

DeKalb County Government
Sycamore, Illinois

**Finance & Administration Committee Minutes
September 9, 2023**

The Finance & Administration Committee of the DeKalb County Board met in Sycamore, Illinois on Wednesday, September 9, 2023. Chair Scott Campbell called the meeting to order at 6:30pm. Those Members present were Tim Bagby, John Frieders, Christopher Porterfield, and Ellingsworth Webb. A quorum was established with six members present and one absent. Rukisha Crawford arrived at 6:32pm.

Others present included Brian Gregory, Derek Hiland, Becky Springer and Tasha Sims

APPROVAL OF THE AGENDA

The Committee decided it would be logical to change the order of the Agenda to have Resolutions R2023-088, R2023-089, R2023-090, and R2023-091 prior to presentation of the FY24 Preliminary Budget & Recommendations.

Campbell moved to approve the agenda as amended. Porterfield seconded the motion and it was carried by voice vote, with all votes cast in the affirmative.

APPROVAL OF THE MINUTES

It was moved by Bagby, seconded by Frieders and it was carried by voice vote to approve the Minutes of the August 2, 2023, Finance & Administration Committee Meeting.

PUBLIC COMMENTS

There were no public comments.

RESOLUTIONS

Resolution R2023-088—A Resolution Authorizing the County Board Chair to Surrender the Tax Sale Certificate for Parcel Number 08-01-401-0005 2558J, Located in Sycamore, Illinois, to James & Michaelene Holub in the Amount of Six Hundred Fifty-One Dollars and Ninety Cents.

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. As the taxpayer has fully paid the back taxes, fees, and interest, this resolution authorizes the cancellation of the appropriate Certificate(s) of Purchase for the described mobile home(s).

It was moved by Webb, seconded by Crawford and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-090—A Resolution Authorizing the County Board Chair to Execute a Deed of Conveyance for Parcel Number 07-23-326-004, Located in Malta, Illinois, to AJEX INVESTMENTS LLC, S & C Renovations LLC, in the Amount of Twenty-Three Thousand Two Hundred Fifty-Two Dollars and Ninety-Seven Cents.

The County of DeKalb, as Trustee for the Taxing Districts therein, has undertaken a program to collect delinquent taxes and to perfect titles to real property in cases in which the taxes on such real property have not been paid, pursuant to 35ILCS 200/21-90. These proposed resolution(s) are to authorize the Chairman

of the Board to execute such deeds of conveyance of the County's interest or authorize the cancellation of the appropriate Certificate(s) of Purchase, as the case may be for the following one (1) Resolution(s) to be paid to the Treasurer of DeKalb County Illinois, to be disbursed according to law.

It was moved by Bagby, seconded by Campbell and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-089—A Resolution Authorizing the County Board Chair to Execute a Deed of Conveyance for Parcel Number 11-03-176-005, Located in DeKalb, Illinois, to Josh Holbrook, for Destan Aliu, in the Amount of Five Hundred Sixty-Eight Dollars and Forty Cents.

The County of DeKalb, as Trustee for the Taxing Districts therein, has undertaken a program to collect delinquent taxes and to perfect titles to real property in cases in which the taxes on such real property have not been paid, pursuant to 35ILCS 200/21-90. As the taxpayer has fully paid the back taxes, fees, and interest, this resolution authorizes the cancellation of the appropriate Certificate(s) of Purchase for the described Real Estate.

It was moved by Webb, seconded by Crawford and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-091—A Resolution Authorizing the County Board Chair to Execute a Deed of Conveyance for Parcel Number 08-23-180-015, Located in DeKalb, Illinois, to Legend Restoration LLC, in the Amount of Fourteen Thousand Nine Hundred Forty-Three Dollars and Ninety-Two Cents

The County of DeKalb, as Trustee for the Taxing Districts therein, has undertaken a program to collect delinquent taxes and to perfect titles to real property in cases in which the taxes on such real property have not been paid, pursuant to 35ILCS 200/21-90. These proposed resolution(s) are to authorize the Chairman of the Board to execute such deeds of conveyance of the County's interest or authorize the cancellation of the appropriate Certificate(s) of Purchase, as the case may be for the following one (1) Resolution(s) to be paid to the Treasurer of DeKalb County Illinois, to be disbursed according to law.

It was moved by Bagby, seconded by Porterfield and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-085—A Resolution Placing the FY2024 Budget on File for Public Inspection.

The FY2024 Budget Preliminary Assumptions & Recommendations has been assembled for review by the Finance & Administration Committee, the other Standing Committees, and members of the public. This Resolution places the budget on file for public inspection in the DeKalb County Clerk's Office, on the County's Website, and at two other geographically diverse public offices (the Sandwich City Hall and the office of the Genoa City Clerk).

Mr. Gregory provided a review of the Preliminary FY24 Budget for the Committee. He began by explaining that the Preliminary FY24 Budget that is being presented is a balanced budget, which has historically been a priority to the County Board. The Equalized Assessed Value (EAV) used in the calculations for the preliminary budget is based on figures provided by the Supervisor of Assessor's Office. This Budget assumes an average growth of a 6.5% growth of the existing EAV to \$2,826,359,808. Industrial Sector is expected to have \$105,807,773 in New Construction EAV after Abatements per the County Assessor's estimate. The preliminary budget also assumes \$22,668,317 in new EAV throughout the rest of the County.

Mr. Gregory explained that there were three options discussed for calculating the proposed property tax levies, which can be seen below:

	Levy to Cap/Pickup New Const.			No Change for Existing Taxpayer		Growth at 6.5% with Rate Reduction of 7.5%	
	Current	Levy	Diff 2024/2023	Levy	Diff 2024/2023	Levy	Diff 2024/2023
General	17,464,650	19,171,456	9.77%	18,262,294	4.57%	17,899,357	2.49%
FICA	10,000	10,977	9.77%	10,457	4.57%	10,000	0.00%
IMRF	10,000	10,977	9.77%	10,457	4.57%	10,000	0.00%
Tort & Liability	10,000	10,977	9.77%	10,457	4.57%	10,000	0.00%
PBC Lease	124,530	136,700	9.77%	130,218	4.57%	129,586	4.06%
Highway	3,719,210	4,082,685	9.77%	3,889,074	4.57%	3,870,210	4.06%
Health	427,555	469,340	9.77%	447,082	4.57%	444,914	4.06%
Senior Services	461,265	506,344	9.77%	482,332	4.57%	479,992	4.06%
Veterans	555,312	609,582	9.77%	580,674	4.57%	577,858	4.06%
Mental Health	2,980,894	3,272,214	9.77%	3,117,037	4.57%	3,101,918	4.06%
	25,763,416	28,281,254		26,940,081		26,533,835	
Rate	0.97079	0.96163		0.91154		0.89798	

The first option is to Levy to the Tax Cap while picking up new construction, which would represent a 9.77% increase over the FY2023 Property Tax Levies across all funds and a 5% increase to existing taxpayers. The second option represented no change for existing taxpayers while picking up new construction, which represented a 4.57% increase over the FY2023 Property Tax Levies across all funds.

The final option, which is the recommended option that was used to create the FY24 Preliminary Budget, includes a slight reduction for the average existing taxpayer. Under this option, the general fund levy would increase by 2.49%, while the levies for FICA, IMRF, and Tort & Liability Funds would remain static, and the Levies for the Special Revenue Funds would increase by 4.06%.

Mr. Campbell explained that based on the figures, if the tax levy were increased to the tax cap, it would only generate an additional \$1.3 million dollars above the base need, which would not be enough to cover the losses generated by the DeKalb County Rehabilitation & Nursing Center.

Mr. Gregory went on to explain that the historical revenues and expenditures listed in the budget are calculated using the Modified Accrual Accounting method, which is an alternative bookkeeping method that combines accrual basis accounting with cash basis accounting. It recognizes revenues when they become available and measurable and, with a few exceptions, records expenditures when liabilities are incurred. The Estimates for FY2023 were calculated using Trend Analysis.

Individual FY2024 department budgets were prepared using the target number approach. With this approach all salary and benefit changes are applied to existing employees and these costs are calculated and entered into the Form B's that are distributed to Department Heads. The non-personnel numbers from previous years are adjusted by a factor, 3% for next year, and the two figures are added together to arrive at a "target number." Department Heads can re-distribute the non-personnel funds as they deem appropriate.

Additional Positions being included or deleted from the budget come about from discussions with Department Heads followed by a Form E being completed by the Department Head or Finance/Administration Staff.

Mr. Gregory explained that one of the major changes to the FY2024 Budget, specifically the judicial system's budgets, will be the Implications of the SAFE-T Act, which goes into effect in September of 2023. He went on to state that it is difficult to predict the impact the Illinois SAFE-T Act will have on revenues in the judicial system related budgets, such as the Circuit Clerk, Court Automation, Document Storage, E-Citation, Circuit Clerk Ops & Admin, CASA. These revenues have been reduced to 60% of the FY23 budgeted revenues based on conversations with those departments. Utilizing current period revenue sources and fund balances, these funds are in balance for FY24. These revenue sources will be closely monitored in FY24 and will need to be a priority in the FY25 budget process.

Mr. Campbell stated that he does not believe that revenues will decrease by 40% due to the SAFE-T Act. He explained that the number of people who will be processed through the judicial system will remain the same and he is unaware of anything in the SAFE-T Act that would decrease the revenues of the Judicial System. He explained that he is not proposing that the Preliminary Budget be changed because he feels that a conservative approach is the correct approach in budgeting but he wants to avoid having a political narrative associated with the SAFE-T Act. Mr. Bagby said he believes from a budgetary standpoint, it is important to take a conservative approach but also understands Mr. Campbell's point from a sociological standpoint.

Mr. Webb mentioned that he feels that the State's Attorney's Office is already understaffed by one position and may require increases to the staffing level because of the SAFE-T Act. Mr. Gregory thanked Mr. Webb for the segue and went on to explain the proposed changes in staffing in the FY2024 Budget.

The following positions are not filled in the FY24 budget:

- Chief of Corrections
- Economic Development Coordinator

Mr. Gregory explained that these positions are currently not filled and the duties of these positions have been redistributed to other positions. He went on to provide an overview for the positions that are new in the FY24 budget. The addition of the following positions are proposed in order to address current needs of the County and anticipated needs based on the implications of the SAFE-T Act:

- Human Resources
- Patrol Lieutenant (will assume ESDA duties after Denny Miller's retirement)
- Patrol Officer
- Electronic Home Monitoring Corrections Officer
- Three Attorneys (1 in Public Defender, 2 in State's Attorney Office)
- One position moves from Part-Time to Full-Time in Assessor's Office
- FMO position assigned to address deferred maintenance

Mr. Campbell questioned why the State's Attorney's Office would require two additional positions in response to the SAFE-T Act. Mr. Gregory explained that while the County Board does not have the authority to dictate how Elected Department Heads utilizes the resources that are allocated to them, part of the consideration for adding the additional positions in the State's Attorney's Office was to provide

resources to address certain type of cases as requested by the State's Attorney and as suggested during conversations with members of the County Board.

Another Component of the FY24 Preliminary Budget is an amended FY23 Budget for the DeKalb County Rehabilitation & Nursing Center (DCRNC) Proprietary Fund, which has been brought to the Committee for approval as Resolution R2023-087. Gregory explained that when the Board voted in July 2022 to sell the DCRNC the sale date was identified as December 31, 2022. The initial FY23 budget included a "post-sale" budget and has been amended twice to add budgets for the 1st and 2nd quarters. The FY24 preliminary budget includes the following for the DCRNC Proprietary Fund:

- An Amended FY23 Budget for the remainder of the year. This budget is based on year-to-date trends.
- The FY23 budget is recapitulated to remove one-time revenues and expenses associated with the sale to show operating revenues and expenditures before depreciation.
- The amended budget will be presented to the Board for action independent of the FY24 budget.
- The FY24 budget assumes the sale is completed on or before the end of 2023.

The final topic that Mr. Gregory covered was the Debt Service Repayment Plan & Sources. He explained that The County has internal debt - Radio Communications System - and external debt - Refunding Bonds 2020 Alternate Revenue Bonds 2017, and Rehab & Nursing Debt.

The Radio Communications System (Page 138) fund was established to improve the public safety wireless communications system. This debt repays other county funds that were borrowed from and is repaid with landfill fees. At the end of 2023, this fund will have roughly \$1.67 million left for repayment. With significant additional tipping fees, the payments have been accelerated the past two years and will be fully repaid in the next two-to-three years.

The Refunding Bonds 2020 (Pages 125-126) fund was established to refinance the 2010 Courthouse Addition Bonds. This debt is paid primarily from sales tax sharing with the City of DeKalb. General Fund reserves have helped bolster resources to this fund which has an outstanding balance of \$6.265 million at the end of 2023. A portion of these revenue sources will start to shift to the 2017 Alternate Revenue Bonds in FY25 and beyond.

The Alternate Revenue Bonds 2017 (Pages 123-124) fund was established to repay \$33,905,000 in bonds issued for the construction of the jail expansion project. This debt is paid primarily from tipping fees at the landfill. The annual debt service is approximately \$1.6 million until 2030 when it increases to \$3 million for five years before returning to a little over \$1.6 million through 2048. At the conclusion of the repayment of the 2020 Refunding Bonds, the revenues from that debt service will be redirected to this issue which will supplement sources in the event the tipping fees do not generate the anticipated revenue, or allow for the debt to be retired early.

The Rehab & Nursing Debt (Pages 161-162) fund was established to pay debt service related to the DCRNC expansion. Annual debt service of approximately \$660,000 was to be absorbed into annual operating costs. With the pending sale of the DCRNC, the County will be required to place approximately \$13,633,000 in escrow for the debt service. This will be funded using fund balance, \$5.117 million of ARPA funds that were qualified as lost revenue, and a portion of the sale proceeds.

Mr. Gregory finished the presentation by telling the Committee that a County Board Question & Answer Forum will be held on September 20th at 5:45PM to answer any questions that Board Members may have about the FY24 Preliminary Budget & Recommendations.

It was moved by Crawford, seconded by Webb and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-086—A Resolution Approving an Updated Capital Asset Policy.

This Resolution updates the County's Capital Asset Policy, which was last updated February 17, 2016. This Policy provides guidelines for the depreciation of capital assets with a value of one thousand dollars (\$1,000) or more over their usable life. The current version of the Policy states that assets that are capitalized on the Financial Statements will be depreciated starting with the fiscal year following acquisition, which leaves a year's worth of depreciation unreported when the asset reaches the end of its useable life. Staff believes that it is the best practice and in best interest of the County to update the Policy to state that capital assets that are put into service after January 1, 2023 and that are capitalized on the Financial Statements, will be depreciated starting with the date of acquisition.

Resolution R2023-087—A Resolution Approving Amendments to the FY2023 Budget.

On April 18th, the County Board passed Resolution R2023-052 which amended the FY2023 Budget to reflect the expectation that the sale of the DeKalb County Rehabilitation and Nursing Center (DCRNC) would be finalized before the end of the second quarter of 2023. R2023-052 created a six-month budget for the facility. Due to delays associated with the State's Certificate of Need process, the expectation is now that the sale of the DCRNC will be finalized in the fourth quarter of FY2023. Resolution R2023-087 amends the FY2023 Budget to add an additional six months onto the DCRNC's Budget to reflect twelve-month Budget.

Resolution R2023-092—A Resolution Forwarding the Payment of County Claims for September 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 Webb and was approved by voice vote to forward the Resolution to the full County Board recommending their approval.

OLD BUSINESS

There were no old business items.

NEW BUSINESS

There were no new business items.

ADJOURNMENT

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

Submitted Respectfully by Liam Sullivan