

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, July 11, 2007 at 4:00 p.m. in Room 404 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Sorensen; Members Selzer; Moss, Butler, Nuckolls and Rackauskas

Members Absent: None

Other Members Present: None

Staff Present: Mr. John Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Jude LaCasse, Recording Secretary, County Administrator's Office

Department Heads/
Elected Officials

Present: Ms. Jennifer Ho, Risk Management; Ms. Becky McNeil, County Treasurer; Mr. Lee Newcom, County Recorder; Mr. Don Lee, Director, Nursing Home

Others Present: Mr. Robert Neiryneck, Attorney at Law, Costigan and Wollrab; Mr. Brian Hug, State's Attorneys Office; Ms. Carol Ash, Internal Auditor, County Auditor's Office; Ms. Chris Colaw, Accounting Specialist, County Auditor's Office; Ms. Helen Barrick, Managing Partner, Clifton Gunderson LLP; Ms. Carla Paschal, Clifton Gunderson LLP

Chairman Sorensen called the meeting to order at 4:05 p.m. Chairman Sorensen called for a motion to go into Executive Session to discuss Pending Litigation.

Motion by Moss/Nuckolls to Recommend that the Finance Committee go into Executive Session at 4:06 p.m. to discuss Pending Litigation with the Committee Members, the Administrator's Office Staff, Mr. Brian Hug, State's Attorneys Office; and Mr. Robert Neiryneck, Attorney at Law, Costigan and Wollrab.
Motion carried.

Motion by Selzer/Butler to recommend the Finance Committee return to Open Session at 4:38 p.m.
Motion carried.

Motion by Moss/Selzer to Recommend Approval of the Proposed Settlement Agreement with Westfield Insurance Company for Property Coverage – Law and Justice Center Explosion and Fire.
Motion carried.

Chairman Sorensen presented the minutes from the June 5, 2007 Finance Committee Meeting for approval. Hearing no corrections to those minutes, Chairman Sorensen advised that the minutes would stand approved as presented.

Ms. Carol Ash, Internal Auditor, County Auditor's Office reviewed a Site Visit Audit Report for the Task Force Six Grant Agreement. She noted that the Agreement is between the Illinois Criminal Justice Information Authority for Expanding Multi-Jurisdictional Narcotics Units and McLean County on behalf of Task Force Six. Ms. Ash indicated that the current grant year is October 1, 2006 through September 30, 2007. The Catalog of Federal Domestic Assistance (CFDA) Number and Title are: #16.579 Byrne Formula Grant Program.

Ms. Ash advised that this is a multi-jurisdictional grant with agencies from the McLean County Sheriff's Department, the Bloomington Police Department, the Illinois State Police Department, the DeWitt County Sheriff's Department and the Clinton Police Department participating.

Ms. Ash reported that Task Force Six is operating in compliance with the Grant Agreement between the Illinois Criminal Justice Information Authority and McLean County (Agreement #405020).

Chairman Sorensen asked how are the federal grant dollars spent. Ms. Ash replied that operating expenses paid by the federal grant dollars include facilities rental, phone, cameras and other incidental expenses. Chairman Sorensen also asked for clarification on the vehicle provided from Task Force Six to an individual of the McLean County State's Attorneys Office who is the drug prosecutor for Task Force Six. Ms. Ash responded that the Bloomington Police Department, as of July 1st, will provide the vehicle.

Ms. Ash presented several Petty Cash Audit Reports. She indicated that the audit was conducted to determine that the appropriate internal controls are in place to ensure that the assets are adequately safeguarded.

Chairman Sorensen asked if there were any questions. Hearing none, he thanked Ms. Ash.

Ms. Becky McNeil, County Treasurer, reviewed her Financial Reports for the period ending June 30, 2007 as distributed. She indicated that the month of June was a very busy month. Ms. McNeil advised that they finished up the tax collections that were due on June 15th and rolled out three distributions to the taxing bodies within seven business days of the due date.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending June 30, 2007, as follows:

- Retailers Occupation Tax Revenue Year to Date is \$2,794,978.83, which is -3.40% down from last year and 46.50% of budget.
- State Income Tax Revenue is \$1,029,191.71, which is 10.19% over last year and 64.51% of budget.
- Personal Property Replacement Tax Revenue is \$934,102.57, which is 19.97% above last year and 66.96% of budget.
 - There will be additional distributions in July, August, October and December. It is likely that this category will exceed the budgeted number.
- General Fund Property Tax Revenue is at \$3,477,957.21 which is 49.38% of budget.

Ms. McNeil reviewed the Investment Report. She noted that no new investments were sought in June. Ms. McNeil indicated that a number of items matured and were renewed, with a higher rate on most of them. She reported that the total Pooled Funds is \$23,277,976.79, as of June 30, 2007, and includes all of the Property Tax Revenue that was distributed to McLean County.

Ms. McNeil reported that the Illinois Funds-Money Market rate is at 5.010% and the Illinois Funds-Prime is at 5.233%.

Ms. McNeil reported that the total of all funds is \$36,176,338.15.

Mr. Moss asked if efforts are being made to invest County funds in credit unions. Ms. McNeil replied that none of the credit unions have replied to her April 26th letter requesting financial reports that are required per the Public Funds Investment Act. Ms. McNeil indicated that she will follow up with the credit unions in the future.

Mr. Selzer recommended that the Treasurer's Office be cautious about making more effort to get information from one entity over another entity. Ms. McNeil replied that she has a list of financial institutions that are contacted for rates. The reports they are seeking from the credit unions would only result in adding them to the list. Ms. McNeil reported that most local financial institutions are on the list, except the credit unions and other financial institutions that cannot collateralize investments or offer a competitive rate.

Ms. McNeil reviewed the Statement of Revenues, Expenditures and Fund Balance for the General Fund as of June 30, 2007, as follows:

- At the beginning of the year, the Fund Balance was \$8,705,705.24;
- The total Revenue as of June 30, 2007 is \$13,805,331.78, which is 45.88% of budget;
- Expenditures are \$14,389,561.63, which is 47.82% of budget;
- The Fund Balance as of June 30, 2007 is \$10,240,302.47;
- The Net Fund Change in the Fund Balance is (\$584,229.85).

Ms. McNeil reviewed the Employee Benefit Fund Quarterly Report. As of the beginning of the year, this Fund had a balance of \$708,455.19. This is the Fund that accounts for the receipts and expenses of Employee Benefits, including Health Alliance, Delta Dental, VSP, etc. As of June 30, 2007, the Fund balance is \$524,578.48. Ms. McNeil pointed out that the reduction in the Fund balance of (\$296,543.87) is a result of the health insurance premiums and the HRA Rebate.

Ms. McNeil presented the CDAP Revolving Loan Fund Quarterly Report. She advised that several years ago, the County received grants from the State of Illinois totaling \$600,000.00 for community development assistance.

Ms. McNeil reported that there are currently five loans that are active, namely:

- Victory Enterprises
- Debbie Thomas Learning Center
- Boitnott Foods
- Trace Design
- Coffee Hound

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Ms. McNeil indicated that an additional loan was recently approved at a Finance Committee Stand-up Meeting and the Board meeting on June 19th for the DESTIHL Restaurant.

Ms. McNeil reported that the current amount of funds available for lending is \$644,768.45, less the \$350,000.00 that was just approved for DESTIHL Restaurant. She also noted that Victory Enterprises was behind as of the date of this report. However, their June payment was received today.

Mr. Selzer asked if the progress of these businesses is being monitored by anyone. Ms. McNeil replied that Mr. Marty Vanags, Chief Executive Officer, Bloomington-Normal-McLean County Economic Development Council, reviews the progress of the loan applicants. Mr. Selzer recommended that an annual progress report be provided to the Finance Committee.

Motion by Selzer/Rackauskas to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending June 30, 2007, as submitted.
Motion carried.

Chairman Sorensen asked if there were any additional questions or comments. Hearing none, he thanked Ms. McNeil.

Chairman Sorensen presented a report on the 2008 Farmland Assessment Review Committee's annual public meeting on Friday, June 29, 2007 as submitted by Mr. Robert Kahman, Supervisor of Assessments. Chairman Sorensen asked if there were any questions. There were none.

Mr. Lee Newcom, County Recorder, advised that, because the Finance Committee meeting date changed, the management consultant from MAXIMUS, Inc. was unable to attend the meeting to review the report on the Recorder's Office. Mr. Newcom suggested that the report be reviewed next month when the MAXIMUS representative could be present. The report was distributed to the Committee members.

Mr. Newcom stated that the report reflects that the Recorder's Office is overstaffed by a percent of an employee yet, by peer review, they are understaffed by a percent of an employee. He advised that the Recorder's Office recently added a half-time employee, based on their temporary seasonal line. Mr. Newcom indicated that a part-time employee, who had been in the office for a year, was assigned to assist with the area where the office was backlogged.

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When that employee left, a full-time, temporary person was hired in that position. As a result, the backlog has significantly decreased. The mail out time, which had risen to approximately 30 days, is now 3-4 days.

Mr. Newcom indicated that he will request that the new, temporary staff person be made permanent next year. He noted that the MAXIMUS report supports the addition of that employee.

Mr. Selzer expressed his appreciation that the Recorder's Office was not mentioned in the Outside Auditor's report.

Chairman Sorensen asked if there were any questions on the Recorder's Office Monthly Report. Hearing none, he thanked Mr. Newcom.

Mr. Don Lee, Director, Nursing Home presented his Monthly Report. He noted that there is nothing unusual in the report. Mr. Lee noted that the census was a little low because of turnover. He indicated that the month of May ended positively.

Chairman Sorensen expressed his appreciation for Mr. Lee's administration of the Nursing Home.

Chairman Sorensen asked if there were any comments or questions. Hearing none, he thanked Mr. Lee.

Mr. John Zeunik, County Administrator, introduced Ms. Helen Barrick, Managing Partner, Clifton Gunderson L.L.P and Ms. Carla Paschal, Senior Manager, Clifton Gunderson L.L.P. He advised the Committee that each year at this time, the County's outside auditor presents the Comprehensive Annual Financial Report for the Year ended December 31, 2006, the Management Letter of Advisory Comments and the Single Audit Report. Mr. Zeunik advised that the Finance Committee members will not receive another copy of these reports in their County Board packet.

Ms. Barrick distributed a Recast of the Statement of Activities sheet to assist in her review of the Audit Report. She introduced Ms. Carla Paschal, who is the Senior Manager. Ms. Barrick indicated that the Committee should have received the Comprehensive Annual Financial Report, the Single Audit Report, and two letters, namely the Management Letter and the Auditor's Responsibility Letter. Ms. Barrick stated that the Comprehensive Annual Financial Report and the Single Audit Report are the two significant reports that she will review. She noted that the two letters are peripheral or by-products of the Audit.

Ms. Barrick indicated that the Financial Statements are in conformance with Governmental Accounting Standards Board Statement #34 (GASB 34), which is the recording model for governmental accounting.

Ms. Barrick advised that the Auditor's Report on the Financial Statements is "unqualified," which indicates that the Financial Statements are clearly presented in accordance with generally accepted accounting principals and is the best opinion that you can receive.

Ms. Barrick indicated that she does not audit the Management Discussion and Analysis, but she encouraged the Committee members to read the report as it provides a synopsis of what occurred during the year. Ms. Barrick also noted that the statistical section is not audited. She stated that, in her report, she will refer to the Statement of Net Assets on pages 1 and 2 and the Statement of Activities on pages 3 and 4. Ms. Barrick noted that this consolidates the funds of the McLean County.

Ms. Barrick indicated that "Governmental Activities" are all of the funds other than the Nursing Home, which is considered a business-type activity, and the fiduciary funds, which are funds such as property tax funds that are in and out dollars. Ms. Barrick stated that the component units of McLean County are the ETSB and the Public Building Commission.

REVENUES

Ms. Barrick reviewed the "Revenues" section of the Recast of Statement of Activities. She stated that the Total Revenue for "Governmental Activities" was \$70,612,451.00 as compared to \$68,013,449.00 in 2005 for an increase of \$2,599,002.00. She highlighted the Revenue, as follows:

Program Revenues:

Charges for Services was \$18,762,431.00 as compared to \$18,070,000.00 in 2005, which is an increase of \$692,331.00. Areas that improved were:

- Additional security fees that were generated for security provided to the Central Illinois Regional Airport by the Sheriff's Department;
- Revenue related to grant dollars for the voting machines in the County Clerk's Office, and
- Increased Landfill Fees that were allowed as well as the expansion of the Landfill;

- Additional revenues generated from the Circuit Clerk Fees, primarily due to an increase volume of tickets processed;
- Increased permit fees for the Wind Turbines.

These revenues were partially offset by the reduction in payments from the decreased revenue when Bloomington opted out of the Metro McLean Centralized Communication Center for part of the year.

Operating Grants and Contributions includes all grants, such as grants to the Health Department, Probation Officers, etc. Operating Grants and Contributions were \$5,554,462.00 as compared to \$6,419,816.00 in 2005 for a decrease of approximately \$865,354.00. The biggest decreases include:

- Homeland Security Grant in 2005 was not repeated in 2006;
- Funding for bridges that was not repeated in 2006.

Capital Grants were \$2,650,690.00 as compared to \$1,895,045.00 in 2005 for an increase of \$755,645.00. Capital Grants are grants that deal with specific roads and infrastructure. In many cases, these are not even dollars coming to the County, but may be a road provided by the State that is effectively a donation to the County. This can change dramatically between years.

General Revenues:

Taxes went from \$40,290,174.00 in 2005 to \$41,700,321.00 in 2006, which is an increase of \$1,410,147.00. This includes not only Property Taxes, but also Sales Tax, State Income Tax, Personal Property Replacement Tax and Motor Fuel Tax. There was growth in economic taxes, which is always unpredictable.

- Retailer's Occupation Tax was up \$55,000.00;
- Income Taxes were up approximately \$132,000.00;
- Personal Property Replacement Tax was up \$67,000.00;
- Property Tax rates stayed very stable.

Unrestricted Interest Earnings were \$1,586,217.00 as compared to \$1,057,908.00 in 2005 for an increase of \$528,309.00.

"Other" is unclassified revenues, including the inheritance tax fees, which fluctuates from year to year.

EXPENSES

Ms. Barrick reviewed the Expenses section of the Recast of Statement of Activities, noting that the Expenses in 2006 were \$61,073,902.00, and expenses in 2005 were \$60,037,971.00, for a difference of \$1,035,931.00. She highlighted the Expenses, as follows:

Governmental Activities

General Government area includes Board administration, Treasurer's Office, Auditor's Office, County Clerk's office and anything else that does not fall under public safety, highways or health and welfare. General Government was \$14,857,530 as compared to \$13,618,731.00 in 2005 for an increase of \$1,238,799.00. The largest increase in expenses include:

- Purchase of touch screen voting equipment by the County Clerk;
- Payment to the Regional Planning Commission for aerial photographs, which is done on a periodic basis;
- Increase in Worker's Compensation claims and the severity of the claims, which resulted in almost more than \$400,000.00 in the total expenses.
- IMRF was up \$100,000.00

Public Safety was \$27,749,373.00 in 2006 as compared to \$25,719,553.00 in 2005 for an increase of \$2,029,820.00. There are a variety of reasons for the increase, including:

- Commodities were up about \$76,000.00 in supplies and fuels;
- Contractual Services were up \$268,000.00 for:
 - Psychiatric services expenses;
 - Care of Dependent Children;
 - Prisoner housing outside of McLean County;
 - Contract Services in Court Document Storage;
 - Various equipment maintenance.

Expenses in "Highways and Streets" went down from \$11,845,273.00 in 2005 to \$9,418,840.00 in 2006 for a decrease of \$2,426,433.00. Many of these expenses vary from year to year, with some years being maintenance costs and some year's expenses that can be capitalized.

Health and Welfare was \$7,528,879.00 as compared to \$7,225,898.00 in 2005 for an increase of \$302,981.00. Please note:

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- Increase in minor equipment of \$25,000.00;
- Commodities decreased \$16,000.00;
- Increase in Contractual Services of \$57,000;
- Increase in Personal Services of \$239,000.00.

Culture and Recreation was \$1,062,399.00 as compared to \$997,470.00 in 2005 for an increase of \$64,929.00.

Interest Expense decreased from \$631,046.00 in 2005 to \$456,881.00 in 2006. This is an element of the debt owed to the Public Building Commission.

Ms. Barrick reported that, overall, there was an excess of Revenues over Expenses of \$9,538,549.00. The transfer of \$580,000.00 was between the IMRF and Social Security and the Nursing Home. This leaves a change in net assets of \$8,957,956 and an end of the year net assets of \$110,172,002.00.

Ms. Barrick reviewed the "Business-type Activities," noting that this is strictly the Nursing Home. She noted that the Revenues were \$6,802,000.00 compared to \$5,893,000.00. Ms. Barrick stated that this was the year the Intergovernmental Transfer came into play due to the changes in the way Medicaid was paid. Revenue is reflected at a higher amount. Ms. Barrick reported that Expenses were \$6,816,383.00 in 2006 as compared to \$6,010,748.00 in 2005 for an increase of \$805,635.00. Included in the \$805,635.00 is an expense of \$450,000.00 for the Intergovernmental Transfer that has to be paid back. She indicated that it is appropriate that this is reflected as an expense. Additionally, salaries were up in the Nursing Home by a little more than \$200,000.00. She advised that the Nursing Home is very successful.

Ms. Barrick referred to the General Fund on Page 74 in the Report. She noted the following on the General Fund:

- \$30 million in Revenue;
- \$28 million in Expenditures;
- \$100,000.00 in other financing sources;
- Net change in Fund Balance of \$2 million.

Ms. Barrick indicated that the General Fund had a good year. She stated that a lot of the growth in the economic taxes came in very nicely, and the County continues to control its expenses.

Ms. Barrick pointed out that, from a financial aspect, the Tort Judgment is one fund that had a little difficulty last year due to some of the Worker's Compensation claims. She also noted that the IMRF costs came in a bit higher than anticipated.

Ms. Barrick stated that she does not have any concerns about any of the other funds. She indicated that McLean County is in very stable financial condition.

Ms. Barrick stated that, in regard to the Financial information, as they do the audit, they make some audit adjustments, perhaps 40 adjustments. She indicated that, in some cases, the adjustments are made after the books are closed at the end of February and are passed over to the outside auditor. The adjustments often have to do with grants that need to be cleaned up and finalized. Ms. Barrick noted that when there aren't a significant number of adjustments or the adjustments are minor, you can rely on the financial information you can receive.

Ms. Barrick pointed out that there have been some changes in the accounting world. She stated that they used to date all of their auditor reports on the last day they left the field. Now, they cannot date the report until everything is reviewed and completed, thus it is now dated on the same day it goes to press and is distributed. Ms. Barrick indicated that there is also a change in the Management Letter and Single Audit Report. She stated that the terminology related to the Management Letter has changed. Previously, the headings were:

- Material Weaknesses,
- Reportable Conditions,
- Other Matters.

Ms. Barrick noted that "Material Weaknesses" are considered the most serious problems, and "Reportable Conditions" no longer exists. Currently there are:

- Material Weaknesses;
- Significant Deficiencies;
- Other Matters.

Ms. Barrick stated that, when you get into governmental auditing, if there is anything of significance related to the Financial Statements, it must be reported in the Single Audit Report. According to Government Auditing Standards, the outside auditor is precluded from repeating it in a Management Letter.

The Management Letter is now for the less significant items and, in the future, it is possible that you may not even have a Management Letter. The significant items will now be included in the Single Audit Report. Ms. Barrick indicated that this new terminology is very harsh and negative. She noted that there are a variety of things that they are required to include as "Significant Deficiencies." For example, "if any organization does not have on-staff personnel who can write financial statements including all of the disclosures and know that there would not be a missing disclosure or any error in those financial statements," it is automatically a Significant Deficiency in the Financial Statement. There are many organizations who do not have the staff to write financial statements. Ms. Barrick advised that McLean County is very close to being able to meet that requirement. However, this year, it was necessary to indicate that McLean County was not quite ready to take that step.

Ms. Barrick indicated that there was some difficulty with some of the grants this year. She stated that, with grants, they are required to look, in detail, at certain grants in certain years. When the outside auditor audits the grants, they make sure that the revenues come in and the expenses are recorded, but they do not look at all of the compliance features of every grant, every year. The outside auditor is required to select certain grants that are at a certain threshold, and then they are required to select additional grants based on specific criteria. Ms. Barrick stated that, because they don't hit every grant, every year, some parties that do not work on a daily basis with grants don't necessarily know what to look for and they are not familiar with all of the federal compliance rules. She advised that they are delighted that Ms. Carol Ash, Internal Auditor, Auditor's Office, will be working with a variety of the departments on the grants.

Ms. Barrick advised that there is one particularly troublesome grant. Mr. Selzer asked if she was referring to Findings 2006-02 and 2006-03, Domestic Violence Multi-Disciplinary Team – CFDA#16.588. Ms. Barrick replied that he is correct. Mr. Selzer stated that it appears that there were the same issues with the same grants in the previous year. He suggested that the problem is a personnel issue. Ms. Barrick indicated that each of these Findings have a Management Response, which they are required to include.

Chairman Sorensen asked Ms. Barrick if she was satisfied with the Management responses to the findings in the documented issues in the Single Audit Report in terms of a course of action. Ms. Barrick replied that there will need to be some effort put into Findings 2006-02 and 2006-03. Chairman Sorensen asked if there is a way to handle the issue without waiting until the 2007 Audit to find out if the problem has been corrected, and should the Finance Committee request copies

of the grant reports on a quarterly basis. Ms. Barrick responded that, with the recent placement of Ms. Ash in the Auditor's Office, she believes Ms. Ash's follow-up reports will be adequate. Ms. Paschal stated that Ms. Ash has set up general ledger accounts and sub-codes for these grants that will capture all of the information needed to correctly prepare the reports. Ms. Paschal indicated that the data reports still need to be addressed.

Ms. Paschal indicated that she believes there is a proper match for Finding 2006-03, but there is not enough documentation to prove that people are spending their time on the grant. She suggested that Ms. Ash develop a system to track the time spent on the grant.

Mr. Selzer stated that education will be beneficial in eradicating some of the problems noted in the Single Audit Report on grant reporting.

Ms. Paschal advised that Finding 2006-04, WIC Program, had enough methodology in the Health Department, but they did not have it documented and tested. She noted that the Health Department has committed to working on that in 2006. Ms. Paschal also noted that Finding 2006-05, WIC Program, was an isolated instance of eligibility, but it was necessary that it be reported. She noted that it is not a pervasive problem.

Mr. Selzer referred to the "Financial Highlights" on page XI of the Comprehensive Annual Financial Report. He pointed out that the unreserved fund balance in the County's General Fund was \$11,264,567 as of December 31, 2006, amounting to 32% of the total General Fund expenditures for fiscal year 2006. Mr. Selzer stated that the amount of funds the County Board has set aside that must be carried is 10% of the total of all of the expenses for a given year, which would be approximately \$7.2 million. He indicated that there is an excess in the General Fund, some of which has been allocated for the Old County Courthouse restoration project. Mr. Selzer suggested that some of the funds be used on priority issues, such as electronic monitoring. He also recommended that some of these funds be used for training.

Mr. Selzer expressed concern with the Law Library. He noted that the Law Library was previously in a deficit. However, as of today, the Law Library has a positive balance of about \$8,000.00, which was accomplished by raising fees on certain cases. Mr. Selzer pointed out that the McLean County Bar Association has a contract with the County and currently owes the County \$6,000.00 from 2005, 2006 and 2007 for a total of \$18,000.00. He noted that the Law Library made one payment of \$3,600.00.

Mr. Selzer indicated that no resolution has been made in regard to the delinquent payments owed by the Bar Association. He stated that he believes the County should sue the Bar Association.

Chairman Sorensen asked if there were any questions for Ms. Barrick. Hearing none, he asked for a motion to accept and place these reports on file.

Motion by Selzer/Moss to accept and place on file the Combined Annual Financial Report for year ended December 31, 2006, the Management Letter of Advisory Comments and the Single Audit Report and forward these reports to the County Board members with the July Board packet.
Motion carried.

Chairman Sorensen announced that historically, the Finance Committee removes items from the reports that need additional information or feedback from department heads and then invites the department heads to come to the Finance Committee to review the issues. He pointed out the following issues:

- Payroll procedure improvements in the Treasurer's Office;
- Highway Capital Asset additions in the Highway Department;
- Recommendation for staff adjustments in the Auditor's Office, which will be addressed in the next Committee action item;
- Findings 2006-02 and 2006-03, Domestic Violence Multi-Disciplinary Team – CFDA#16.588, State's Attorneys Office;
- Findings 2006-04 and 2006-05, WIC Program, Health Department.

Chairman Sorensen outlined the significant accomplishments that need to be made:

- Confirmation from the Treasurer that the payroll procedures have been updated and are working as intended;
- Confirmation from the Health Department that they have addressed the issues on the WIC grant;
- Plan from the Highway Department, in coordination with the Auditor's Office, for how they will address the capital asset additions and then outline an update and timetable on how it is going;
- Explanation on the plan of action that is in the document and how that plan will work for the Domestic Violence Multi-Disciplinary Team grant, State's Attorneys Office.

Ms. Barrick concurred that those were the significant highlights of her report.

Chairman Sorensen asked the County Administrator to write letters to the Department heads inviting them to come to the Finance Committee to discuss these issues.

Ms. Barrick thanked the Committee for taking the time to read the reports and for having an action plan to address the issues.

Chairman Sorensen thanked Ms. Barrick and Ms. Paschal.

Mr. Zeunik presented a proposed reorganization of the Auditor's Office. He explained that there are currently two positions open in the Auditor's Office, namely a 1.0 FTE Accounting Specialist II at Grade 07 and a 0.53 FTE Office Support Specialist I at Grade 04.

Mr. Zeunik stated that, during the completion of the FY'2006 audit, the need to upgrade the professional capability of staff in the Auditor's Office was identified. In the last year, the Governmental Accounting Standards Board ("GASB") has imposed and continues to impose additional financial reporting standards on local governments. The additional reporting requirements imposed on County government by each GASB standard requires more knowledgeable and more experienced financial staff

Mr. Zeunik indicated that the current organization of the staff in the Auditor's Office does not include a professional position that has the necessary education and experience to handle the financial reporting duties related to the preparation of the Comprehensive Annual Financial Report, Single Audit Report, and the new reporting requirements imposed by the GASB.

Mr. Zeunik asked that the Committee consider recommending that a new position classification of Financial Reporting Specialist be created at a salary grade 10. He requested the following reorganization of FTE positions within the office:

Delete 1.0 FTE Accounting Specialist II at grade 07
Add 0.42 FTE Financial Reporting Specialist at Grade 10

Mr. Zeunik asked that the part-time position of Office Support Special I position be changed to a part-time Accounting Specialist I position. This change would permit this position to assume some of the accounts payable processing workload in the office.

With the current vacant positions in the Auditor's Office, Mr. Zeunik requested the following reorganization of FTE positions within the office:

Delete 0.53 FTE Office Support Specialist I at grad 04
Add 0.22 FTE Accounting Specialist I at grade 05

Mr. Zeunik stated that the timing on the vacancies coincided with when Clifton Gunderson was here for their field work. He noted that their input helped frame the recommendations listed above. Mr. Zeunik reiterated that the County is being inundated with changes in Governmental Accounting Standards. He noted that GASB 34, which is the basis upon which the County's Financial Statements are presented, was a major undertaking and a huge shift in the way financial information is to be presented for governments. Mr. Zeunik added that GASB 44, which was the change in statistical reports, took effect this year, and two additional GASB standards will impact County Government in the next two years.

Mr. Zeunik advised that the recommended changes do not increase the FTE's or add positions in the office. He noted that the changes will be in the complement of the positions in terms of responsibilities and duties. Mr. Zeunik indicated that Mr. Lindberg worked with the County Auditor to develop a job description for the Financial Reporting Specialist. The requirements of this position include the capability to prepare the financial reports and the disclosures that go with the financial reports.

Mr. Zeunik pointed out that page 47 of the Finance Committee Packet shows what the current positions are as they were budgeted at the beginning of the year, including the pay grade, the annual salary and the balance remaining as a result of the vacancies. He noted that the .42 FTE represents the balance of the FY'2007 and the .22 FTE for the Accounting Specialist I represents the balance for this fiscal year. Mr. Zeunik stated that there is no fiscal impact this year. The reorganization can be made without any additional budget authority. He stated that in Fiscal Year 2008, you can compare the projected salaries against the budgeted salaries in FY'2007 and see that there is an impact because of the increase in salary in the grade level of two positions. That impact will be incorporated in the preparation of the FY'2008 Budget.

Mr. Zeunik indicated that, if the Committee concurs with this reorganization, it will be necessary to recommend approval of the Resolution Amending the Funded Full-Time Equivalent Positions Resolution for 2007. He explained that for the balance of FY'2007, it deletes the Accounting Specialist II position and the Office Support Specialist I position and replaces them with the Financial Recording Specialist and the Accounting Specialist I.

Mr. Zeunik stated that he would be happy to answer any questions.

Mr. Zeunik noted that County Auditor Dozier was unable to attend this meeting as her mother passed away. He noted that Ms. Carol Ash and Ms. Chris Colaw from the Auditor's Office are in attendance.

Motion by Selzer/Nuckolls to Recommend Approval of the Resolution Amending the Funded Full-Time Equivalent Positions Resolution for 2007 and Approval of the Reorganization of Staff in the County Auditor's Office.
Motion carried.

Mr. Selzer asked if the Committee can go back into Executive Session to continue discussing pending litigation.

Motion by Selzer/Moss to Recommend that the Finance Committee go into Executive Session at 6:03 p.m. to discuss Pending Litigation with the Committee Members and the Administrator's Office Staff.
Motion carried.

Motion by Selzer/Butler to recommend the Finance Committee return to Open Session at 6:16 p.m.
Motion carried.

Chairman Sorensen presented the June 30, 2007 Finance Committee bills for review and approval as transmitted by the County Auditor. The Nursing Home Fund Total is \$436,560.23 with a Prepaid Total the same and the Finance Committee bills include a Fund Total of \$1,019,617.50 with a Prepaid Total the same.

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Motion by Selzer/Moss to recommend approval of the
Finance Committee bills as of June 30, 2007.
Motion carried.

There being nothing further to come before the Committee at this time,
Chairman Sorensen adjourned the meeting at 6:17 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary