

DRAFT
Finance Committee
Minutes
September 1, 2010

The DeKalb County Finance Committee met on Wednesday, September 1, 2010 @ 7:00p.m., in the Administration Building's Conference Room East. Chairman Michael Haines called the meeting to order. Members present were Ken Andersen, John Hulseberg, Scott Newport, Paul Stoddard, Michael Stuckert, Ruth Anne Tobias and Mark Todd. Others present were Gary Hanson, Pat Vary, Stephen Reid, Eileen Dubin, Christine Johnson, Julia Fullerton, Mr. Paulsen, Jim Scheffers, Sheriff Scott, John Holiday, Karen Grush, Jane Lux and Joan Berkes Hanson.

APPROVAL OF THE MINUTES

Moved by Mr. Hulseberg, seconded by Mr. Andersen and it was carried unanimously to approve the minutes from July, 2010.

APPROVAL OF THE AGENDA

Moved by Mr. Stoddard, seconded by Mr. Todd, and it was carried unanimously to approve the agenda as presented.

PUBLIC COMMENTS

There were no public comments.

PRESENTATION OF ADMINISTRATIVE RECOMMENDATIONS FOR FY2011 BUDGET

Mr. Hanson handed out the FY2011 Administrative Recommendations to the committee. He highlighted various items in the handout.

He pointed out that there is a resolution that the committee needs to forward to the full board for approval which is To Place the FY2011 Budget On File for Public Viewing. It will be on the Internet, in the County Clerk's Office, and a couple of offices in the northern and southern parts of the County. You will have two weeks to read through the budget and return on 9/15/10 in this conference room for a Budget Q&A Forum at 6:00p.m. prior to the County Board Meeting, he said. A few days later the budget appeals will be due (9/21/10). The next 5 weeks will be the committee budget reviews until 10/31/10. On November 3, 2010 the Finance Committee will hold the Public Hearing on the Budget and Tax Levy and then they will finalize the budget. On November 17, 2010 the County Board will adopt the budget for 2011.

He then informed the committee about revenue information, which he follows closely. The second sheet shows 3 major revenues, the Income Tax, the One Cent Sales Tax (unincorporated areas) and the ¼ cent Sales Tax (countywide). In the far right column is the 2010 data. The state has not paid us all of the income tax revenue yet. So far we have earned \$852,367.00 and we have a budget of \$1.3 million. He projects that we will be short about \$150,000 under budget. He projects this based on percentage received compared to last year at this time of the year.

Mr. Hanson said, similarly, if we look at the One Cent Sales Tax we should be about \$100,000 below the budget. The ¼ cent Sales Tax is projected to be about \$250,000 under. Those three revenues are projected to be about \$500,000 below budget by the end of the year.

Mr. Andersen asked Mr. Hanson to explain the one cent tax and ¼ cent tax, what the difference is?

Mr. Hanson said that the one cent tax is applied to any sales in the unincorporated area of the County. The ¼ cent sales tax is applied to everything countywide. So if you buy something in the unincorporated areas, the county will receive 1 ¼ cent sales tax.

Mr. Hanson then explained the second page on General Fund revenues that includes taxes, land related fees, public safety and justice money and miscellaneous. Those four categories amount to about 90% of the General Fund revenues. In the far right column on the bottom, he anticipates the revenues to be short by \$920,500. The page also shows the revenues that have come in for the past five years.

Chairman Haines asked Mr. Hanson if that \$920,500 includes the figures from the previous page?

Mr. Hanson said yes.

Mr. Hanson then covered Item #2 which talks about the assessed value for the County, which is expected to decline by 4.5% from \$2,230,000,000 to \$2,130,000,000. The value of the average \$200,000 home is expected to decline about 6%, reducing the value of the average home to \$188,000. The decline in the County's total assessed value is softened some what by an increase in new construction of around \$30,000,000 (1.3%) with about \$24,000,000 of that coming from the new Wind Farm which is being taxed for the first time in 2011.

In Item #4 the Recommendations discuss the General Fund Budget, which is based on utilizing \$1,000,000 of fund balance. This level of utilization can be repeated for a second year in 2012 and still keep the overall fund balance at a safe level of 25% to 30% of expenses as recommended by our outside auditing firm. The fund balance at the end of 2010 is projected to be about \$9,000,000 and by the end of 2012 it is projected to be \$7,000,000, which would be 27% of expenses.

The average property tax that the average home-owner is anticipated to pay will increase 2.4% (\$13.44) from \$569.27 to \$582.71.

Mr. Hanson moved on to other items in the Recommendations. He said that the County will be honoring their agreements with the various Union Contracts (Item #7). The tradeoff will be with the staffing levels.

Item #9 states that there will be no raises for those non-union employees. However, the County Administrator is authorized to grant up to 1.3% in raises and bonuses for this group of

employees during the 4th quarter of the 2011 Fiscal Year should the net revenues and expenses be within projected budget targets at the end of the third quarter.

Item #10 shows a 10% increase in the budget for insurance costs.

Item #13 shows that the County will be cancelling its buy down provision.

With regards to the Staffing Levels, Mr. Hanson said that there will be some down-sizing in a few departments. The Sheriff will reduce his staff by four people, the Facility Management Office will reduce their head count by one person, the Public Health Department has yet to determine the number of people who will be subject to a layoff, but with a \$400,000 deficit to offset, it appears to be unavoidable. It is hoped that some of the down-sizing may be accomplished by attrition.

Mr. Hanson also pointed out that under Item #25 it discusses the Asset Replacement Fund, which will be reduced by 10%. The departments are being asked to hold on to their equipment longer. In 2011 Departments will have the opportunity to sign up for the desktop computer replacement program where \$300 per computer workstation will be set aside each year for replacement as needed, with the goal being at least 5 years. Twenty-five thousand dollars (\$25,000) has been allocated to this new program in 2011.

Under Item #21, the County Administrator has recommended reducing the number of times each County Board Committee meets, as well as the number of times full County Board meetings are held. The number of monthly meetings for each will be reduced from 12 per year to 10 per year.

Under the Bonds and Loans section of the Recommendations the County is scheduled to sell about \$15,500,000 in bonds in late September 2010. This money will be used to finance the Courthouse Expansion project, planning stages for the Jail Expansion project, the issuance and interest costs associated with the bond issue. These bonds will be re-paid from sales tax money generated from the County Farm property that formerly funded the Opportunity Fund. That sales tax allocation of .75% is expected to generate at least \$1,100,000 per year. In addition to sale tax revenue, the Federal Government will be paying part of the interest cost through both the "Build America Program" and the "Recovery Zone Bonds" which were both part of the Federal Economic Stimulus Package approved in 2009.

It was moved by Mr. Hulseberg, seconded by Mr. Stoddard, and it was carried unanimously to forward to the Board the resolution to place the budget on file for public view for approval.

NETTING PAYMENTS AND RECEIPTS WITH THE STATE

Mr. Andersen asked Chairman Haines to put this item on the agenda. He has done some research on it and found that there is not enough money out there as he had thought. His idea is to holding back receipts that we are obligated to pay to the State. Since the State is not

paying us, we could take the money that we owe them and balance it back out again for them not paying us. It is just an idea and he opens it up for discussion.

Mr. Hanson said that some of the departments that are affected is the Health Department and County Clerk's Department who both handle vital records. Last year those fees equaled \$12,000. The State's Attorney pays the State Appellate \$20,000 a year. The State Fire Marshall gets \$1,000 and there are some refunds in the nursing home, but that is resident money. Revenue stamps on land transactions have to be paid for up front so we don't have them.

Mr. Bockman said that he likes the thought, but it is hard to do.

Mr. Andersen said maybe if this can't be done, then maybe someone else here may have a better idea.

DISCUSSION ON EXPANDING SYCAMORE CAMPUS TO THE NORTH OF THE COURTHOUSE

Mr. Andersen then explained, based on what has happened with the courthouse expansion, that there was a neighborhood meeting held and there was a lot of discussion about Exchange Street and a possibility of it becoming a one-way street. The Sycamore City Council passed a resolution to allow the County to build up to the right of way and they will assess the situation with the street at a later date.

The leads him to thinking about how do we help those people who live there? He wanted to discuss this with the committee about purchasing property on Exchange Street.

There was a brief discussion by the committee on this issue and they decided to bring it to the Executive Committee to further discuss.

ADJOURNMENT

Moved by Mr. Andersen, seconded by Mr. Newport, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

Michael Haines, Chairman