

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

MINUTES OF TUESDAY, MAY 10, 2011

Mr. Hammerand called the meeting to order at 9:35 a.m. The following Committee members were present: Jim Heisler; Mary Donner; John Hammerand and Bob Bless. Scott Breeden, Chairman arrived at 9:38 a.m. Mary McCann arrived at 9:40a.m. Tina Hill was absent. Also in attendance: Peter Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator-Finance; John Labaj, Deputy County Administrator; Shannon Teresi, Auditor; Pat McNulty, Health Department; and Cindy Kozlowski, Financial Analyst.

	Scott Breeden, Chairman	
Bob Bless		Mary L. Donner
John Hammerand		James Heisler
Tina Hill		Mary McCann

MINUTES

Committee members reviewed the committee minutes of April 12, 2011 and April 26, 2011. Mr. Hammerand noted a scrivener's error in the minutes of April 26<sup>th</sup>. Mr. Heisler made a motion, seconded by Mr. Bless to recommend approval of the above minutes as amended. The motion carried with all members present voting aye on a voice vote.

PUBLIC COMMENT

None

PRESENTATION

None

Mr. Breeden arrived at 9:38a.m.

NEW BUSINESS

*Resolution Authorizing Acceptance of an IDOT Memorial Day Mini Grant Award and an Emergency Appropriation to the Sheriff's FY11 Budget:* Ms. Donner made a motion, seconded by Mr. Heisler to recommend approval of the above Resolution as presented. Committee members were informed this is a small grant that is received to allow the Sheriff's Office to conduct special enforcement for impaired driving mobilizations and/or occupant protection mobilizations from May 13<sup>th</sup> through May 30<sup>th</sup>. It was questioned why these funds are not included in the yearly budget. They were informed that they never know how much they will receive or if they will receive this grant so they are unable to budget for it. The motion carried with all members present voting aye on a roll call vote (Bless, Breeden, Donner, Hammerand, Heisler)

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

*Resolution Approving Acceptance of the State of Illinois Emergency Management Assistance Public Assistance Grant Agreement for FY2011:* Ms. Donner made a motion, seconded by Mr. Breeden to recommend approval of the above Resolution as presented. This Resolution will allow the Federal Government through IEMA to provide funds to the local governments to recoup some of their costs for snow removal for the period of January 31<sup>st</sup> to February 3<sup>rd</sup>. Committee members were informed that the total amount may be a little higher than what was put into the Resolution. The motion carried with all members present voting aye on a roll call vote (Bless, Breeden, Donner, Heisler, McCann, Hammerand)

*Resolution Authorizing Reclassification of the Director of the Workforce Investment Board Position:* Mr. Bless made a motion, seconded by Mr. Breeden to recommend approval of the above Resolution as presented. Mr. Labaj informed committee members that there were questions regarding whether the Workforce Investment Act program would be reauthorized. We were also unsure whether this program was to be assumed by the State. Mr. Marten's contract expires at the end of June resulting in the need to hire a new Director for next year's program. They feel this program will be reauthorized for the coming year. Mr. Martens went to a part-time contract which now necessitates the need to change the program for a full time director. The position is also being reclassified as a 12E to be more in line with the position. The motion carried with all members present voting aye on a roll call vote (Bless, Breeden, Donner, Heisler, McCann, Hammerand)

*Resolution Authorizing Acceptance of a \$100,000 Grant from the Illinois Department of Healthcare and Family Services and to make an Emergency Appropriation to the Dental Care Clinic's FY2011 Budget:* Mr. Bless made a motion, seconded by Mr. Breeden to recommend approval of the above Resolution as presented. Committee members were Approved 05 24 2011

## FINANCE AND AUDIT COMMITTEE

May 10, 2011

Page 2

informed that this grant will be used to improve the equipment being used in the facility. This Resolution has been approved by the Board of Health and the Public Health and Human Services Committee. The motion carried with all members present voting aye on a roll call vote (Bless, Breeden, Donner, Heisler, McCann, Hammerand)

Committee members requested Ms. Teresi present the Auditor's report since Mr. Ivetic has been detained in the Human Resources Committee meeting.

### OLD BUSINESS

None

### REPORTS TO COMMITTEE, AS APPLICABLE

*Auditor's Report:* Ms. Teresi joined committee members to provide information on an Internal Audit of Decentralized Bank Accounts. Ms. Teresi informed committee members that the internal audit is a follow up on the external audit findings from Baker Tilly Virchow Krause, LLP in the report on "Internal Controls" from the FY2009. Each of the findings and observations were reviewed with the committee members. The External Audit Report mentions that there is an increased risk for these accounts. These accounts are generally found in the elected officials departments and are reconciled by staff. One major risk is that these funds can be misappropriated. Ms. Teresi noted that she does a follow up review of the audits within three to six months. Committee members requested updates on these follow up reviews to see how the findings are being responded to.

### NEW BUSINESS CONT

*Resolution Authorizing Blue Cross & Blue Shield of Illinois as the Provider of Administrative Services Including Stop Loss Coverage and Employee Medical, Dental, and Optical Insurance for the Period of 7/1/11 through 6/30/2012:* Mr. Breeden made a motion, seconded by Mr. Bless to recommend approval of the above Resolution as presented. Mr. Ivetic informed committee members that this is the same Resolution that is brought forward yearly for stop loss coverage and employee medical, dental, and optical insurance for the period of 7/1/11 through 6/30/11 with recommended incremental changes. These are changes as discussed during the joint meeting with the Human Resources Committee. Committee members requested copies of the changes, with costs for each program, for review. They stated they receive a lot of calls questioning the cost of the insurance and this form provided a quick reference for them. Mr. Ivetic stated he would provide this information to the committee members as this is the same information that will be posted on the website. Mr. Austin informed committee members that they were on target with the projected increases for HMO and were under budget for the PPO projections. The insurance industry is changing with the HMO program being generally flat. They are now seeing movement in the HMO program faster than the other programs. This is the result of changes being made to the insurance industry. The motion carried with all members present voting aye on a roll call vote (Bless, Breeden, Donner, Heisler, McCann, Hammerand)

*Resolution Authorizing Entering into a Contract with Corporate Benefit Consultants, Inc. (CBC) to be Broker of Record and to Provide Services for the Self Funded Health Insurance Program:* Mr. Breeden made a motion, seconded by Mr. Bless to recommend approval of the above Resolution as presented. The representatives have come in at least twice a year to provide updates to the County. They keep track of the data and provide recommendations based on the industry trends and data received. CBC is also very helpful with larger claims that come through the office. The motion carried with all members present voting aye on a roll call vote (Bless, Breeden, Donner, Heisler, McCann, Hammerand)

Ms. Donner left committee at 10:15a.m.

*Contingency Reports:* Committee members reviewed the contingency report. Mr. Sarbaugh presented a copy of the current budget policy for review. He stated that if they have any issues to please address these at the next committee meeting. He stated this policy is the same as has been used for the past 10 years. Small changes have been made to the policy. If the committee members should have any questions, please call Mr. Sarbaugh.

*Economic Development Corporation:* Committee members stated there is a need to spend some time on this issue as they are seeing more companies interested in moving out of state. No additional information has been provided since the report given to the County Board.

*Convention and Visitors Bureau:* None.

Committee members mentioned that Mr. Annarella provided a report at the County Board meeting and informed them that Valley Hi has "made a profit". Ms. McCann questioned if they made a profit after they take the depreciation out. It was stated that this does not take into account for what has been taken in with the referendum. His statement was based on non-referendum funds. Valley Hi needs the levy to account for depreciation and to plan for extraordinary

FINANCE AND AUDIT COMMITTEE

May 10, 2011

Page 3

expenses at the facility. Committee members stated that this information needs to be clarified as it would be very hard to operate that facility for \$52,000 per year.

Mr. Austin informed committee members that there are various union groups that have contracts that are coming due this year. They are under arbitrations for these contracts. The Human Resources Committee has informally approved a non-union increase of 2% on June 1<sup>st</sup>. This information will be brought to this committee on the 24<sup>th</sup>. Mr. Austin reported from a financial standpoint the County can do this. In two weeks they will paint a picture of the differences between the unions and non union employees. This will allow the committees to see the differences between all the groups. Committee members questioned if this information should wait until arbitration has been settled. Mr. Austin stated that the arbitration process could take months. He stated that some of the Finance and Audit Committee members were previously upset because there were no wage increases for the non union employees. He stated that he has brought this information forward at this time as this information will be in tomorrow's newspaper. This information will be brought back to the committee for consideration on the 24<sup>th</sup>.

FUTURE TOPICS

Committee members stated they would like to see the policy on the county "loans". They stated they are especially interested in the micro-loans. They stated they might want to consider taking this program off the books since there has not been much interest shown in this program. The funds would then be rolled into the revolving loan fund. Committee members requested this information be placed on the committee agenda for consideration.

EXECUTIVE SESSION: None.

ADJOURNMENT: Noting no further business, Mr. Breeden made a motion, seconded by Ms. McCann to adjourn the meeting 10:30a.m. The motion carried with all ayes on a voice vote.

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**RECOMMENDED FOR BOARD/COMMITTEE ACTION:**

- Resolution Authorizing Acceptance of an IDOT Memorial Day Mini Grant Award and an Emergency Appropriation to the Sheriff's FY11 Budget
- Resolution Approving Acceptance of the State of Illinois Emergency Management Assistance Public Assistance Grant Agreement for FY2011
- Resolution Authorizing Reclassification of the Director of the Workforce Investment Board Position
- Resolution Authorizing Acceptance of a \$100,000 Grant from the Illinois Department of Healthcare and Family Services and to make an Emergency Appropriation to the Dental Care Clinic's FY2011 Budget
- Resolution Authorizing Blue Cross & Blue Shield of Illinois as the Provider of Administrative Services Including Stop Loss Coverage and Employee Medical, Dental, and Optical Insurance for the Period of 7/1/11 through 6/30/12
- Resolution Authorizing Entering into a Contract with Corporate Benefit Consultants, Inc. (CBC) to be Broker of Record and to Provide Services for the Self Funded Health Insurance Program

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