

**FINANCE COMMITTEE  
MINUTES  
May 2, 2007**

The Finance Committee of the DeKalb County Board, met on Wednesday, May 2, 2007 @ 7:00p.m. in the Administration Building's Conference Room East. Chairman Michael Haines called the meeting to order. Members present were Jerry Augsburger, Vince Faivre, John Hulseberg, Roger Steimel and Ruth Anne Tobias. Ms. Julia Fullerton was absent. Others present were Gary Hanson, Ray Bockman, Joan Berkes-Hanson, Christine Johnson, Ken Campbell, Karen Kahl, Liz Carney and Pat Anderson. A quorum was present.

**APPROVAL OF THE MINUTES**

**Moved by Ms. Tobias, seconded by Mr. Augsburger, and it was carried unanimously to approve the minutes from March 2007.**

**APPROVAL OF THE AGENDA**

Chairman Haines asked to move item #6 to item #4?

**Moved by Mr. Faivre, seconded by Mr. Hulseberg, and it was carried unanimously to approve the agenda as amended.**

**UPDATE ON INFORMATION MANAGEMENT OFFICE**

Ms. Berkes-Hanson said that she would be giving a brief presentation on her department as to what direction they are going in. They have two divisions G.I.S. and Network Services. There are 2 staff members in the G.I.S. division and 4 staff members on the network division under the IMO department. IMO was established in 1999.

Their GIS Web is a fully functional enterprise – wide system that's available internally in the county and on the Internet. The two features are ready to print maps. They update those maps regularly. Last year they created a quick tax search for tax payment information. They have added assessments and recent date of sale for realtors, too. They assess data from many different departments and display the data. They are averaging about 5,000 hits a month on the Web. The direction that they are headed in is public safety like 911.

The new project that they implemented this week is a database for the State's Attorney's Office. They have about 400 users with 122 users on the health facilities campus. When homecare and a few others are added there will be approximately 150 users at this campus. Their next large group to work with is at the courthouse, which has 54 users. Ms. Berkes-Hanson said that the County has very, very cooperative departments, which are different from other counties that she has spoken to.

They are moving to a fiber solution within the next month with TBC. Out of the 400 users from last week, they received 55,244 emails. Last year it was 23,278 emails, so the numbers are significantly up, explained Ms. Berkes-Hanson. Therefore, they are seeing an increasing need of dependency on email and the Internet. Their effort now is to support the users. Ms. Berkes-Hanson also explained that the departments have elected to standardize their software,

In closing, Ms. Berkes-Hanson said that the G.I.S. trend is to move their expertise into other databased related activities. On the network side, they are logging miles each day to support what we have already built.

**PRESENTATION OF ANNUAL AUDIT – FRED LANTZ, SIKICH LLP**

Mr. Fred Lantz of Sikich, LLP presented the annual audit report. He said that it is an unqualified report and in compliance with government standards. There are no cautions and because of this the county qualifies for a good bond rating. This report also covers the Forest Preserve District and the Public Building Commission.

All funds at this time of the County stand in the black and the County possesses positive net assets of just shy of \$90 million (page 3 of audit report). On page 5 it shows that we had a very low net cost, which is very good.

Mr. Lantz explained that on pages 6 and 7 they are just measuring the short-term inflows concerning cash and other financial resources of the County and what are the short-term outflows when it comes to paying your bills over the fiscal period. It shows that the General Fund has a very good fund balance and that all of them are in the black.

Mr. Lantz said that on page 27 (2a.) they are required to disclose whether or not the County has any exposure to credit risk for deposits in banks and financial institutions to the extent that FDIC does not cover your deposits. All of the County's deposits are covered by either FDIC or collateral at November 30, 2006. He said that the County and the Treasurer's Office has done a very good job of monitoring it.

On page 30 he highlighted the long-term debt transactions. He cautioned the committee that the PHO balances keep growing. He said that money hasn't been set aside for this liability.

On page 46 he highlighted the Schedule of Funding progress for one of the pension funds that the County participates in. That is the County employees with IMRF and the Sheriff's Employees with SLEP. We have better funded plans than the State and this is basically considered 100% funding.

Mr. Steimel said that in 2001-2002 it was well over 100%, what was the difference?

Mr. Lantz said that over time, especially in the 1990's, the investment managers were doing much better than actuaries would have assumed from a market return standpoint. Since the tax cap, the County had an ability to reduce it for 5 years amortization.

Mr. Lantz also said that with the County moving away from self-funded insurance – it has been a very good thing because of retirees' expenses.

Statement and Audit Standards 103 and 112 will affect the County's audit cycle next year. Statement and Audit Standards #112 will change recommendations for improvement. This calls for a management letter in future years. They want overall comments on controls in place over financial reporting. They will be looking at 3 sets of comments now, in what is called material weaknesses in the County's controlled structure, significant deficiencies in your controlled structure, and control deficiencies in a controlled structure.

Statement and Audit Standards #103 deals with the Enron failure and effects how they date their opinions in relation to completed field work.

Ms. Tobias asked about the comments done last year and she is sure that there is a reason why something was not done that was recommended. Mr. Lantz said that there is a benefit in tracking PHO balances. He thinks that it goes to a question that someone raised earlier regarding IMO being asked if they have the authority to "force" these outlying departments to come on board and use the same software as everyone else. He felt that IMO did a great job of delicately answering that question. Some departments track their own PHO's, but should let Finance do it centrally.

Mr. Bockman asked who is deficient? There are a couple of departments that continue to do this, such as Circuit Clerk and upper management employees for the Sheriff and Health Department.

Mr. Bockman asked even if we statutorily don't have the authority to exercise that right?

Mr. Lantz said that under the accounting world's viewpoint, the County is one big happy family.

Mr. Bockman said that you either have control over an operation or you do not and we do not. He feels that the accounting world should come to grips with it.

Mr. Lantz said that the accounting world would say we have to look at standards across fifty states and all of them are different.

The committee thanked Mr. Lantz for his presentation on the audit.

#### **DISCUSSION ON PERMANENTLY CHANGING THE DATE OF THE FISCAL YEAR**

Mr. Gary Hanson, Deputy County Administrator, approached the committee this evening relative to changing the fiscal year date from December 1<sup>st</sup> to January 1. He said that one of the benefits is that it makes it less confusing. Last time that the County looked at this was in 1992. The issues encountered would be the transition, budget calendar and collective bargaining. Ninety-three counties do have November 30<sup>th</sup> as their fiscal year.

Mr. Faivre asked if there is a cost to the County from a time standpoint?

Mr. Hanson said that it would be minimal cost because there are a lot of things that are already geared for the calendar year.

Chairman Haines asked Ms. Berkes-Hanson if there would be a computer glitch? Ms. Berkes-Hanson said no.

Mr. Steimel asked Mr. Hanson why we are on this cycle?

Mr. Hanson said that he did not know, but thought it went back to at least the 1960's, if not before.

Mr. Hanson further stated that he would like the committee to please think about this over the next 60 days. If the decision were yes, then the implementation of the change would affect this current fiscal year, whereby the County could extend 2007 by one month.

Ms. Tobias said that she feels it is a good idea.

Chairman Haines said that the committee would put the item on the agenda for next meeting for an interim discussion.

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**ADJOURNMENT**

Moved by Mr. Steimel, seconded by Mr. Augsburg, and it was carried unanimously to adjourn the meeting at 8:35p.m.

Respectfully submitted,

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Chairman Michael Haines

MH:ls/ms