

**FINANCE COMMITTEE
MINUTES
MAY 6, 2009**

The Finance Committee of the DeKalb County Board, met on Wednesday, May 6, 2009 @7:30p.m. in the Administration Building's Conference Room East. Chairman Michael Haines called the meeting to order. Members present were Ken Andersen, John Hulseberg, Scott Newport, Mike Stuckert and Mark Todd. Ms. Tobias and Mr. Stoddard were absent. Others present were Ray Bockman, Gary Hanson, Fred Lantz, Elena Grimm, Karen Kahl, Jim Scheffers, Chris Johnson and Joan Hanson.

APPROVAL OF THE MINUTES

Moved by Mr. Todd, seconded by Mr. Hulseberg and it was carried unanimously to approve the minutes from March 4, 2009.

APPROVAL OF THE AGENDA

Moved by Mr. Andersen, seconded by Mr. Todd and it was carried unanimously to approve the agenda.

REVIEW OF THE ANNUAL AUDIT – MR. FRED LANTZ

Mr. Fred Lantz, of Sikich, LLP, presented the annual audit report. He said that the report also covers the Forest Preserve District and the Public Building Commission.

The Audit Report is a clean and unqualified audit as of 12/31/2008. He mentioned that we are one of only 13 counties in Illinois that has received a clean audit.

In the Single Audit Report the county did expend a little over \$3 million in Federal funds. The majority of those funds were spent in the Health Department and Voluntary Action Center for their buses.

Mr. Lantz further explained that in the MD&A section he referred to page MD&A 16 that covers a couple of budget issues that the County Board and the County staff will be facing next year. They include the overcrowding issues at the jail and health insurance costs and pension costs. The County also continues to fully comply with the Property Tax Extension Limitation Law (P-Tell) that was approved by the voters in April 1999. The challenge of providing the best services with the best staff and keeping costs in line with available revenue continues to be the goal of the County Board and the financial management of the County.

Some of the highlights that were covered by Mr. Lantz included in the Comprehensive Audit were the following. The assets of the governmental activities of the County exceeded its liabilities at the close of the fiscal year by \$97.2 million and increased in the current year by \$8.3 million. The County's combined net assets increased to \$107.9 million in 2008 from \$99.2 million during 2007. The majority of the increase is from governmental activities with the business type activities showing an increase of \$369,746. There was an increase in property taxes of \$1.6 million and sales tax revenues of \$700,000. For the fiscal year ending December 31, 2008, revenues totaled \$62 million. This is down by \$1.1 million from 2007. Mr. Lantz said to note that the County's fiscal year changed in 2007 from November 30, 2007 to December 31, 2007, which gave all of our 2007 numbers a 13-month period of expenses and revenues during 2007. This year the County is back to a 12-month period. The County's expenses amounted to a total of \$53.4 million in 2008 decreasing by \$108,000 from 2007.

Chairman Haines and the committee thanked Mr. Lantz for a very informative presentation.

Mr. Paul Stoddard arrived at 7:45p.m.

FEE FOR SPECIAL SERVICE AREAS

Mr. Bockman, DeKalb County Administrator, explained that the County's Extension Clerk discussed the problem with him and the State's Attorney's Office regarding the non-ad valorem Special Service Areas (SSA's) and the fact that our system does not, and currently can't accommodate the non-ad valorem SSAs collections. It causes the County problems and it is fairly burdensome. The intergovernmental agreement attached to the resolution presented here tonight provides that the county will be compensated for its initial expenses and its ongoing expenses to act as the collection agency for these SSA's.

The cost to do this is \$12,500, which involves a software re-write. The County will charge enough to cover this cost and be reimbursed. The County is not looking to make money from this, we just don't feel it is appropriate for all of the taxpayers to pay for this service, said Mr. Bockman.

Moved by Mr. Andersen, seconded by Mr. Stoddard, and it was carried unanimously to forward this recommendation to the full board for approval.

POLICY ON INTERNET ADVERTISING ON COUNTY WEB SITE

Mr. Bockman then spoke on the Internet Advertising Policy and the Site Agreement with Municipal Media Solutions LLC. He said that at the last Finance Committee Meeting the staff was requested to forward a draft policy to the committee.

Committee Action: Moved by Mr. Andersen, seconded by Mr. Stoddard, to send this policy to the full board.

Discussion followed. Mr. Hulseberg asked if our website could be revamped and updated? That is, can a portion of the money made from the Internet Advertising go to update the County's website.

Mr. Bockman said that yes you could do it.

Ms. Hanson, Director of the Information Management Office said that the content on the website is up-to-date.

Mr. Hulseberg said that he is talking about the look of the website.

Mr. Bockman said that the question before this committee tonight is do you want to allow advertising on the County's website.

Chairman Haines said that we are not going to know what it looks like until it is up on the site. If it does require any tweaking in order to reconcile the advertising space and the look of the page, will take somebody's time and expertise. We are talking about something that is a revenue producer, but if it's a cost creator because of what it does to the look of the web page....

Mr. Stuckert asked who is going to make that decision?

Mr. Andersen said that we have the right, once we see it, to alter it or do something else to the page.

After the discussion it was carried unanimously to forward this recommendation to the full board for approval.

FY2009 BUDGET TRANSFERS

Mr. Gary Hanson, DeKalb County Deputy Administrator, presented a resolution to the committee covering the FY2009 budget transfers. Mr. Hanson explained that the total amount of expenses stays the same, this just moves budgeted amounts from one category to another. This is being done to comply with one of the recommendations made by our auditing firm.

Page 7C shows that some things have happened to the original budget since the County Board passed it and the budget additions that need to be made.

It was Moved by Mr. Stoddard, seconded by Mr. Stuckert, and it was carried unanimously to forward the FY2009 Budget Transfers Resolution to the full board for approval.

FY2010 BUDGET – PRELIMINARY OUTLOOK

Ms. Karen Kahl presented a Revenue Manual to the Finance Committee (it is on file in the Finance Department). She walked the committee through one item, which was the Income Tax item. She referred them to page 36 at the top under item #3311 – Income Taxes. She further explained how to understand the written paragraph on this topic. She then covered the trend data on the Income Taxes, which is found on page 16 under the Trend Data Tab. She said that she hopes that the county board finds this manual a good resource when it comes to budget time.

Ms. Kahl said that the Revenue Manual can be found on the County's website for the rest of the County Board members.

Mr. Hanson then covered a couple of major impacts that will affect the County next year. The first item is the IMRF, page 8A of his handout. The new money just in the general fund would take about \$380,000. IMRF will allow a phase in if the County wants to do it.

Other impacts on the 2010 budget are the costs for renting jail space, the costs of health insurance and labor contracts. He said to remember that we need to do all of this with limited revenue growth.

Page 8B shows the income tax we actually grew from 2007 to 2008 and that we are down slightly in 2009. However, if the committee looked down at the Sales Tax – 1/4 Cent section, he said, you will notice that January and February of 2009 is down quite a bit from 2008. The airline jet fuel may have gone down like everything else. So the question for next year is how will we budget those? Mr. Hanson said that these are the items that we relied on in prior years to help the County to pick up our increased expenses. These items are not controlled by the tax cap, he said.

Regarding Page 8C, Mr. Hanson said that the committee can see what the tax cap formula is. He shows the new construction estimate at 1.4% and last year we had 2.2%. We could be lower than that. If our property tax growth is 1.5% then on the bottom half of the page he covers what that would mean to the County. That is, under the General Fund the County would get \$156,000, new dollars. Remember that figure in relation to IMRF costs, Jail rental costs and labor contracts, Mr. Hanson said.

Mr. Andersen asked if we could raise the sales tax?

Mr. Bockman said only through a referendum.

Chairman Haines did say though that overall our County is in better shape than most counties.

ADJOURNMENT

Moved by Mr. Andersen, seconded by Mr. Todd, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

Michael Haines, Chairman

MH:mcs

G:Finance Committee/FINANCE COMMITTEE MINUTES 050609.doc