

DRAFT
FINANCE COMMITTEE
MINUTES
SEPTEMBER 5, 2012

The DeKalb County Finance Committee met on Wednesday, September 5, 2012 @ 7:00p.m. in the Administrative Building's Conference Room East. Vice-Chairman Stephen Reid called the meeting to order and let the record reflect the following members present were Larry Anderson, Charles Forster, Julia Fullerton, John Hulseberg, Paul Stoddard and Ruth Anne Tobias. Mr. Gudmunson and Mr. Newport were absent. Others present were Gary Hanson, John Acardo, Jeff Engelhardt, Mark Todd, Robert Carlson, Tom McCulloch, Jim Scheffers, Jane Lux, Joan Hanson, Donna Moulton and Misty Hahi-Sheikh.

APPROVAL OF THE MINUTES

It was moved by Mr. Stoddard, seconded by Ms. Tobias, and it was carried unanimously to approve the minutes from August 1, 2012.

APPROVAL OF THE AGENDA

It was moved by Mr. Hulseberg, seconded by Ms. Fullerton, and it was carried unanimously to approve the agenda as presented.

APPROVAL OF 3 TAX DEED RESOLUTIONS – MARK TODD, TREASURER

Mr. Mark Todd, DeKalb County Treasurer, approached the committee about three delinquent tax deed resolutions. He said that the Sycamore Homeowner's Association has been paying tax payments on three lots located in Heron Creek Subdivision. These properties were by and large areas that are flood control and easement areas. They are not homes. The developer went bankrupt and did not pay the taxes. The county took the properties and then the Sycamore Homeowner's Association stepped in and paid the back taxes.

It was moved by Mr. Foster, seconded by Mr. Anderson, and it was carried unanimously to forward these three resolutions to the full board for approval.

UPDATE ON IMPLEMENTATION OF HIGH DEDUCTIBLE HEALTH PLAN

Mr. Gary Hanson, DeKalb County Deputy County Administrator, said that the Implementation of the High Deductible Health Plan (HSA) is moving forward. He said that in the first set of meetings that the County has held for the employees has gone very well and the employees have been asking great questions. Last week the meetings that the County held for all employees saw about 125 people in attendance. Beginning the week of September 18, 2012 the County will be holding smaller group meetings for employees that may want to ask more individual questions.

Mr. Hanson thought that the tentative renewal rate would be as follows: for the newly designed PPO Plan it was a 22.6% increase and if an employee would chose the High Deductible Plan they would see a 2.2% increase. The consultant will try to get those numbers even lower but he told Mr. Hanson not to get too excited about it yet.

Mr. Foster asked Mr. Hanson if the County would now look at going out to bid to see if any other company may come in with lower rates.

Mr. Hanson said that the consultant stated a few months ago that you would not go out for bid when your claims experience is very bad – it is not the time to do it. Also, with already offering a second option for 2013, it would get further complicated with having a whole new insurance provider.

Mr. Foster said when do you go out for bid then? If we don't go out for bids we would not know when a provider may come in lower.

Mr. Hanson said that it would be better to look at it next year.

Mr. Hanson also mentioned that our open enrollment time begins October 15, 2012.

IMRF RESOLUTON FOR TAXABLE ALLOWANCES

Mr. Hanson said that the IMRF resolution on the tables tonight is a clean-up item from an audit on IMRF. Three or four years ago they started auditing

employers all across the State. Mr. Hanson said that this was our lucky year to have it here and we had been operating, on very common practices, which is that everything subject to social security taxes was subject to IMRF Pension. However, they said that there is an exemption to that, the expense allowances, and for those we needed to have a county board resolution, which we never had in place. So this is to clean that up and have a resolution to make those expenses reportable to IMRF. We need to start at retroactive to January 1, 2000.

Mr. Foster said then this will increase earnings for individuals and their IMRF and retirement.

Mr. Hanson said yes.

Mr. Foster then asked, by how much?

Mr. Hanson said very little. For example the Weight Watchers reimbursement is about \$60.00 paid out twice a year. So that would add to your income base by that much, he continued.

Mr. Foster said, so we are saying that we are adding to the pension.

Mr. Hanson said yes, you will but when you add it to the formula it will be very small.

Mr. Anderson asked what is the total number that you are talking about.

Mr. Hanson said he did not know but that there are only about 10 to 15 people in Weight Watchers.

The committee agreed to wait on this resolution until next month so that they can get the total figure from Mr. Hanson. They will bring it back at their October 2012 meeting.

ADMINISTRATIVE RECOMMENDATION OF THE FY2013 BUDGET

Mr. Hanson then presented the Administrative Recommendations of the FY2013 Budget to the committee (it can be found online on the County's website and in the Finance Office) to the committee. The committee needs to forward these recommendations with a resolution to the full board for approval to place the FY2013 budget on file for public viewing, he said. 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. Some of the highlights of the recommendations are mentioned below.

Revenues have been estimated realistically, but on the conservative side. The down-turn in the economy continues to put a strain on local revenues and financial difficulties at the State level makes some revenue projections less stable. Expenditures have been estimated realistically, but on the aggressive side. The vision is that expenses should reflect a “pay as you go” philosophy and not delay financial obligations for future generations. Much planning has been done to smooth out expenses in the long-term and minimize large “bumps” in expenditures in the future years which are then difficult to deal with budget-wise.

The assessed value for the County is expected to decline by 9% from \$2,029,000,000 to \$1,850,000,000. Minimal new construction has occurred throughout the County and it is expected to only account for 0.5% of the County’s assessed value, just over \$10,000,000. The value of the average \$200,000 home is expected to decline about 9%, reducing the value of the average home to \$182,000.

Property tax levies for various funds will decrease because of a combination of a declining assessed value and property tax rate limitations. This group includes Public Health with a reduction of \$45,000, Senior Services with a reduction of \$45,000 and Veteran’s Assistance with a reduction of \$54,000. Collectively, the three Highway Funds are able to grow by the 0.5% attributed to “new construction” by netting losses and gains into the Federal Matching Fund as the Highway General Fund and the Aid to Bridge Fund are under tax rate restrictions. Likewise, the General Fund captures the balance of the new construction dollars, except that reserved for the Mental Health fund with their 0.5% increase of about \$15,000.

For 2013, General Fund Departments were given the challenge of not increasing their Capital and their Commodity & Service expenses by more than 1.0% of their prior year budgets. With that as a base parameter, the departments then submitted their overall requests for 2013. Those requests are accepted as presented in the FY2013 Budget Workbook that is distributed to the County board (and available to the public) via the County’s web site, with the highlights and exceptions as noted in the following paragraphs and attached schedules A through D. Three departments (Coroner, State’s Attorney, and Public Defender) exceeded the 1% benchmark, but those higher percentages (which are relatively low dollar amounts) are accepted based on the justifications submitted.

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.

ADJOURNMENT

It was moved by Mr. Anderson, seconded by Mr. Foster, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

Stephen Reid, Vice-Chairman

Mary C. Supple, Secretary

G:\Finance Committee\Finance Minutes for September 5, 2012.doc