

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

MINUTES OF TUESDAY, JUNE 8, 2010

Chairman Munaretto noted that since there wasn't a quorum present available for the joint meeting with the Natural and Environment Resource Committee he would recess the joint meeting for 15 minutes and move the presentation for the Finance and Audit committee forward at this time.

Committee Chair Marc Munaretto called the meeting to order at 9:32 a.m. The following Committee Members were present: Marc Munaretto; John Hammerand; Scott Breeden; Mary Donner; and Daniel Ryan. Tina Hill arrived at 9:40a.m. Lyn Orphal was absent. Also in attendance: Ken Koehler, County Board Chairman; Peter Austin, County Administrator; John Labaj, Deputy County Administrator; Ralph Sarbaugh, Associate County Administrator-Finance; Cindy Kozlowski, Financial Analysis; Pam Palmer, James Bernier and Shannon Teresi, County Auditor; Tom Annarella, Valley Hi Administrator; , interested public; representatives from Baker, Tilly Virchow Krause LLP; John Hadley, Facilities Management; Maryanne Wanaski and Sarah Ciampi, Planning and Development; and the press.

Marc Munaretto, Chairman	
Scott Breeden	Mary L. Donner
John Hammerand	Tina Hill
Lyn Orphal	Daniel P. Ryan

PRESENTATION:

FY2009 Financial Reports by Baker, Tilly Virchow Krause LLP: Representatives from Virchow Krause joined the Committee to provide a review of the Comprehensive Annual Financial Report for the Fiscal Year ended November 30, 2009; along with the Report on Internal Control and the Management Letter. They then provided a review of the audit noting that it is a clean opinion, which is the highest given. The County's reporting is in the top 5% of reporting seen. There were no material misstatements and no adjusting journal entries. 95% of governments have some sort of material weaknesses. The group thanked the County Auditor's office for the great job they do in preparation of the audit. 95% of the report addresses internal controls. Responses to concerns raised have indicated that issues are being addressed and internal controls are being strengthened. Committee members were encouraged to review all the reports received.

Ms. Hill arrived at 9:40a.m.

The Finance and Audit Committee recessed at 9:55a.m. to reconvene the Joint meeting of the Finance and Audit and Natural and Environmental Resources Committees.

The Finance and Audit Committee reconvened their meeting at 10:50a.m.

MINUTES: Ms. Donner made a motion, seconded by Mr. Hammerand to recommend approval of the minutes of the Finance & Audit Committee meeting of May 25, 2010. Chairman Munaretto stated that the Human Resources Committee had approved item 5.7 unanimously. It is Chairman Munaretto's custom, when two standing committees disagree on an item, to send the item to the full County Board as "new and unfinished business" so that the entire county board can debate the issue.

PUBLIC COMMENT: None

NEW BUSINESS:

Resolution authorizing the approval of a Formal Budget Process for Fiscal Year 2010/2011: Committee members reviewed a Resolution authorizing the approval of a Formal Budget Process for Fiscal Year 2011/2011. Mr. Breeden made a motion, seconded by Ms. Donner to recommend approval of the above Resolution as presented. No changes have made to the policy. Committee members questioned page 8 regarding grants and their requirement to have any new grants brought before the county board for consideration. Mr. Sarbaugh reminded committee members that when Title X was accepted they wanted to put some controls on some of the grants received. They put this item into the policy to help alleviate this issue. Departments have not been following this practice and committee members stated that all grant new grant requests should be brought to the Morning County Board meeting before they procure the grant. The Associate County Administrator of Finance should get copies of all proposed grants. Chairman Munaretto stated that all

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presentations for new grants should go before the daytime County Board meeting as the evening meetings are too lengthy. After discussion, the motion carried with all members present voting aye on a voice vote.

Ordinance adopting the prevailing wage rates (waiver of 30 day review requested): Committee members reviewed an Ordinance adopting the prevailing wage rates with a request to waive the 30 day review. Ms. Donner made a motion, seconded by Mr. Ryan to recommend approval of the above Ordinance as presented. It was stated that unless the County is will to undergo its own wage study, at their own cost, this must be adopted and any contractor working for the County needs to pay their workers the prevailing wage. The motion carried with the majority of members present voting aye on a roll call vote (Breedon, Donner, Hammerand, Ryan, Munaretto) aye (Hill) nay.

Planning Division Reorganization: Resolution authorizing the Planning Division be Split in Two Separate Divisions; Resolution authorizing an Increased Salary Scale for Two Community Development Positions and a Stipend for the Acting Principal Planner; and Resolution Renaming the Community Developments Existing Positions: Committee members reviewed three resolutions addressing a request by the Planning and Development Department to reorganize the Planning Division. Committee members reviewed a Resolution authorizing the Planning Division be split into two separate Divisions, a Resolution authorizing an increased salary scale for two community development division positions and a stipend for the Acting Principal Planner and a Resolution renaming the Community Development Division's Existing positions. Ms. Hill made a motion, seconded by Ms. Donner recommending approval of all three resolutions as presented. Committee members were informed that Planning and Development has worked closely with staff to reorganize this department by splitting the Planning Division into two departments and renaming/reclassifying some of the positions. This will be because of the increased duties for some of the staff. This will result in a net savings of \$27,000 annually for the department. The resolutions have been taken out of order in order to get them to the County Board in a timely manner. There were two no votes at the Planning & Development committee meeting y representatives of District 6 regarding the reclassification and salary adjustment request. After a lengthy discussion, the motion carried with all members present voting aye on a roll call vote (Breedon, Donner, Hammerand, Hill, Ryan, Munaretto)

Resolution authorizing Workers'; Compensation Claim #09-3200-02BJ Settlement and budget line item transfer; Resolution authorizing Workers' Compensation Claim #07-3210BU(2) settlement and budget line item transfer: Committee members reviewed two Resolutions, Resolution authorizing Workers'; Compensation Claim #09-3200-02BJ Settlement and budget line item transfer; Resolution authorizing Workers' Compensation Claim #07-3210BU(2) settlement and budget line item transfer. Ms. Hill made a motion, seconded by Ms. Donner to recommend approval of the two above Resolutions as presented. Committee members were informed that these two resolutions were passed at the Management Services Committee. Mr. Labaj reported that these settlements are the result of career ending injuries. These require a wage differential settlement which is different that "man as a whole" settlement. These settlements are based upon the skill sets of the employee. One of the employees was a road deputy and the other was a corrections officer. Both settlements were negotiated down to \$225,000 each plus medical and expenses. After discussion, the motion carried with all members present voting aye on a roll call vote (Breedon, Donner, Hammerand, Hill, Ryan, Munaretto)

OLD BUSINESS: None

REPORTS TO COMMITTEE

Auditor's Report: Ms. Palmer reported that the issues in the internal control letter are being addressed. She stated she would provide an update at the next committee meeting.

Contingency Reports: None available. Committee members requested this report included within the committee packets.

Valley Hi Financial Report: Committee members requested that the Valley Hi financial report be emailed to staff so this report could become part of the committee packets. Chairman Munaretto stated that we need to keep an eye on the financial performance of Valley Hi. Committee members asked if Valley Hi would be able to achieve the goal of 20 Medicare beds in their monthly census. If this occurs, the facility may be able to break even. Chairman Munaretto stated that they are committed to pay off the debt for Valley Hi during FY2011/2012.

Committee members were informed that Valley Hi is setting up a separate unit for a short term rehab program. These patients will be kept separate from the long term residents. Overall, the census at the facility will drop

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until this move is stabilized. Mr. Breeden requested copies of previous years financial reports to compare to the current years reports.

EXECUTIVE SESSION:

ADJOURNMENT

Noting no further business, Hill made a motion, seconded by Mr. Breeden, to adjourn the meeting at 11:07a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

Resolution authorizing the approval of a Formal Budget Process for Fiscal Year 2010/2011

Ordinance adopting the prevailing wage rates (waiver of 30 day review requested)

Resolution authorizing the Planning Division be Split in two separate Divisions

Resolution authorizing an increased salary scale for Two Community Development Division positions and a stipend for the Acting Principal Planner

Resolution Renaming the Community Development Divisions Existing Positions

Resolution authorizing Workers' Compensation Claim #09-3200-02BJ settlement and budget line item transfer

Resolution authorizing Workers' Compensation Claim #07-3210BU(2) settlement and budget line item transfer