

FINANCE AND AUDIT COMMITTEE
McHenry County Government Center – Administration Building
667 Ware Road
Woodstock IL 60098

MINUTES OF TUESDAY, JUNE 10, 2008

Committee Chairman Marc Munaretto called the meeting to order at 9:32 a.m. The following Committee Members were present: Marc Munaretto; Marie Chmiel; John Hammerand; Tina Hill; Lyn Orphal; Daniel Ryan; and Barbara Wheeler. Also in attendance: Cindy Kozlowski, Financial Analyst; Ralph Sarbaugh, Associate County Administrator – Finance; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Bill LeFew, Treasurer; Pam Palmer, Auditor; Donna Mayberry, Supervisor of Assessments; Bob Ivetic, Human Resources; Representatives from Virchow Krause; interested public; and the press.

Marc Munaretto, Chairman	
Marie M. Chmiel	John Hammerand
Tina Hill	Lyn Orphal
Daniel P. Ryan	Barbara Wheeler

MINUTES

Ms. Orphal made a motion, seconded by Ms. Chmiel, to recommend approval of the June 3, 2008 Finance and Audit committee minutes. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None

PRESENTATION

Investment Policy: Mr. LeFew provided an historical overview to the current investment policy that was implemented in the mid 1990s. He reported that currently all the funds invested by the County are insured and collateralized 100%. The bank invests the County's funds at 110% with the interest being held by a third party. All investments are done through a bidding process and are awarded solely to the highest bidder, should there be a tie, a decision is made with a "simple coin toss." The County's current average rate of return is 2.47%. The process is completely transparent and is available upon request. The investment policy is governed by State Law. Monthly reports are provided to the County Board and an annual Resolution is adopted by the County which designates bank depositories. All bank sign agreements for collateralization which are kept by the County Treasurer. The Committee thanked Mr. LeFew for his report.

Virchow Krause – Completion of the Audit: Representatives from Virchow Krause joined the Committee to provide a review of the Comprehensive Annual Financial Report for the Fiscal Year ended November 30, 2007; along with the Report on Internal Control and the Management Letter. The Audit is a unqualified opinion, which is the highest given. Members were asked to review the transmission letter in the Introduction Section and the Management's Discussion and Analysis in the Financial Section. All records are prepared by the Auditor. The documents have been prepared in accordance with all reporting standards and the County has maintained a general fund unrestricted cash reserve. Materials weaknesses identified in financial reporting for journal entries due to the new auditing standard have been adjusted. Responses to concerns raised have indicated that issues are being addressed and internal controls are being strengthened. The County Auditor's Office has implemented policies and procedures for journal entries, authorizations and proper reviews. It was noted that the County will be required to implement GASB No. 45 beginning December 1, 2008 and the County has already begun the process to get ready for this new reporting standard. Members were encouraged to review the reports submitted.

Financial Model Update: Mr. Sarbaugh, Ms. Mayberry and Mr. Austin joined the Committee to review the Financial Model and answer any questions that may be raised. Mr. Sarbaugh distributed reports noting that the County is doing an excellent job but still has challenges and must remain proactive. He reminded members that the property taxes are a huge source of revenue to the general fund and we have not seen a positive growth pattern this year with the decline in new construction we should be concerned with projections for 2008 taxes which are payable in 2009. Ms. Mayberry pointed out in the past there has been a lot of commercial growth which has fallen off along with no new building of "spec" houses and some major builders going bankrupt. She reviewed how these issues impact the tax cap numerator and the CPI rate for our area. The decline in property values over time will impact the County and we may be even seeing a negative multiplier in the next few years. A significant decline is shown in the year 2010, indicating we will be spending more than we take in at that time. The County needs to be aware of concerns in how the long-term capital affects the Model plan and perhaps take a step-back to review if there projects we cannot commit to at this point. The Committee thanked the presenters for their report and update.

Ms. Orphal left the meeting at 11:13 a.m.

NEW BUSINESS

Resolution accepting the Comprehensive Annual Financial report for FY ending November 30, 2007: Ms. Chmiel made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution accepting the Comprehensive Annual Financial report for FY ending November 30, 2007. The motion carried with a unanimous voice vote of all ayes.

Resolution authorizing Workers' Compensation Claim Settlement in the amount of \$22,310.13 and a Resolution authorizing Workers' Compensation Claim Settlement in the amount of \$8,500: Mr. Ryan made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing Workers' Compensation Claim Settlement in the amount of \$22,310.13 and a Resolution authorizing Workers' Compensation Claim Settlement in the amount of \$8,500. It was noted that both resolutions had been recommended for approval by the Human Resources and Management Services Committees. On a roll call vote, the motion carried with all members present voting aye (Chmiel, Ryan, Wheeler, Hammerand and Munaretto). Ms. Hill was not presented during the roll call vote.

Resolution authorizing the creation of one new temporary intern position and one permanent part-time intern position in the County Administration Departmental Roster and a budget line item transfer in the County Administration FY 08 budget: Ms. Chmiel made a motion, seconded by Ms. Wheeler, to recommend the County Board approve a Resolution authorizing the creation of one new temporary intern position and one permanent part-time intern position in the County Administration Departmental Roster and a budget line item transfer in the County Administration FY 08 budget. The motion carried with all members present voting aye on a roll call vote (Chmiel, Ryan, Wheeler, Hammerand, Hill and Munaretto).

Ordinance adopting the prevailing wage rates: Ms. Chmiel made a motion, seconded by Ms. Wheeler, to recommend the County Board approve an Ordinance adopting the prevailing wage rates, with a request to waive the 30 day review. The motion carried with 5 ayes (Wheeler, Chmiel, Ryan, Hammerand and Munaretto) and one nay (Hill).

Resolution authorizing the implementation of the RSM McGladrey Wage, Grade and Compensation System Phase II (internal Equity Adjustments): Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing the implementation of the RSM McGladrey Wage, Grade and Compensation System Phase II (internal Equity Adjustments). The motion carried with all members present voting aye on a roll call vote (Chmiel, Ryan, Wheeler, Hammerand, Hill and Munaretto).

OLD BUSINESS

Discussion – RTA Sales Tax Policy: Chairman Munaretto asked that a joint meeting be scheduled with the Transportation Committee to discuss this policy. He asked that this meeting be separate from regular committee meetings to only discuss and consider this issue. After discussion, staff was directed to schedule this joint meeting on Tuesday, July 15, 2008 at 6 pm – just prior to the County Board meeting that evening.

REPORTS TO COMMITTEE:

Auditor: Ms. Palmer provided a brief update to the work being done in the Auditor's office. She reported that a policy is being drafted to address procedures for journal entries. She noted that with duties and responsibilities increasing, staffing is becoming more of a concern for the department. She also reported that the department is starting internal control reviews and will be presenting a travel and business policy to Administration later today.

Contingency: Reports were submitted.

EXECUTIVE SESSION: None.

ADJOURNMENT

Noting no further business, Mr. Hammerand made a motion, seconded by Ms. Hill, to adjourn the meeting at 11:42 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

Resolution accepting the Comprehensive Annual Financial report for FY ending November 30, 2007

Resolution authorizing Workers' Compensation Claim Settlement in the amount of \$22,310.13

Resolution authorizing Workers' Compensation Claim Settlement in the amount of \$8,500

Resolution authorizing the creation of one new temporary intern position and one permanent part-time intern position in the County Administration Departmental Roster and a budget line item transfer in the County Administration FY 08 budget

Ordinance adopting the prevailing wage rates

Resolution authorizing the implementation of the RSM McGladrey Wage, Grade and Compensation System Phase II (internal Equity Adjustments)

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