

OFFICE OF THE KANE COUNTY AUDITOR
TERRY HUNT, KANE COUNTY AUDITOR

ANDREA RICH
CHIEF DEPUTY AUDITOR

MARGARET TODD-CAVE
STAFF AUDITOR



719 S.BATAVIA AVENUE
GENEVA, ILLINOIS 60134

630-232-5915
630-208-3838 (FAX)

March 29, 2017

FINANCE and BUDGET COMMITTEE REPORT

Updates from the Auditor's Office

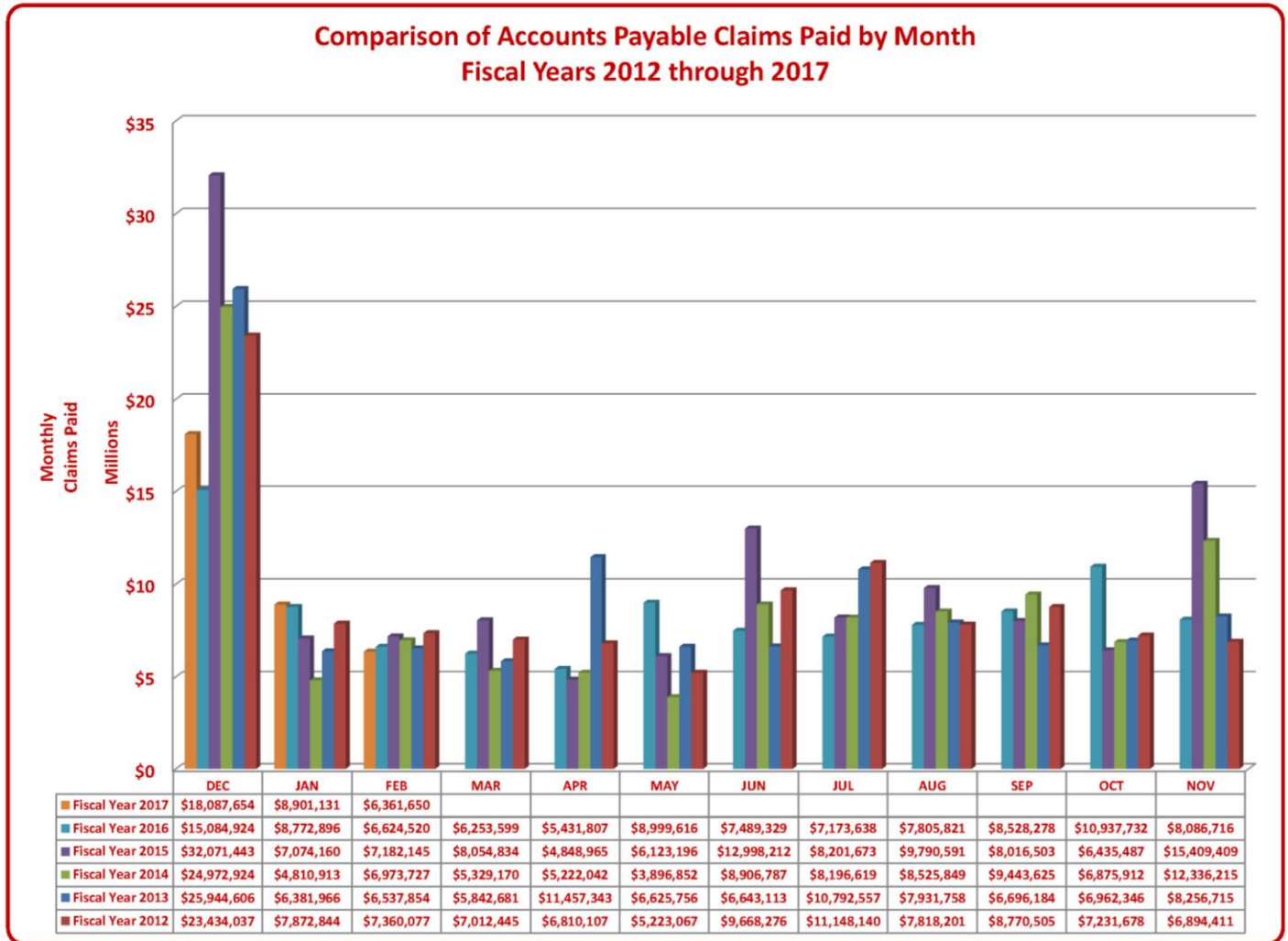
- A preliminary draft version of the **County Auditor's [Quarterly Financial Report](#) for the 4th Quarter of Fiscal 2016** was circulated to all members of the Board and the Finance Advisory Group on March 14th. The report is also published on the Kane County Auditor's website (the report is identified as a draft version, which will be updated to a final version after the CAFR has been issued).
- Field work has been completed for the **internal audit of the Treasurer/Collector** which covered the Treasurer/Collector General Fund, as well as the following agency funds; Special Trust, Special Deposit, Inheritance Tax, Payroll Clearing, Tax Sale Purchase, County Collector and Unclaimed Funds. A draft copy of the report has been sent to the Treasurer for his review and response to recommendations based upon the internal audit findings.
- Field work has been completed for the **internal audit of Agency Funds** which covered sixty-six different funds overseen by a number of offices and departments. A draft copy of the report has been sent to all stakeholders for their review and responses to recommendations based upon the internal audit findings.
- Field work has been completed for the **internal audit of the Tax Sale Automation Fund** (Fund 150). A draft copy of the report has been sent to the Treasurer for his review and response to recommendations based upon the internal audit findings.

Accounts Payable Claims Paid Report

The **Accounts Payable Claims Paid Report for February 2017** shows that 1,852 invoices were processed which resulted in payments of \$6,361,649.70.

The supporting detail is available on the **Kane County OpenGov** platform. The following link will connect to the [online checkbook for February 2017](#) . Reports for previous months are also available as saved views on the [Kane County Online Checkbook](#).

The following chart illustrates the comparison between accounts payable claims paid by month for fiscal years 2012 through 2017 to date.



Auditor’s Quarterly Financial Report Overview

An overview of the Auditor’s Quarterly Financial Report will be the subject of a brief power point presentation. Slides are included in the agenda packet.

Auditor's Quarterly Financial Report Overview

FOURTH QUARTER FISCAL YEAR 2016

FISCAL YEAR ENDED NOVEMBER 30, 2016

Presented to the Finance and Budget Committee

March 29, 2017



Auditor's Quarterly Financial Report

The County Auditor is required to prepare a quarterly report of the financial operations of the County which is presented to the County Board.

In accordance with State Statute, the report summarizes “the entire financial operations of the county including revenues anticipated and received, expenditures estimated and paid, obligations unpaid, the condition of all funds and appropriations and other pertinent information.”

Countywide Funds

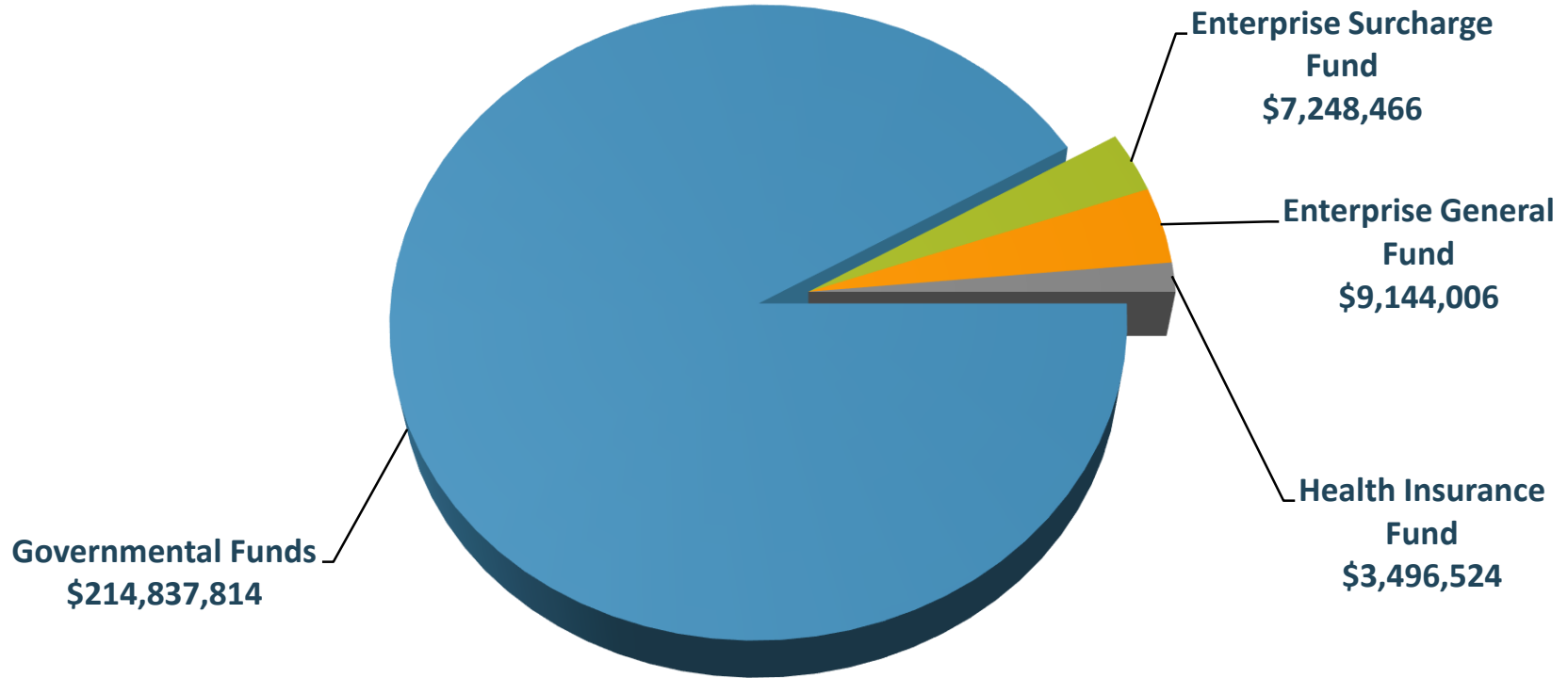


Countywide Funds (as of November 30, 2016)

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COUNTYWIDE FUNDS	ANNUAL BUDGET	YEAR-TO-DATE
Revenues	\$ 222,955,196	186,901,837
Expenditures & Encumbrances	222,955,196	182,323,964
Excess/(Deficiency) Revenues over Expenditures		4,577,874
Other Financing & Net Transfers In/(Out)		0
Less: Encumbrances Included Above		(299,272)
Net Change in Countywide Funds Balance		4,278,601
Countywide Funds Balance, Beginning of Year		230,448,208
Countywide Funds Balance, End of Year	\$	234,726,809

Countywide Funds



Governmental Funds

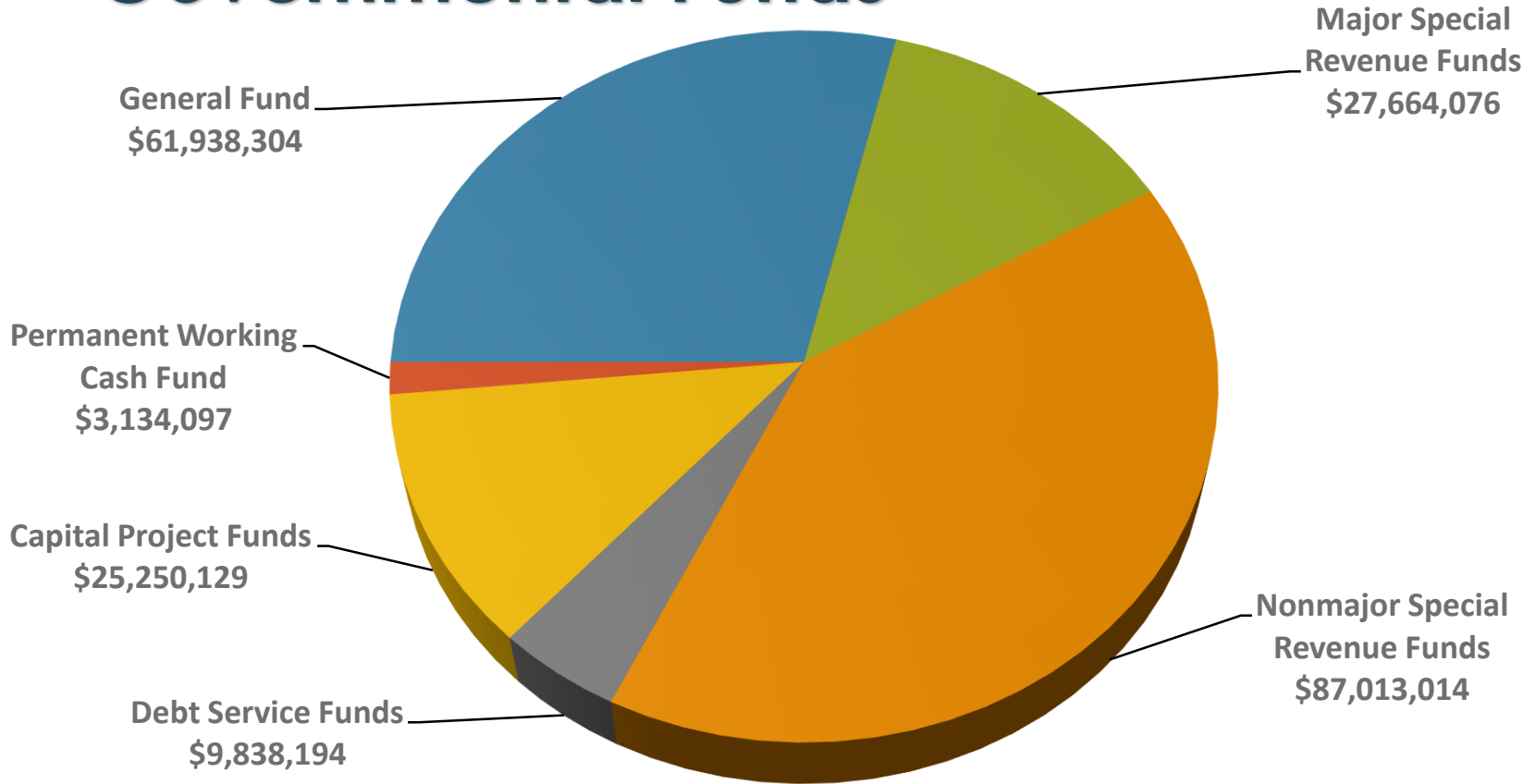


Governmental Funds (as of November 30, 2016)

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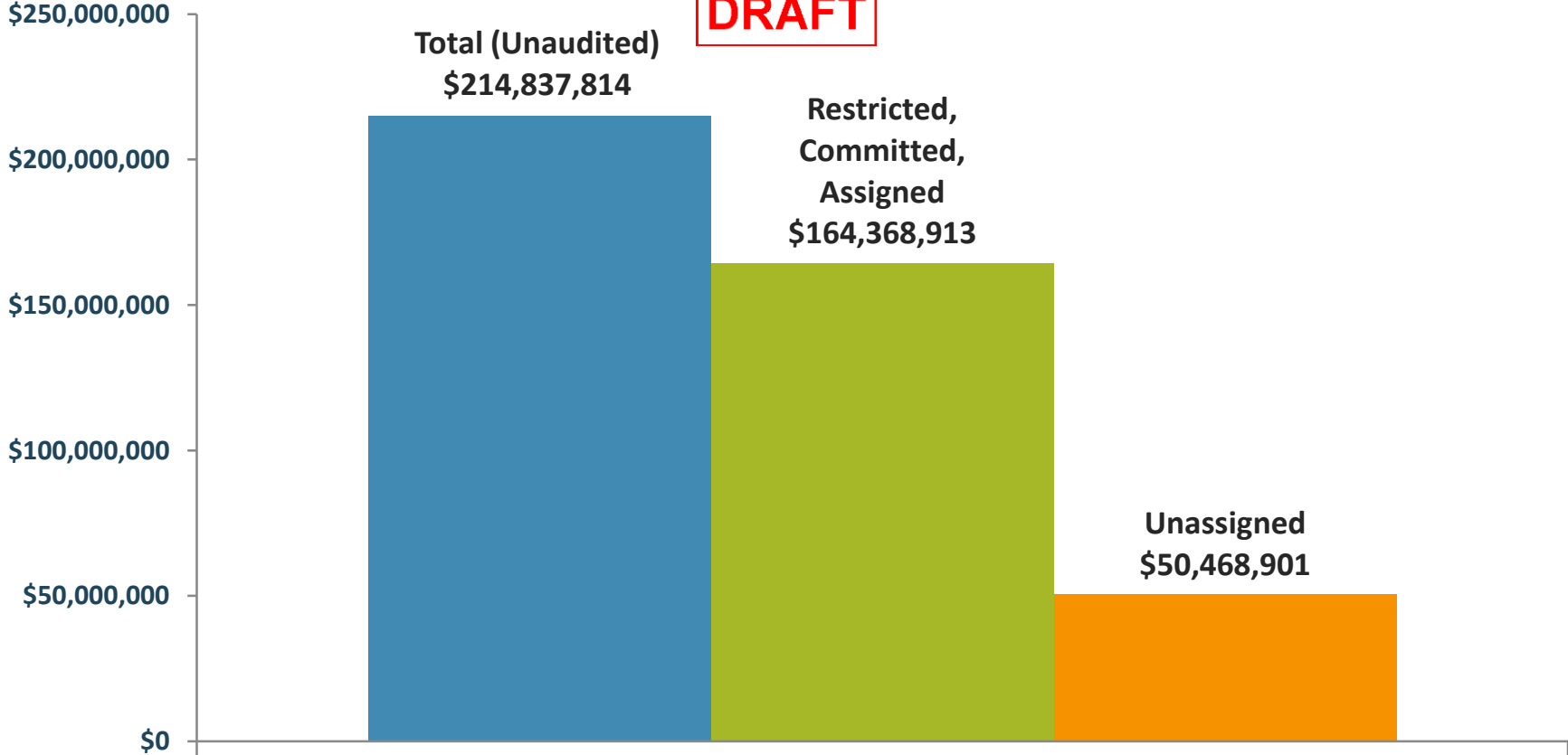
GOVERNMENTAL FUNDS	ANNUAL BUDGET	YEAR-TO-DATE
Revenues	\$ 203,380,355	171,381,707
Expenditures & Encumbrances	202,897,742	165,592,522
Excess/(Deficiency) Revenues over Expenditures	482,613	5,789,185
Other Financing & Net Transfers In/(Out)	(482,613)	(482,613)
Less: Encumbrances Included Above		(299,272)
Net Change in Governmental Funds Balance		5,007,300
Governmental Funds Balance, Beginning of Year		209,830,514
Governmental Funds Balance, End of Year	\$	214,837,814

Governmental Funds

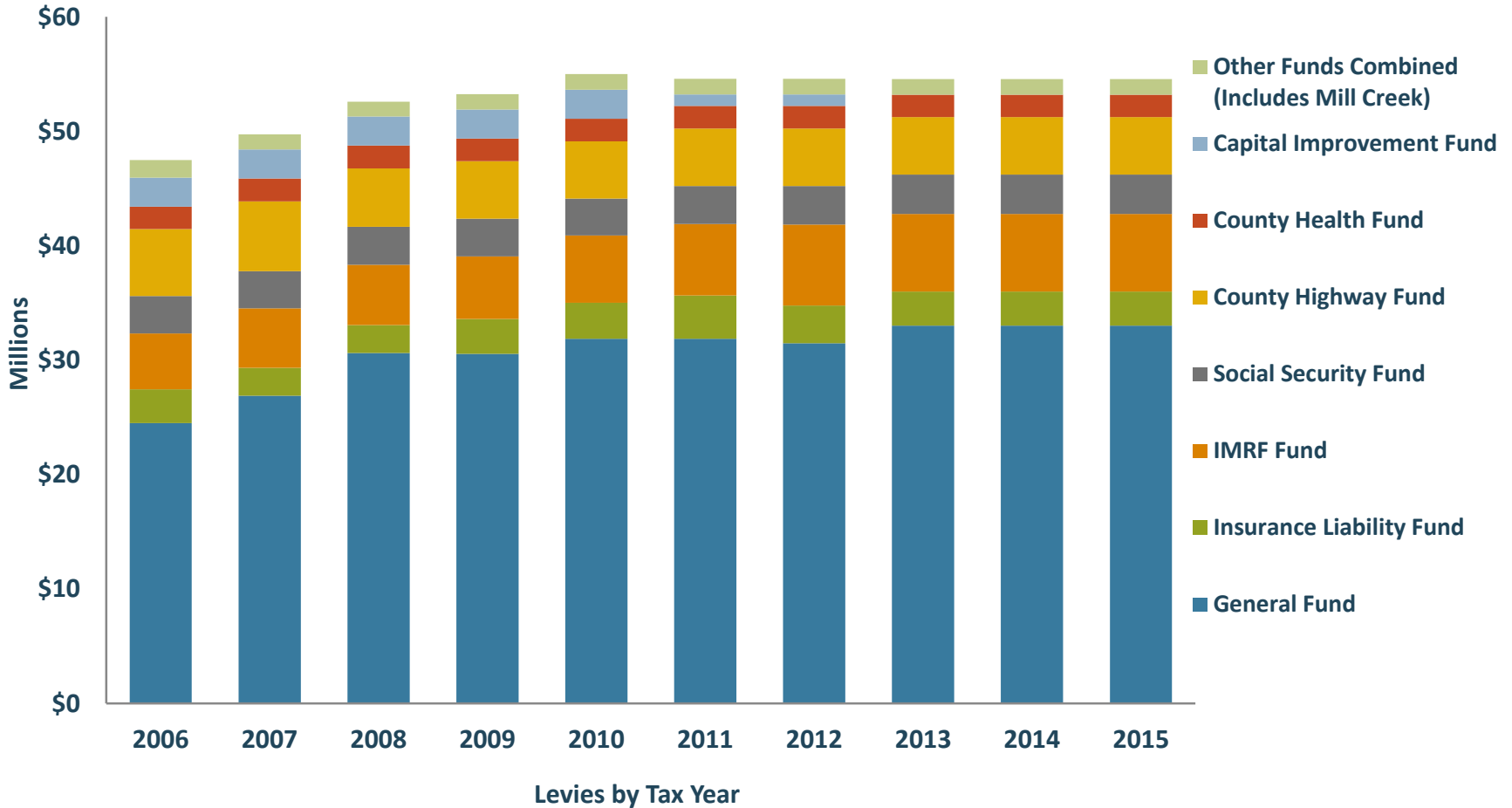


Governmental Funds (as of November 30, 2016)

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Governmental Funds



Change in Major Special Revenue Funds

- In previous years the Motor Fuel Local Option Fund and the Transportation Sales Tax Funds were categorized as major special revenue.
- For Fiscal Year 2015 the IMRF Fund was re-classified as a major special revenue fund, and the Motor Fuel Local Option Fund was reclassified as a non-major special revenue fund.
- For Fiscal Year 2016, the quarterly report reflects these changes in both the budget and actual results.

Notes on Special Revenue Funds

- The Insurance Liability Fund (Fund 010) operated at negative budget variance of approximately \$808K. The following expenditure variances were the biggest factors
 - Legal - \$150K over budget
 - Liability Insurance - \$716K over budget
 - Workers Comp Insurance - \$252K over budget

Notes on Special Revenue Funds

- The Court Automation Fund (Fund 200) and the Court Document Storage Fund (Fund 201) operated at negative budget variances of approximately \$175K and \$164K, respectively. In both cases actual revenues fell short of the budget.
 - In the Court Automation fund charges for services were off by approximately \$104K.
 - In the Court Document Storage Fund fines were approximately \$99K below budget. Additionally, part time salaries accounted for a negative \$75K variance.

Notes on Special Revenue Funds

- The Drug Court Special Services Fund (Fund 273) operated at a negative budget variance of approximately \$276K. This is especially noteworthy as the balance remaining in the fund as of year end was approximately \$196K.
 - A decline in grant revenues contributed a negative budget variance of approximately \$67K.
 - Additionally, expenditures related to residential treatment accounted for a negative budget variance of approximately \$191K.

Notes on Special Revenue Funds

- Declines in grant related revenues also negatively impacted other funds across the county.
 - The Kane Cares Fund (Fund 351) operated at a negative budget variance of approximately \$141K attributable almost entirely to a \$167K shortfall in grant revenue.
 - The Farmland Preservation Fund (Fund 430) operated at a negative budget variance of approximately \$528K. In this case Federal grant revenues were over \$1M short of budget. As a result, expenditures for farmland preservation rights were reduced by approximately \$558K as compared to the original budget.

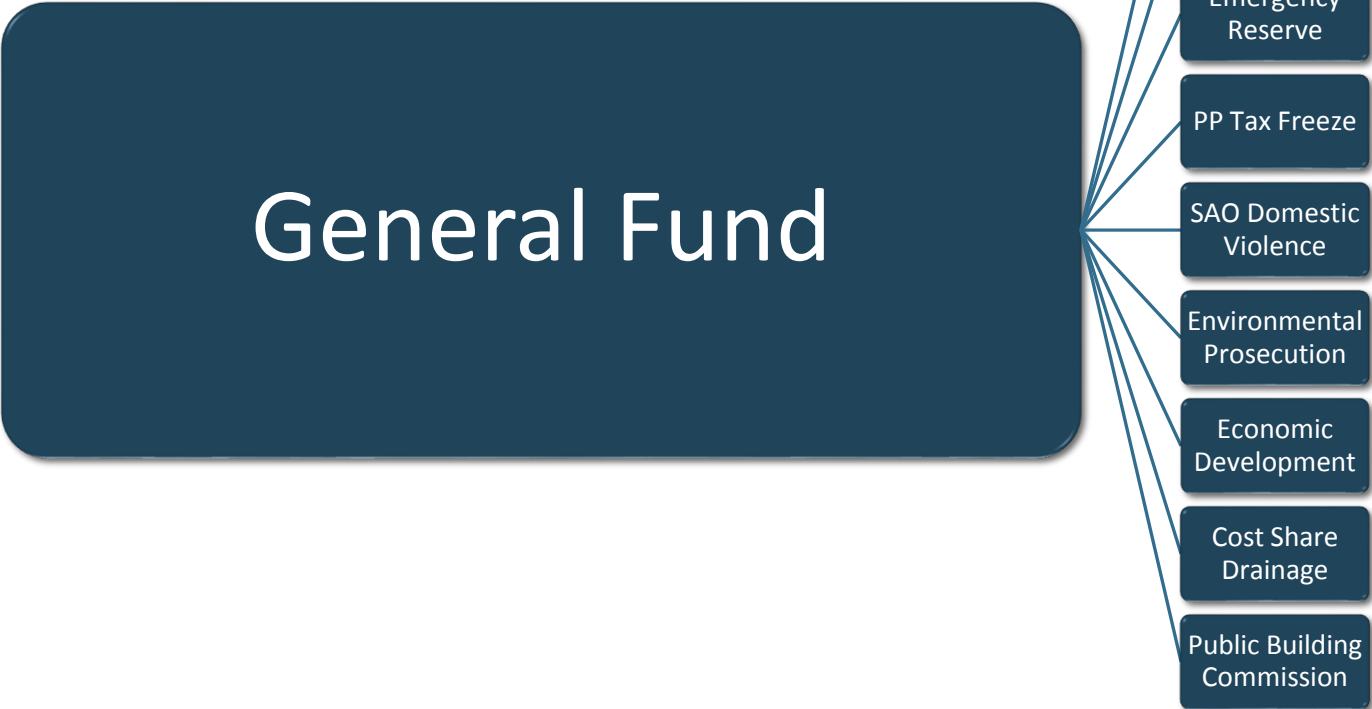
Notes on Special Revenue Funds

- Court Security fees actually exceeded achieved budgeted levels by approximately \$37K. The Court Security Fund (Fund 260) was subsidized with an internal transfer of approximately \$552K. With that transfer, the fund operated at an excess of approximately \$187K for the year. Going forward it may be possible to reduce that subsidy.

Notes on Special Revenue Funds

- Animal Control is operating at a year-to-date excess of \$222K. The Animal Control Fund (Fund 290) has a fund balance of approximately \$191K, which demonstrates a continuation of the positive trend in that department.

General Fund

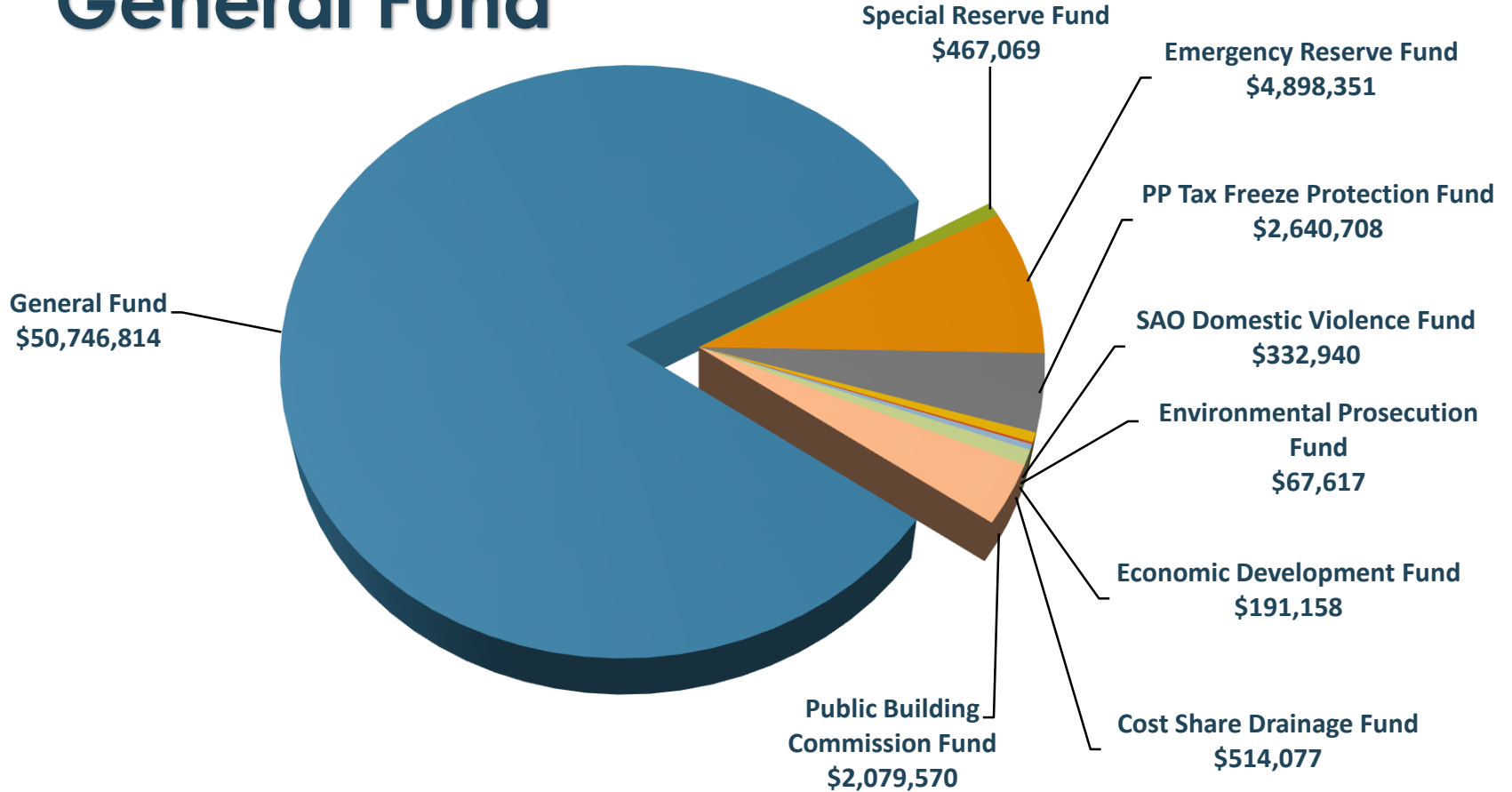


General Fund (as of November 30, 2016)

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GENERAL FUND	ANNUAL BUDGET	YEAR-TO-DATE
Revenues	\$ 84,405,226	79,913,233
Expenditures & Encumbrances	81,001,942	75,918,820
Excess/(Deficiency) Revenues over Expenditures	3,403,284	3,994,414
Other Financing & Net Transfers In/(Out)	(3,403,284)	(3,529,780)
Less: Encumbrances Included Above		0
Net Change in General Fund Balance		464,634
General Fund Balance, Beginning of Year		61,473,671
General Fund Balance, End of Year	\$	61,938,304

General Fund



General Obligation Bonds

Outstanding Bonds

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graph LR; A[Outstanding Bonds] --- B[Series 2004 GO Refunding]; A --- C[Series 2010 GO Alt Revenue]; A --- D[Series 2013 GO Refunding];
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Series 2004
GO Refunding

Series 2010
GO Alt Revenue

Series 2013
GO Refunding

Bonds Outstanding – Issued Fiscal Year 2004

In 2004 the County issued \$26,785,000 of General Obligation Bonds – Series 2004 for the purpose of refunding various debt instruments.

These bonds were used to refund previously issued bonds, including those used to finance the construction of the Orchard Road project.

Semi-annual interest is paid at 5.25%. This series is scheduled to be retired in fiscal 2021.

Bonds Outstanding – Issued Fiscal Year 2011

In December 2010 the County issued an additional \$7,670,000 in “Build America Bonds” as authorized under the American Recovery and Reinvestment Act of 2009. The act provides for a Federal subsidy through a refundable tax credit to be paid to the County equal to 45% of the total interest paid to investors.

These bonds were designated as Recovery Zone Economic Development Bonds. Principal and interest payments come from the Recovery Zone Bond Debt Service Fund.

Semi-annual interest is paid at rates ranging from 1.15% to 6.55%. This series is scheduled to be fully retired in 2031.

Bonds Outstanding – Issued Fiscal Year 2013

In April 2013 the County issued \$27,225,000 of General Obligation Bonds – Series 2013 for the purpose of refunding various debt instruments which carried higher interest rates to reduce the overall interest expense to the County.

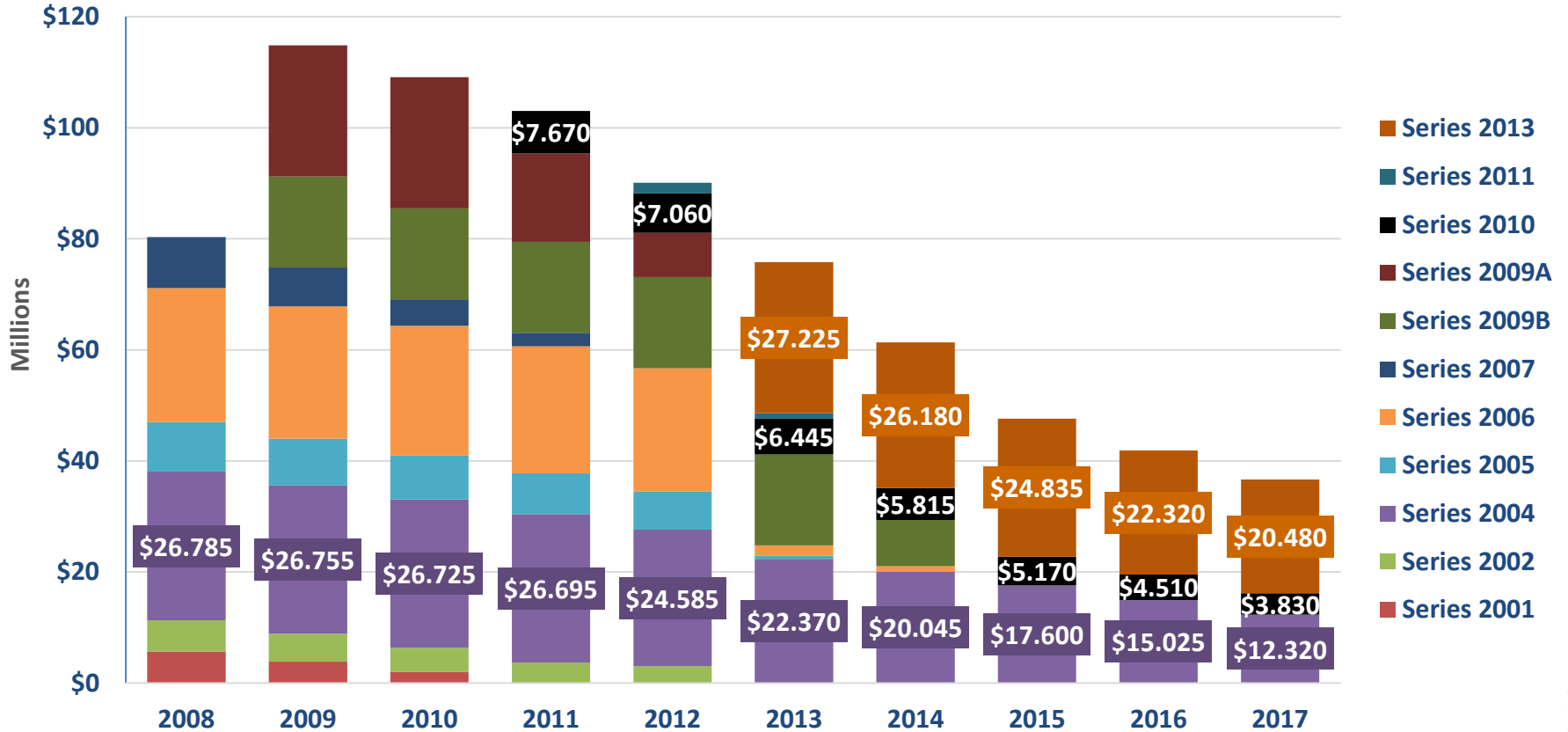
The remaining principal balance of approximately \$2,320,000 in Series 2002 G.O. Bonds was fully refunded.

Additionally, partial refunding of approximately \$5,795,000 in Series 2005 Debt Certificates, and \$19,620,000 in Series 2006 Debt Certificates was made through the Series 2013 issue.

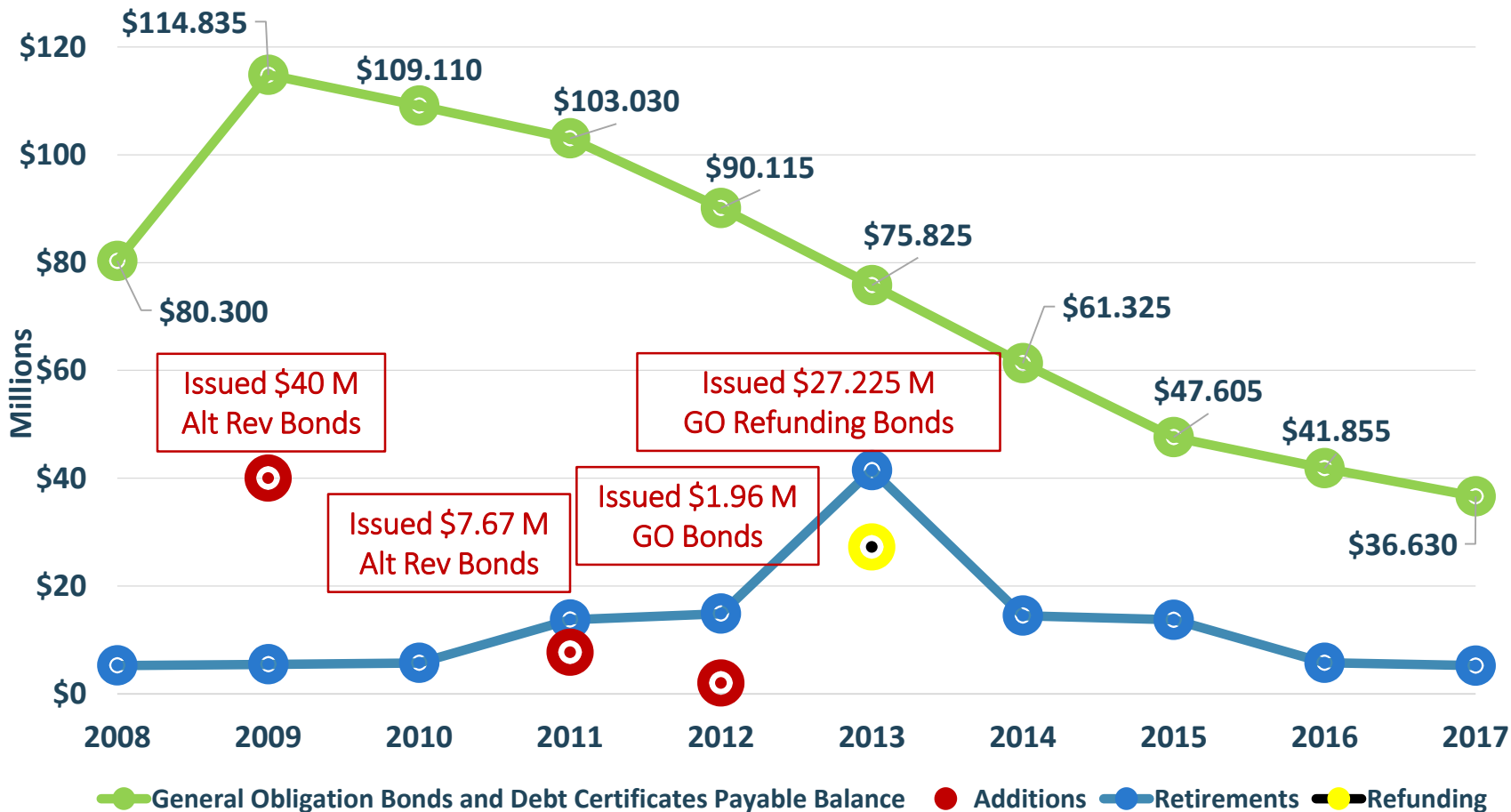
Interest between 2.00% and 3.00% is paid on a semi-annual basis. This series is scheduled to be fully retired in 2024.

General Obligation Bonds & Debt Certificates Payable

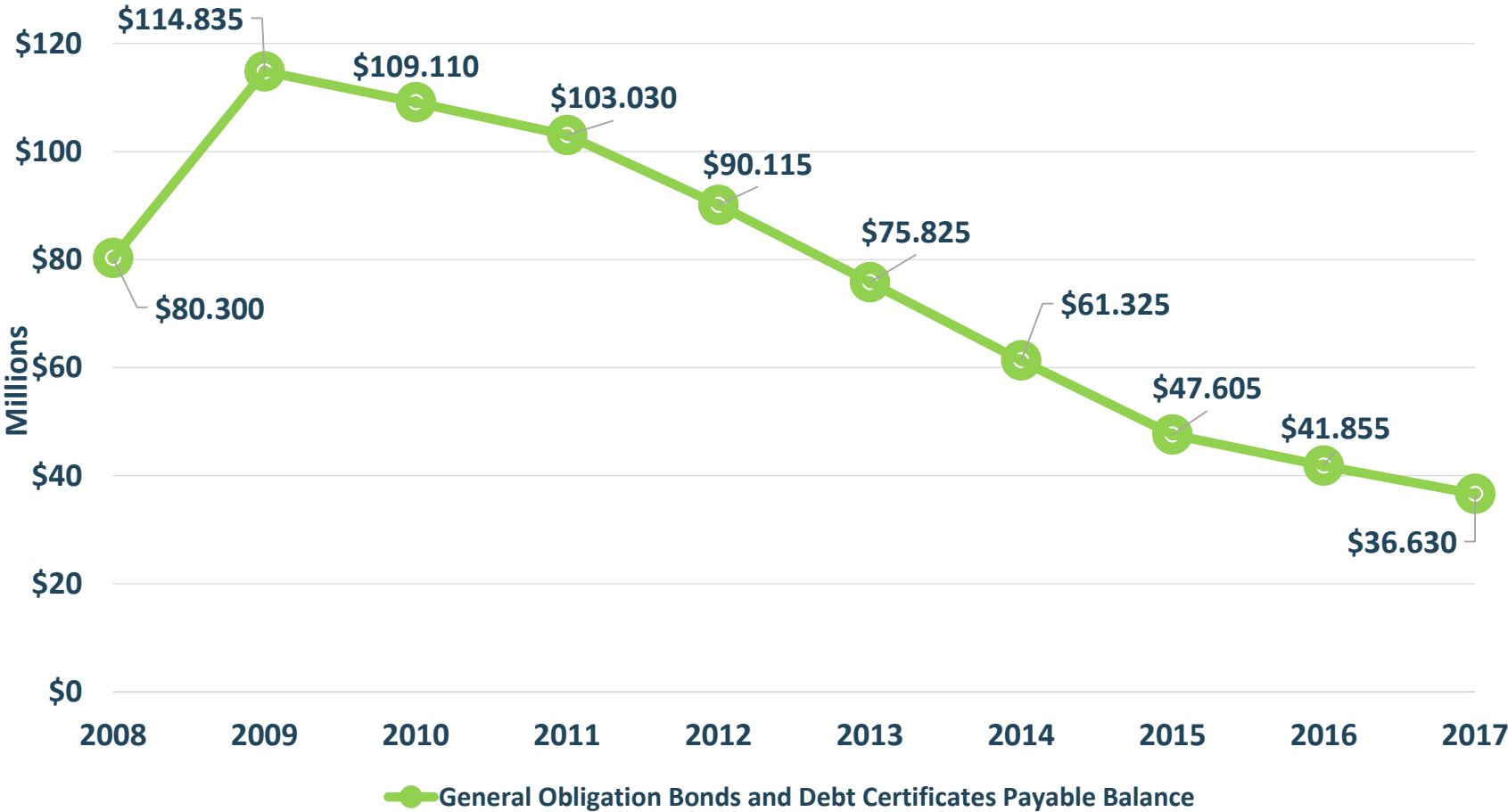
Ten Year History of Outstanding Indebtedness at Year End



General Obligation Bonds & Debt Certificates Payable



General Obligation Bonds & Debt Certificates Payable



KANE COUNTY BOND AND DEBT CERTIFICATE ACTIVITY FOR FISCAL YEARS 2008 - 2017

FISCAL YEAR ACTIVITY (\$ MILLIONS)

Debt Retirements	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Series 2001 - MFT Alt Revenue Bonds	\$ 5.650	3.845	1.970							
Additions										
Retirements	1.715	1.805	1.875	1.970						
Series 2002 - GO Refunding Bonds	5.630	5.010	4.375	3.715	3.030					
Additions										
Retirements	0.600	0.620	0.635	0.660	0.685	3.030				
Series 2004 - GO Refunding Bonds	26.785	26.755	26.725	26.695	24.585	22.370	20.045	17.600	15.025	12.320
Additions										
Retirements	0.300	0.030	0.030	0.030	2.110	2.215	2.325	2.445	2.575	2.705
Series 2005 - Debt Certificates	8.945	8.420	7.895	7.370	6.845	0.525				
Additions										
Retirements	0.525	0.525	0.525	0.525	0.525	6.320	0.525			
Series 2006 - Debt Certificates	24.110	23.795	23.385	22.870	22.240	1.875	1.005			
Additions										
Retirements	0.220	0.315	0.410	0.515	0.630	20.365	0.870	1.005		
Series 2007 - GO Bonds	9.180	7.010	4.760	2.425						
Additions										
Retirements	2.165	2.170	2.250	2.335	2.425					
Series 2009A - GO Alt Revenue Bonds		23.600	23.600	15.885	7.995					
Additions		23.600								
Retirements			0.000	7.715	7.890	7.995				
Series 2009B - GO Alt Revenue Bonds		16.400	16.400	16.400	16.400	16.400	8.280			
Additions		16.400								
Retirements							8.120	8.280		
Series 2010 - GO Alt Revenue Bonds				7.670	7.060	6.445	5.815	5.170	4.510	3.830
Additions				7.670						
Retirements						0.610	0.615	0.630	0.645	0.680
Series 2011 - GO Bonds					1.960	0.985				
Additions					1.960					
Retirements						0.975	0.985			
Series 2013 - GO Refunding Bonds						27.225	26.180	24.835	22.320	20.480
Additions						27.225				
Retirements							1.045	1.345	2.515	1.840
BEGINNING DEBT	\$ 85.555	80.300	114.835	109.110	103.030	90.115	75.825	61.325	47.605	41.855
TOTAL ADDITIONS	\$ 0.000	40.000	0.000	7.670	1.960	27.225	0.000	0.000	0.000	0.000
TOTAL RETIREMENTS	\$ 5.525	5.465	5.725	13.750	14.875	41.515	14.500	13.720	5.750	5.225
ENDING DEBT	\$ 80.300	114.835	109.110	103.030	90.115	75.825	61.325	47.605	41.855	36.630
CUMULATIVE NET DEBT RETIREMENT SINCE 2012	\$					14.290	28.790	42.510	48.260	53.485