

DeKalb County Government
Sycamore, Illinois

**Finance & Administration Committee Minutes
June 7, 2023**

The Finance & Administration Committee of the DeKalb County Board met in Sycamore, Illinois on Wednesday, June 7, 2023. Chair Scott Campbell called the meeting to order at 6:30pm. Those Members present were Mr. Tim Bagby, Mr. John Frieders, Mr. Jerry Osland, Mr. Christopher Porterfield, and Mr. Ellingsworth Webb. A quorum was established with six members present and one absent. Ms. Rukisha Crawford was absent at the time of the roll call and arrives at 6:37pm.

Others present included Brian Gregory, Robert Miller, Becky Springer, Derek Hiland, as well as Jason Coyle and Cynthia Park of BakerTilly.

APPROVAL OF THE AGENDA

Porterfield moved to approve the agenda as presented. Webb seconded the motion and it was carried by voice vote.

APPROVAL OF THE MINUTES

It was moved by Bagby, seconded by Osland and it was carried by voice vote to approve the minutes of the May 3, 2023, Finance & Administration Committee Meeting.

PUBLIC COMMENTS

There were no public comments.

PRESENTATIONS/DISCUSSIONS

Presentation of FY2022 Annual Comprehensive Financial Report (Audit) by BakerTilly.

Mr. Jason Coyle, partner at BakerTilly, the County's auditing firm joined the Committee. Mr. Coyle was in attendance to formally present the FY2022 Audit Reports. Hard copies of the reports were distributed at the meeting but electronic copies are posted on the County's website and can be reviewed at: <https://dekalbcounty.org/wp-content/uploads/2023/06/fn-audit-county-fy2022.pdf>.

Mr. Gregory introduced Mr. Coyle and noted that this was BakerTilly's first year as the County's Financial Auditor. He went on to thank the representatives of BakerTilly for their work with the County Comptroller, Robert Miller, and the Finance Department team in preparing the County's Annual Audit.

Mr. Coyle began by overviewsing the Annual Comprehensive Financial Report (ACFR), which is composed of the County's main financial statements. He complimented the County on issuing an ACFR because it is more information than the County is required to publish and increases the level of transparency. He went on to explain that the first portion of the ACFR is a letter of transmittal, which aims to give readers a bit of background on what the organization looks like and some of the County's financial practices.

The next section is the Auditor's Opinion. He explained that the Opinion section explains to the reader that the information in the document has been independently verified and can be trusted. This is what is considered a Qualified Opinion, which is the highest level of assurance that BakerTilly can provide as

auditors in accordance with accounting principles generally accepted in the United States of America. Coyle mentioned that the a newly required reporting standard regarding leases was appropriately implemented.

The next section is the Management's Discussion & Analysis, which compares and contrasts what occurred during the current year with what happened in the prior year. Coyle highlighted the pie charts in this section, which provide a visual on the types of revenues brought in and the expenditures incurred by the County in 2022.

Coyle went on to provide an overview of the basic financial statements, beginning with the County's Statement of Net Position. He explained that the Governmental Activities is a category that is composed of most of the County's funds, capital assets, as well as long term debt and pension obligations. He also mentioned that the Business-Type Activities is the category that covers the County's Nursing Home.

Mr. Coyle explained that the County has a Net Pension Asset, meaning that the pension plans that the County participates in, IMRF and SLEP, are both holding more investments on our behalf than the total pension obligation that the County has. He went on to mention that this is the main reason for the year over year increase that can be seen in the Governmental Activities category.

It was noted that the fund balance in the General Fund increased by approximately \$9.5 million, which is due the transfer of American Rescue Plan Act funds into the General Fund that is set aside for the planned sale of the DCRNC. Overall, the Total Governmental Funds increased by \$16.8 million in FY22. This equates to a total fund balance ratio of fifty-seven percent. This means that the County could pay for just over half a year's worth of expenses without collecting any revenue.

Mr. Coyle went on to provide an overview of the Business-Type activities, which covers the DeKalb County Rehab & Nursing Center (DCRNC). He explained that the DCRNC lost approximately three million dollars in FY2022. He went on to say that this reduced the net position of the DCRNC to a deficit approximately \$1.8 million.

Mr. Gregory explained that in the costs are shown at cost, or the price that the county paid for the construction, and not at market value, meaning that the County will have to write off the difference between the cost and market value after the facility is sold. Mr. Gregory went on to explain that in FY2017, the net position of the nursing home was approximately \$10.8 million in the positive. He said that this was prior to the bad debt being written off, which accounts for a portion of the large decrease in the net position between 2017 and 2022.

It was recommended by Mr. Coyle that the Committee look over the statistical section, which lays out ten years' worth of data so that a comparison can be made year over year.

Mr. Coyle mentioned some of the changes to expect in next year's ACFR. In addition to leases being shown as a separate line item, multi-year subscription based I.T. agreements will be noted as a liability with a corresponding asset on the FY2023 Audit.

Mr. Coyle ended his presentation by providing an overview of the Management Letter, which provides some feedback and recommendations about the County's internal controls. Mr. Webb made note of the management letter's conclusion that no fraud was found. Mr. Coyle said that one of the recommendations that they made to eliminate further risk of fraud is to create a further separation of duties so that no one person has the ability to complete a transaction from start to finish. He said that the implementation of the County's Enterprise Resource Planning Software, which is planned for later this year, should help create some of this separation of duties.

Mr. Frieders recalled the County having a minimum fund balance policy of 25% and asked why the County has a current fund balance of 57%. Mr. Gregory explained that it is common to maintain a 25% to 33% fund balance. He went on to explain that government organizations that rely more heavily on sales tax typically maintain a higher fund balance because sales tax is more volatile than property tax. Mr. Gregory explained that the majority of the growth in the fund balance can be attributed to ARPA dollars, as well as replacement tax. Mr. Campbell asked that the fund balance policy be reviewed and discussed at a future meeting.

The Committee thanked Mr. Coyle and Ms. Cynthia Park for joining them and providing them with the Annual Audit Presentation.

RESOLUTIONS

Resolution R2023-071—A Resolution Authorizing Job Reclassification for A Certain AFSCME Position in the Finance Office.

The Collective Bargaining Agreement between DeKalb County, Elected Officials, and AFSCME established a job audit committee to review certain job classifications. This Committee consisted of two AFSCME representatives, the County Comptroller and the County Administrator. After review by the job audit committee, the re-classification of an administrative position within the Finance Office from Administrative Clerk B to Administrative Clerk A was recommended. According to the Agreements, the reclassification only takes affect after County Board Approval.

It was moved by Webb, seconded by Porterfield and was approved by voice vote to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-072—A Resolution Authoring the County Board Chair to Assign Mobile Home Tax Sale Certificate of Purchase for Parcel Number 09-29-400-016 0062O, to be Purchased by Cortland MHP LLC in the Amount of \$815.00.

The County of DeKalb, as Trustee for the Taxing Districts therein, pursuant to the authority of 35 ILCS 516/35, has undertaken a program to collect delinquent mobile home taxes. Pursuant to public auction sale, the resolution denotes the purchase of the tax certificate. This resolution requests that the County of DeKalb assign to said Purchaser(s) the said Certificate of Purchase and all of the rights of DeKalb County to obtain a Tax Certificate of Title as to the said mobile home.

It was moved by Bagby, seconded by Crawford and was approved by voice vote to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-073—A Resolution Forwarding the Payment of County Claims for June 2023, and Off-Cycle Claims Paid During the Previous Month, Including All Claims for Travel, Meals, and Lodging, to the County Board for Approval.

It was moved by Osland, seconded by Porterfield and was approved by voice vote to forward the Resolution to the full County Board recommending their approval.

CONSIDERATIONS

Approval of the FY2024 Budget Calendar

Mr. Gregory the proposed FY2024 Budget Calendar for approval by the Committee. The process and schedule are generally the same as previous years with updated dates. He added that with the audit being “on-schedule” or well ahead of where we have been the past few years, he was able to enter the FY23 actuals and prepare the departmental sheets for FY24. He and the finance team are working on the constructing the FY24 salaries and are hoping to have “target numbers” to the departments in late June to begin working on their draft budgets. The plan is to have a full draft budget to present to the Board in September.

It was moved by Campbell, seconded by Osland and approved by voice vote, with all votes cast in the affirmative, to accept the FY2024 Budget Calendar.

Accept and place on file the FY2022 Annual Comprehensive Financial Report.

It was moved by Campbell, seconded by Baby and approved by voice vote, with all votes cast in the affirmative, to accept and place on file the FY2022 Annual Comprehensive Financial Report.

OLD BUSINESS

There were no old business items.

NEW BUSINESS

There were no new business items.

ADJOURNMENT

Osland moved to adjourn the meeting. Bagby seconded the motion and it was carried by voice vote.

Submitted Respectfully by Liam Sullivan