown of the General Government, Public Safety, and Health & Welfare categories. Looking at the bottom lines, the General Government went up about \$200,000, Public Safety went down quite a bit. In total, expenditures came in at about \$27.3 million, which is very similar to the previous year. Revenues Over/(Under) Expenditures came in at \$914,738 for 2018, not including internal transfers.

As far as Fund Balance, the County is back up over 30% at 31.9% from being down the previous year at 26.8%. The current target in the budget is 25%. Mr. Stefan announced that 2018 was definitely a year to help build back up the reserves and he understands that the Committee's directive for next year is to continue that. Looking at the overall, Mr. Stefan shared that the County is holding the line on expenditures and had a good year for revenues.

Mr. Frieders asked what the Fund Balance amount would be if the extra airline fuel money and Special Use Permit fees were not added to the revenues. Mr. Stefan answered that he thinks it would be at about their 27% projected target Fund Balance.

CLAIMS REVIEW

Mr. Stefan highlighted a couple significant expenditures included in the July & August Claims List. The monthly Claims Lists are available on the County's website via this link: <https://dekalbcounty.org/departments/finance-office/financial-tax-information/vendor-payments/>

After a request to extend by the responders, the Committee will review the insurance RFPs at their October Finance Committee Meeting.

ADJOURNMENT

It was moved by Mr. Campbell, seconded by Mr. Osland, and it was carried unanimously to adjourn the meeting at 7:59 p.m.

Respectfully submitted,

Vice-Chair Polanco

Tasha Sims, Recording Secretary

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**RESOLUTIONS
Summary Sheet**

	Township	Parcel Number	Bidder	Total Paid by Purchaser
1.	<i>Heron Creek – Phase 6 – Lot 313</i>	06-21-178-004	Heron Creek Homeowner’s Association c/o Townsend Management	\$1,200.59
2.	Cortland	09-33-100-007	Town of Cortland	\$815.00
3.	Cortland	09-33-181-015	Town of Cortland	\$815.00
4.	Cortland	09-17-200-015	Town of Cortland	\$815.00
5.	Cortland	09-17-200-021	Town of Cortland	\$815.00
6.	Cortland	09-17-328-001	Town of Cortland	\$815.00
7.	Cortland	09-17-329-009	Town of Cortland	\$815.00
8.	Cortland	09-17-400-002	Town of Cortland	\$815.00
9.	Cortland	09-17-400-010	Town of Cortland	\$815.00
10.	Cortland	09-28-351-013	Town of Cortland	\$815.00
11.	Cortland	09-29-276-011	Town of Cortland	\$815.00

DEKALB COUNTY GOVERNMENT

FUND BALANCE REPORTING & FLOW OF FUNDS POLICY

2018 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 2018 calendar year.

Proposed Fund Balance Allocations for 2018

Attached are the proposed fund balance allocations for 2018 that will be incorporated into the Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2018.

**Proposed Fund Balance Allocations
for Governmental Funds
as of December 31, 2018**

(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Major Funds		Non-Major Funds			Total
	General Fund	Jail Expansion Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Governmental Funds
Non-Spendable						
1) Non-Spendable - Prepaid Items	322,063	-	144,417	-	797	467,277
2) Total Non-Spendable Fund Balance	322,063	-	144,417	-	797	467,277
Restricted						
3) Restricted for Jail Expansion	-	747,804	-	-	-	747,804
4) Restricted for Debt Service	-	-	-	3,658,033	-	3,658,033
5) Restricted for Retirement	-	-	611,816	-	-	611,816
6) Restricted for Public Buildings	-	-	5,659,563	-	-	5,659,563
7) Restricted for Micrographics	-	-	64,759	-	-	64,759
8) Restricted for Tax Sale Automation	-	-	216,007	-	-	216,007
9) Restricted for History Room	-	-	43,178	-	-	43,178
10) Restricted for Fiber Optic Network	-	-	1,226,043	-	-	1,226,043
11) Restricted for Judiciary Activities	-	-	1,870,874	-	-	1,870,874
12) Restricted for Police Activities	-	-	656,861	-	-	656,861
13) Restricted for Highways and Streets	-	-	9,892,735	-	-	9,892,735
14) Restricted for Health and Welfare	-	-	6,144,324	-	-	6,144,324
15) Restricted for Transportation Grant	-	-	784	-	-	784
16) Total Restricted Fund Balance	-	747,804	26,386,944	3,658,033	-	30,792,780
Unrestricted						
Assigned						
17) Assigned for Capital Purposes	-	-	-	-	12,478,861	12,478,861
18) Assigned for Bike Paths	-	-	-	-	100,000	100,000
19) Total Assigned Fund Balance	-	-	-	-	12,578,861	12,578,861
Unassigned						
Unassigned Fund Balance	Remaining Balance	Remaining Balance	Any Deficit Balance	Any Deficit Balance	Any Deficit Balance	Remaining Balances/Deficits
20) Estimated Amount of Unassigned Fund Balance	8,402,799	-	(59,816)	-	(597,438)	7,745,546
Total Fund Balance						
21) Estimated Amount of Total Fund Balance	8,724,862	747,804	26,471,545	3,658,033	11,982,221	51,584,464

Note: Final amounts subject to audit adjustments.

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

(A)	(B)		(C)	(D)			(E)	(F)	(G)
	Major Funds			Non-Major Funds					Total
	General Fund	Jail Expansion Fund		Special Revenue Funds	Debt Service Funds	Capital Projects Funds			Governmental Funds
Non-Spendable									
1) Non-Spendable - Prepaid Items	286,655	-		155,244	-	2,615			444,514
2) Total Non-Spendable Fund Balance	286,655	-		155,244	-	2,615			444,514
Restricted									
3) Restricted for Jail Expansion	-	4,589,332		-	-	-			4,589,332
4) Restricted for Debt Service	-	-		-	3,248,888	-			3,248,888
5) Restricted for Retirement	-	-		602,539	-	-			602,539
6) Restricted for Public Buildings	-	-		5,636,835	-	-			5,636,835
7) Restricted for Micrographics	-	-		71,317	-	-			71,317
8) Restricted for Tax Sale Automation	-	-		215,968	-	-			215,968
9) Restricted for History Room	-	-		41,822	-	-			41,822
10) Restricted for Fiber Optic Network	-	-		1,127,010	-	-			1,127,010
11) Restricted for Judiciary Activities	-	-		1,760,640	-	-			1,760,640
12) Restricted for Police Activities	-	-		673,953	-	-			673,953
13) Restricted for Highways and Streets	-	-		10,667,588	-	-			10,667,588
14) Restricted for Health and Welfare	-	-		6,212,245	-	-			6,212,245
15) Restricted for Transportation Grant	-	-		1,210	-	-			1,210
16) Total Restricted Fund Balance	-	4,589,332		27,011,127	3,248,888	-			34,849,347
Unrestricted									
Assigned									
17) Assigned for Capital Purposes	-	-		-	-	13,057,912			13,057,912
18) Assigned for Bike Paths	-	-		-	-	75,000			75,000
19) Total Assigned Fund Balance	-	-		-	-	13,132,912			13,132,912
Unassigned									
	Remaining Balance	Remaining Balance		Any Deficit Balance	Any Deficit Balance	Any Deficit Balance			Remaining Balances/Deficits
20) Estimated Amount of Unassigned Fund Balance	7,211,142	-		(7,280)	-	-			7,203,862
Total Fund Balance									
21) Estimated Amount of Total Fund Balance	7,497,797	4,589,332		27,159,091	3,248,888	13,135,527			55,630,635

**General Fund Schedule of Revenues & Expenditures
By Function and Activity
Last Five Fiscal Years
08-07-2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES					
Taxes	\$ 19,814,975	\$ 18,865,197	\$ 18,058,969	\$ 18,111,513	\$ 17,837,395
Licenses and Permits	193,438	223,719	196,349	126,166	126,572
Intergovernmental	3,073,874	3,223,485	3,172,638	3,311,005	2,580,797
Charges for Services	4,141,367	4,327,864	4,257,127	4,330,057	4,308,051
Fines and Forfeits	482,912	558,208	562,362	728,571	747,498
Investment Income	156,150	89,364	53,117	22,775	23,837
Miscellaneous	<u>373,509</u>	<u>295,465</u>	<u>323,284</u>	<u>311,950</u>	<u>197,416</u>
Total Revenues	<u>\$ 28,236,225</u>	<u>\$ 27,583,302</u>	<u>\$ 26,623,846</u>	<u>\$ 26,942,037</u>	<u>\$ 25,821,566</u>
EXPENDITURES					
General Government					
Administration	\$ 475,358	\$ 493,108	\$ 545,410	\$ 554,339	\$ 501,308
Community Development	455,369	433,596	435,654	461,115	485,080
Community Outreach Building	147,986	75,241	91,570	88,742	86,315
County Clerk & Recorder	458,027	480,460	511,527	532,152	516,496
Elections	577,005	441,967	617,159	421,320	521,631
Facilities Management - Jail Exp.	71,762	-	-	-	-
Facilities Management Office	1,496,094	1,420,206	1,436,142	1,467,090	1,529,228
Finance	547,762	493,804	523,666	547,056	545,893
Information Management Office	855,270	882,147	887,657	921,326	932,538
Non-Departmental Services	294,604	313,248	320,745	321,674	312,181
Regional Office of Education	97,005	260,624	209,754	195,729	107,632
Supervisor of Assessments	468,732	445,865	477,006	522,301	471,897
Treasurer	<u>327,097</u>	<u>322,617</u>	<u>329,829</u>	<u>325,979</u>	<u>312,420</u>
Total General Government	\$ 6,272,071	\$ 6,062,883	\$ 6,386,119	\$ 6,358,823	\$ 6,322,619
Less Chargebacks to Other Funds	(123,486)	(122,469)	(109,693)	(92,000)	(94,500)
Net General Government	\$ 6,148,585	\$ 5,940,414	\$ 6,276,426	\$ 6,266,823	\$ 6,228,119
Public Safety					
Circuit Clerk	\$ 1,186,262	\$ 1,184,727	\$ 1,232,064	\$ 1,213,696	\$ 1,175,096
Coroner	281,936	260,918	276,991	244,042	243,668
Court Services	1,454,114	1,523,700	1,577,961	1,537,711	1,363,297
Emergency Services	148,295	138,349	144,109	227,636	135,703
Judiciary	593,376	632,279	608,929	609,153	571,402
Jury Commission	154,498	147,080	118,754	93,187	106,636
Local Emergency Plan Committee	10,199	9,841	23,141	26,059	34,054
Public Defender	1,027,761	1,019,374	977,993	973,860	909,499
Sheriff	6,045,371	6,154,565	6,211,556	6,309,974	6,304,873
Sheriff's Auxiliary	7,609	3,592	5,593	7,714	8,255
Sheriff's Communication	2,679,413	2,662,624	2,757,303	2,712,487	2,690,712
Sheriff's Corrections	5,636,840	5,670,291	4,698,467	4,352,010	4,641,822
Sheriff's Merit Commission	36,417	29,774	27,746	35,019	24,935
State's Attorney	<u>1,763,994</u>	<u>1,820,229</u>	<u>1,808,784</u>	<u>1,809,029</u>	<u>1,788,035</u>
Total Public Safety	\$ 21,026,086	\$ 21,257,343	\$ 20,469,391	\$ 20,151,577	\$ 19,997,987
Health and Welfare					
Public Health Maintenance	\$ 146,817	\$ 141,642	\$ 156,418	\$ 165,328	\$ 165,591
Total Health and Welfare	\$ 146,817	\$ 141,642	\$ 156,418	\$ 165,328	\$ 165,591
Total Expenditures	<u>\$ 27,321,487</u>	<u>\$ 27,339,399</u>	<u>\$ 26,902,235</u>	<u>\$ 26,583,728</u>	<u>\$ 26,391,697</u>
Revenues Over/(Under) Expenditures	<u>\$ 914,738</u>	<u>\$ 243,903</u>	<u>\$ (278,389)</u>	<u>\$ 358,309</u>	<u>\$ (570,131)</u>
Year-End Fund Balance	\$ 8,724,862	\$ 7,335,548	\$ 8,210,480	\$ 8,905,861	\$ 10,424,301
(as a Percent of Expenditures)	31.9%	26.8%	30.5%	33.5%	39.5%