

Note: These minutes are not official until approved by the Finance Committee at a subsequent meeting. Please refer to the meeting minutes when these minutes are approved to obtain any changes to these minutes.

DeKalb County Government
Sycamore, Illinois

**Finance Committee Minutes
February 5, 2014**

The Finance Committee of the DeKalb County Board met on Wednesday, February 5, 2014, at 7:00 p.m. in the Administration Building's Conference Room East. Chairman Stephen Reid called the meeting to order. Members present were Anthony Cvek, Charles Foster, Julia Fullerton and Paul Stoddard. Misty Haji-Sheikh and Ruth Anne Tobias were absent.

Also present was Gary Hanson, Pete Stefan, Paul Miller, Christine Johnson, Jim Scheffers, Joan Hanson and Greg Millburg.

APPROVAL OF THE MINUTES

Chairman Reid asked to amend the minutes from December 18, 2013 by adding additional wording under the section of Chair's Comments. He asked to amend the sentence reading: "The Chairman stated that confusion by new member orientations and also partially due to a lack of members asking questions to staff." To read: "The Chairman stated that confusion was partially caused by a lack of orientation for new members and also partially due to a lack of members asking questions to staff."

It was moved by Mr. Foster, seconded by Mr. Stoddard, and it was carried unanimously to approve the minutes as amended from the Finance Committee meeting of December 18, 2013.

APPROVAL OF THE AGENDA

It was moved by Mrs. Fullerton, seconded by Mr. Stoddard, and it was carried unanimously to approve the agenda as presented.

ANNUAL TAX ABATEMENTS

Pete Stefan, DeKalb County Finance Director, described to the Committee that there are two annual tax abatement Resolutions coming forward to the Committee for approval to the full board. The first Resolution is for the abating for a portion of the property tax levy for the 2013 tax year for the 2005 Health Facility re-financing bond issue. He explained in the budget process they had \$600,000 on the levy sheet because a portion is being paid by the Health Department and the Nursing home. The Resolution at hand is to abate \$371,813 to bring the amount down to the \$600,000. He lastly announced if no action would be taking the Ordinance is on file in the County Clerk's Office to extend the taxes for the full amount which would be \$971,813.

Mr. Stefan continued that the same scenario goes for the second Resolution, which is to abate the entire property tax levy for the 2013 year for the 2010 Courthouse Expansion and Jail Expansion

bond issue. The full abatement amount is \$1,163,617 and is levied for the retirement of the debt of \$853,509 for the Build America Bond Issue and \$310,108 for the Recovery Zone Bond Issue.

Mr. Cvek moved to forward Resolution R2014-09 and R2014-10 pertaining to Annual Tax Abatement for Bond on the 2005 Health Facility Bond Issue and the 2010 Courthouse/Jail Bond Issue to the Full Board for approval. Mr. Stoddard seconded the motion and passed unanimously by voice vote.

COUNTY FINANCIAL PLANNING

Mr. Stefan briefly recapped the ideas that were thrown out last meeting during the County Financial Planning discussion. Some of the items Mr. Stefan reviewed from last discussion were: starting the budget process earlier, take more of a macro approach in setting goals and targets, allow for more discussion earlier in process, financial planning objects with possible software, mandated costs, more involvement with the Finance Committee, Committees reviewing the budgets of the departments that report to them, addition training and workshops, more collaboration between the various Committees, eliminating the feeling of the appeal process as being confrontational or adversarial, rotation of viewing budgets in a more in-depth way, and better orientations.

Mr. Stefan continued that with all of that information that was gathered from last meeting he wanted to address as many as those issues as possible and broke everything down in a new Budget Process Recommendation which is attached to these minutes. Mr. Stefan continued that the process is broken down in five categories. He touched based on all five phases and which gave a new timeline to the entire budget process which ultimately would start with the Finance Committee establishing their major budget targets by June.

Mr. Cvek stated for clarification that Mr. Stefan's thought was as far as the structure of the budget reviews, the process would be up to the discretion of the Committees. That was correct and Mr. Cvek continued that he would more like to see that if the Finance Committee is the central hub of financial planning, he would like to create for of a structured review process. He described laying out a three year revolving plan for committees to review certain budgets in more detail and lay out what the Finance Committee is looking for from the other committees as a financial standpoint rather than left at their own devices. Mr. Hanson shared that it would be better to suggest to other committees what the Finance Committee would like to see them do rather than tell them what they should do. Mr. Hanson also continued that sees him and Pete involved as well in the Committee Reviews to help identify some of the major issues for them to look at but also at the discretion of the Committee.

Mr. Stefan further reviewed the purposed budget process recommendations. Following the review, questions came up about funding impacts for future budgets. There was a discussion on the planning of the jail as well as how the landfill may affect those funds in the future.

Mrs. Fullerton addressed again the committee review process that was discussed earlier and agreed that it was a good idea but stated that maybe the Committees themselves would prioritize which budgets they would like to go through but maybe the Finance Committee could lay out the analysis components. Mr. Cvek addressed that he understands that but his thought was to put together a three year revolving schedule of what departments the Committees should review.

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Mrs. Fullerton added that because the board turns over every two years it is hard to keep control of what Committees do which reiterated her point of giving them direction on just what components the Finance Committee wants them to review.

Mr. Foster thanked Mr. Hanson and Mr. Stefan for putting together this plan and showing the procession of the process and being able to take a macro approach at looking at these budget topics. He also stated that he felt if they can put this plan into action he thinks they will be on a better track moving forward.

Mr. Cvek addressed item 3a which would review departments mandated services. He said he would also like to see department's non-mandated services as well. Discussion was also had on keeping the administrative recommendations but now they would be after the committees have had their input and understanding of what the department's budgets look like.

Mr. Stoddard stated that with item 3c which is to enhance annual reports to include financial data, he would also like to see funding sources and to be able to see where money is actually coming from and where it is going. The Committee also discussed in being able to see those funds, possibly questioning when is it time to stop levying for certain funds.

Mr. Hanson wanted to clarify that the Finance Committee agrees to lay out a possible schedule but to let the other Committees to decide whether they want to follow it or not. The Committee future discussed what they wanted from the other Committees and the majority decided to let the Committees come up with what they thought was the most important components to them to review. It was also stated that this whole new budget process was a work in progress and if something wasn't working properly they would revisit the issue to work it out.

Lastly discussed, Mr. Cvek brought up the issue of identifying early retirement options or offering retirement incentives as a budgeting tool. Chairman Reid invited Mr. Hanson and Mr. Stefan's opinions on the subject as well. Mr. Hanson said they did a cost study quite a few years ago but it may be something they would do again. Further discussion was had on County staff and aging in the organization.

The Finance Committee agreed to progress forward with the budget process recommendations that Mr. Stefan and Mr. Hanson presented to the committee.

ADJOURNMENT

It was moved by Mr. Foster, seconded by Mr. Cvek, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

Stephen Reid, Chairman

Tasha Stogsdill, Recording Secretary

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Budget Process Recommendation

1. Finance Committee – Establish Major Budget Targets (Complete by June 10th)
 - a. Property Taxes
 - b. Salary Increases
 - c. COLA for Commodities & Services

2. Committees – Review Departmental Budgets as each Committee desires with focus on the following areas, as needed (Complete by July 1st):
 - a. How major services are delivered
 - b. Contractual services
 - c. Select a cost center budget for detailed analysis
 - d. Staffing

3. Departments – Submit additional Budget Documentation by adding:
 - a. A list of mandated services
 - b. Major workload indicators
 - c. Enhance Annual Reports to include financial data (Complete by Spring 2014)

4. Maintain Current Budget Process for:
 - a. Itemized documentation for budget line items over \$10,000
 - b. Inventory of contracts
 - c. Administrative Recommendation
 - d. Budget Forum – Add written summaries as follow-up information
 - e. Appeal Process – however, delay the start of the Appeal Process to provide additional time for discussion & research

5. Administration – Develop Contingency Plan
 - a. For preservation of Fund Balance at target level
 - b. For potential loss of major revenue source
 - c. For impact on FY 2016 Budget
 - d. For Jail planning