

**MINUTES
CITY OF DEKALB
FINANCE ADVISORY COMMITTEE MEETING
FEBRUARY 27, 2018**

1. CALL TO ORDER

The Finance Advisory Committee held a meeting on February 27, 2018, in the Police Training Room, at the DeKalb Police Department, 700 W. Lincoln Highway, DeKalb, Illinois.

The meeting was called to order at 5:01 p.m. by Chair Peddle.

2. ROLL CALL

Deputy City Clerk Carri Parker called roll, and the following members of the Finance Advisory Committee were present: Tom Teresinski, Lynn Neeley, Steve Parker, Ron Partch and Chair Mike Peddle.

Also present were: City Manager Anne Marie Gaura, Finance Director Molly Talkington, and Deputy City Clerk Carri Parker.

3. PUBLIC PARTICIPATION

Chair Peddle asked if there was anyone from the public present who wished to speak.

No one from the public was present.

4. APPROVAL OF MINUTES

a. Minutes of the Finance Advisory Committee of January 30, 2018.

Chair Peddle asked for a motion to approve the Minutes of the Finance Advisory Committee of January 30, 2018.

MOTION

Committee Member Teresinski motioned to approve the minutes of January 30, 2018; seconded by Committee Member Neeley.

VOTE

Motion carried on a 5-0-1 voice vote. Aye: Teresinski, Neeley, Parker, Partch and Peddle. Not Present: Conlin.

5. CITY COUNCIL GOALS

Finance Director Talkington updated the Committee on the City Council's goal setting session in January and February. She pointed out that there were three items that will guide the budget decision making in the future meetings.

1. Short-term goal: Reduce Operating Costs
2. Long-term goal: Address Pension Obligation
3. Long-term goal: Street Funding

Chair Peddle added that the memo contains a definition of simple and complex to assist in future discussions and asked the committee to discuss the goals provided.

Committee Member Neeley stated that she was appreciative of the assistance the Council was receiving to start the process. She agreed that the three goals presented are good.

Committee Member Partch stated that he was fine with the goals provided.

City Manager Gaura responded that staff will need to look back at the 2020 Strategic Plan. She added that the Council is focusing on how to increase residential growth.

The Committee and staff discussed the variety of retail changes throughout the DeKalb area and how it has affected the economy for DeKalb.

Committee Member Partch stated that it feels like the City is going backwards as we are losing more and more retail businesses.

Chair Peddle stated that the agenda memo provides statistics showing the decline in retail.

Committee Member Parker stated that how the goals are divided and added that growth and crime go hand in hand. He added that the perception of the City may be affecting the City's growth.

A discussion ensued with the Committee regarding the crime changes throughout the City.

Committee Member Teresinski addressed the three goals assigned and stated that they are great goals to focus on.

Chair Peddle stated that the Committee needs to be realistic that the community will make progress paying down the pension liability. He added that the pension obligations should not dictate the operations.

Committee Member Teresinski asked that the actuarial report included the assumptions assuming that they are correct and provide a five-year obligation projection.

A discussion ensued between Committee members and staff with regard to the actuarial report.

Chair Peddle requested that Director Talkington contact the actuary to see if the report can be updated to include the five-year projections and distributed to the Committee for review.

4. FIVE-YEAR FINANCIAL PLAN UPDATE

Chair Peddle noted that Finance Director Talkington, Account Technician III Carri Parker, and himself put together information by looking back at previous meeting minutes, recordings, and notes, to locate items needed to add to the five-year financial plan update.

Finance Director Talkington requested that the Committee go through the information added to ensure that information is still relevant.

The Committee discussed each item to determine if the item needed to be added to the five-year financial plan.

1. Add two comparable governments
 - a. Town of Normal, IL (home rule) to the University cities comparisons
 - b. City of Rochelle, IL (non-home rule) to the standard comparisons

The Committee agreed to not include the City of Rochelle.

2. Incorporate the statistical information from the Comprehensive Annual Financial Report (CAFR) into the Plan
 - a. Top Ten Employers, Taxable Sales by Category, & Direct and Overlapping Sales Tax Rates

The Committee agreed to include statistical information from the Comprehensive Annual Financial Report (CAFR) into the Plan.

3. Expand the school data
 - a. Add enrollment breakdown and school lunch stats (Possible sources – Illinois Interactive Report Card and the Schools themselves)
 - b. Add St. Mary's school
 - c. Compare the school data trends with population trends

Committee Member Neeley requested that school lunch program be included as it will provide income levels and indicate service demand that is expected to help serve these particular families.

Chair Peddle stated that the annual stats from the school district will assist in the demographics and will pinpoint if there is something standing out for someone not to move to DeKalb based on the interactive report card.

The Committee discussed the value of having the Interactive Report Card information and how it can relate to the City's financial information.

The Committee agreed to include the school data.

4. Include crime statistics and show impact on economic factors such as housing
 - a. Possible sources – Annual Police Department Report and Recent Studies

The Committee agreed to include the Police Department Annual Report and Federal Bureau of Investigation (FBI) reports.

5. Track the current home value over time (Possible source – Real Estate websites (ex. Zillow)

The Committee discussed the pros and cons to including the current home values.

The Committee agreed to keep the home values.

City Manager Gaura left the meeting permanently at 6:38 p.m.

6. Add the Pension Funding Analysis data that shows what the remaining obligation is if Police and Fire Departments were eliminated as of January 1, 2018

No further discussion was made on this item.

7. Add staffing history for the City

The Committee agreed to include the staffing plan.

Committee Member Teresinski added that he would like to see efficiency. He asked to see a City that has been able to get ahead of operational debt and compare to what the City of DeKalb can incorporate.

Finance Director Talkington stated that the revenues are listed within the Five-Year Financial Plan and that the City Council is determining the service levels during their monthly budget meetings.

Chair Peddle expressed that the service levels should be determined by the Finance Advisory Committee (FAC) and recommended to the City Council. He added that there is not enough feedback from the public with regard to service cuts they will accept. Chair Peddle explained that he has lost all trust of the City Council as they ignored all the advice provided during the Fiscal Year 2018 budget discussions. He stated that service levels need to be discussed by the FAC on an equal basis with the City Council.

The Committee discussed service level efficiencies, median income, and economy level effects on the City.

Chair Peddle expressed that the committee is not viewed as a Budget Advisory Committee, but as a Financial Advisory Committee. He added that the FAC worked on the Five-Year Financial Plan. He stated that the City Council and FAC should be working in the same direction and the City Council should not be making final decisions on service levels, but sending suggestions to the FAC and asking for their recommendations.

5. FINANCIAL POLICES REVIEW

Chair Peddle summarized the changes made to the Financial Policies.

Capital Equipment Replacement Fund Policy

A discussion ensued between the Committee and Staff regarding the changes made to the policies.

Chair Peddle asked for a motion to approve the changes to the Capital Equipment Replacement Fund Policy.

MOTION

Committee Member Neeley motioned to approve the changes to the Capital Equipment Replacement Fund Policy; seconded by Committee Member Teresinski.

VOTE

Motion carried on a 5-0-1 voice vote. Aye: Teresinski, Neeley, Parker, Partch and Peddle. Not Present: Conlin.

Accounting, Auditing, and Financial Reporting Policy

A discussion ensued between the Committee and Staff regarding the changes made to the policies.

Chair Peddle asked for language to be added to the last paragraph of the policy to the following:

The City should submit its Budget, Popular Annual Financial Report (PAFR), and Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program and Distinguished Presentation Awards.

Finance Director Talkington asked Chair Peddle if the PAFR was added to the third paragraph on the first page if that would be suffice.

Chair Peddle agreed and stated the last paragraph can be removed all together.

Committee Member Teresinski asked for clarification on last paragraph on page one of policy.

A discussion ensued between the Committee and Staff on the account reconciliation section of the policy.

Chair Peddle and Committee Member Teresinski asked for a change be made in the first paragraph of the second page to state that the account reconciliation, year-end close adjustments and reversing entries are to be reviewed and approved by the Finance Director and posted to the general ledger and other appropriate account.

Chair Peddle asked for a motion to approve the changes to the Accounting, Auditing, and Financial Reporting Policy.

MOTION

Committee Member Parker motioned to approve the changes to the Accounting, Auditing, and Financial Reporting Policy with the suggested changes; seconded by Committee Member Neeley.

VOTE

Motion carried on a 5-0-1 voice vote. Aye: Teresinski, Neeley, Parker, Partch and Peddle. Not Present: Conlin.

Capital Asset Policy

A discussion ensued between the Committee and Staff regarding the changes made to the policies.

Chair Peddle asked for a motion to approve the changes to the Capital Asset Policy.

MOTION

Committee Member Partch motioned to approve the changes to the Capital Asset Policy; seconded by Committee Member Parker.

VOTE

Motion carried on a 5-0-1 voice vote. Aye: Teresinski, Neeley, Parker, Partch and Peddle. Not Present: Conlin.

6. CONFIRM NEXT MEETING DATE AND TIME

- a. Tuesday, March 27, 2018 at 5:00 p.m. at the Police Department Training Room, 2nd Floor.

Committee Member Teresinski questioned median income in the Five-Year Financial Plan. He stated that it is a key part of the plan and the data needs to be gathered from a consistent source.

Chair Peddle asked for an annual rental vacancy rate.

Finance Director Talkington confirmed that the median income listed in the Five-Year Financial Plan. She will verify the information and provide an update at the next meeting.

Committee Member Parker mentioned a situation that he encountered with the Kishwaukee Reclamation District. He added that the business friendly municipal code should also include business friendly personnel.

Chair Peddle expressed that the individuals that are interested in doing business with the City or within the City should be approach by a professional individual.

Finance Director Talkington clarified that Economic Development Planner Jason Michnick and Community Development Director JoEllen Charlton would be the first point of contact for the City, but she is unclear for other tax bodies throughout the City.

7. ADJOURNMENT

Chair Peddle asked for a motion to adjourn. Committee Member Neeley motioned to adjourn the meeting; seconded by Committee Member Parker. The motion passed by a 5-0-1 voice vote. Aye: Teresinski, Neeley, Parker, Partch and Peddle. Not Present: Conlin.

CARRI PARKER, Account Technician III