

**FINANCE COMMITTEE  
MINUTES  
MAY 4, 2005**

The Finance Committee of the DeKalb County Board, met on Wednesday, May 4, 2005, @ 7:00p.m. in the DeKalb County Administration Building's Conference Room East. Chairman Frank Van Buer called the meeting to order. Members present were Sue Leifheit, Dennis Sands, Ruth Ann Tobias and Jeff Whelan. Members absent were Mr. Metzger and Mr. Faivre. Others present were Ray Bockman, Gary Hanson, Ken Campbell, Karen Kahl, Liz Carney, Fred Lantz, Christine Johnson, Pat Vary, Sharon Holmes, and Pat Anderson.

**APPROVAL OF THE MINUTES**

Moved by Mr. Whelan, seconded by Ms. Turner, and it was carried unanimously to approve the minutes from March 2005.

**APPROVAL OF THE AGENDA**

Chairman Van Buer said that he would like the agenda amended to reflect Old Business and New Business. Moved by Ms. Leifheit, seconded by Ms. Tobias and it was carried unanimously to approve the amended agenda.

**PRESENTATION OF ANNUAL AUDIT-FRED LANTZ OF SIKICH GARDNER**

Mr. Gary Hanson, DeKalb County Deputy County Administrator, introduced Mr. Fred Lantz of Sikich Gardner to review the Comprehensive Annual Financial Report (Audit) with the committee. They issued 11 documents and three are being offered for the committee's review and approval.

Mr. Lantz explained that this past year was the first time that they issued a Ethics/Fraud Survey that needs to be done by any county that has to undergo an audit because of the Enron issue. They interviewed 150 employees and all county board members. He said that the Public Building Commission was also included in this questionnaire. In total they performed 210 interviews. They were pleased with the overall response that they received. Any issues that were brought to their attention they investigated and turned out to be non-issues.

The Single Audit Report is required for the county to do if it spends over \$500,000 in federal funds. The County dispersed \$1.86 million and then a little over \$600,000 was in non-cash, that is, \$200,000 was spent on food supplements and \$400,000 for children's immunizations.

This is the second year that the county has implemented GASB Statement 34 and the county has been updating the information from last year. The large report that the committee was looking at this evening includes not only the County but also the Public Building Commission and the Forest Preserve.

The Independent Auditor's Report reflects that the county had a clean audit. Currently in the country less than ½ of 1% of all counties are receiving this rating. Mr. Lantz explained that many counties are having trouble implementing GASB 34.

The Financial Statement (page 16), covers the County, Forest Preserve and one-quarter of Public Building Commission bonds. The county is in charge of about a \$100 million dollars and the County's total assets are just shy of \$103 million, Mr. Lantz further stated.

The next big "bang" that will be affecting state and local governments offices will be post-employment benefits. The state has already taken a financial position of not funding their pension. The county gets a monthly bill from IMRF that you have to pay. That's why your pension fund is so well funded. The state has not historically done that. There has been a lot of promises by counties and state agencies to pay their retirees healthcare and life insurance policies after they retire, either until Medicare kicks in or until they pass away. In the past the government and county standards have allowed us to treat that as - "we just will fund the cost as it is paid out to the retiree once they retire." You may remember when Chrysler went bankrupt in the early 1990's and other companies also were recording record losses. That was from them promising to pay all these union members when they retire these funds. Right now this will not have too much of an affect on your county, because right now your policy states that when a person retires to IMRF or SLEP program, they are allowed to continue on in your health program, which is required by law, but you can charge them no more than what you are charging a current active employee.

Mr. Sands said that the county is in a "boom" right now with retail sales tax, new construction, etc., would you have any suggestions for us? Mr. Lantz said yes I do. For a lot of clients in fast growing areas, they recommend, to try and isolate the one-time revenues out of your annual operating budget. Such as one-time permit fees, one-time annexation fees, etc. Do not use these funds for current repeating costs.

Mr. Lantz said that the nursing home did very good this past year. They had overall expenses of \$10,099,000.00 and brought in charges for services of \$9,929,000.00. They had a net cost of \$177,000.00, which they made up through investment income and contributions.

The committee thanked Mr. Lantz for a very good explanation of the annual audit.

**REFINANCING OF 1997 BOND ISSUE**

Mr. Gary Hanson, Deputy County Administrator, explained to the committee that the County has the opportunity to refinance the 1997 bonds held by the Public Building Commission for the Health Facility building. The interest rate will go from 5.09% to about 3.7%. It would be over an eleven-year span and a savings of \$440,000 plus or minus. We will need to hold a public hearing at the next county board meeting regarding this and amend the current lease agreement, said Mr. Hanson. To do this he will need a motion from the committee recommending those two items.

**Moved by Ms. Leifheit, seconded by Ms. Tobias, and it was carried unanimously to forward this recommendation for the public hearing along with the Ordinance to amend the current lease agreement to the full board for approval.**

**ESTABLISHMENT OF TRANSFER TAX FOR GROUND LEASES - SHARON HOLMES, DEKALB COUNTY CLERK AND RECORDER**

Ms. Holmes, DeKalb County Clerk and Recorder, approached the committee regarding the transfer tax for ground leases. Ms. Holmes explained to the committee that a year ago a law was passed, Public Act 93-657, that allows counties to collect taxes on ground leases, that is, they can collect \$.25 per \$500 of value. For an example, if a person grants a lessee to lease their land for 50 years, that lessee then builds a building on that property and runs a business on it for more than 30 years. The lease needs to be recorded and the county can collect the transfer tax on that piece of property. The lessee would pay the county the taxes at the time of recording, explained Ms. Holmes.

**Moved by Ms. Leifheit, seconded by Ms. Tobias, and it was carried unanimously to forward this recommendation to the full board for approval.**

Ms. Holmes then reminded the committee that the HAVA Act regarding the need for certain ADA approved voting system equipment for the handicapped at polling places needs to be in place by March 2006. Ms. Leifheit asked if we could purchase or lease the equipment? Ms. Holmes said that there is Title 3 monies from the HAVA Act, about \$3.4 million, that has been set aside to implement it. A county can use it for the purchase of ramps, door handles, etc. There will be one-time only money that will fund voting equipment and you will need to purchase the equipment in order to receive this money. She has combined the 81 polling places to 41 places and then the equipment will need to cover those 41 polling places. Additional equipment will be purchased for future growth. It should amount to approximately \$400,000.00.

Finance Committee Minutes  
May 4, 2005  
Page #4 of 4 pages

She then notified the committee that there are 3 spots that she needs to split in the county and create new precincts later this year. She will need to approach her assigned committee about this in the near future.

Before adjourning, Chairman Frank Van Buer thanked everyone on the committee and staff for working with him over this past 2½ years. He will be resigning to serve as the Mayor of the City of DeKalb in early May 2005.

**ADJOURNMENT**

Moved by Ms. Tobias, seconded by Mr. Whelan, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

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Chairman Frank Van Buer

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Mary C. Supple, Secretary