

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

MINUTES OF THURSDAY, OCTOBER 11, 2007

Committee Chairman Marc Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto; Marie Chmiel; Tina Hill; Lyn Orphal; Daniel Ryan; and Barbara Wheeler. John Hammerand was absent. Also in attendance: Ralph Sarbaugh, Associate County Administrator – Finance; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Pam Palmer, Auditor; Sandy Lewis, Bob Lessor and Jane Wacker, Mental Health Board; Mary Lou Zierer, County Board Member; and interested public.

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

MINUTES

Ms. Hill made a motion, seconded by Ms. Wheeler, to recommend approval of the September 25, 2007 committee minutes. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None.

TRUTH IN TAXATION HEARING

Chairman Munaretto opened the Truth in Taxation hearing at 9:31 a.m. He explained the reason such a hearing is being held noting that Illinois Legislation had put a cap on the amount of growth allowed in taxes. Anytime you exceed the allowable 5% increase you are obligated to hold a public hearing. Proper notice of the hearing must be published in a local paper indicating that the taxes to be levied will be increased over the allowable amount. The increase must be based on new growth, if there has been no new growth an increase is allowed based on the inflation percentage rate of increase. Chairman Munaretto then read the following Truth in Taxation Statement:

“In full compliance with the Illinois Truth in Taxation law, the County of McHenry has determined that it is considering a budget and appropriation for FY 2007-2008 that will require aggregate property taxes to be extended that will exceed 5% of the amount of property taxes extended for the FY 2006-2007 budget appropriation.

Upon this determination, and also in compliance with the Truth in Taxation laws, the County of McHenry caused to be published in the appropriate local newspaper, in the prescribed format, and within the required timeframe, a public notice of the County’s intent to adopt an aggregate levy for FY 2007-2008 in an amount which is not more than 5.95% for the amount extended or estimated to be extended for FY 2006-2007 and of its intent to hold a public hearing relative thereto. A copy of the notice and publication certification is available for review.

This hearing is open to the public and is being held to explain the County’s position and to hear testimony from members of the public regarding the County’s intent to adopt such an increase in the aggregate levy at the County Board meeting scheduled for November 20, 2007. Reasonable time limits shall be imposed for all presentations.”

Chairman Munaretto asked for public comment. With no additional comments, Chairman Munaretto closed the Truth in Taxation Hearing at 9:37 a.m.

PRESENTATION: None.

NEW BUSINESS

Resolution authorizing a contract for maintenance of security equipment for correctional facility and an emergency appropriation to the Sheriff’s FY 07 budget: In reviewing the proposed Resolution, Chairman Munaretto raised concerns that by approving this Resolution it would also be granting a budget amount of \$116,192 for the FY 08 budget. He noted that the Committee would not be in a position to approve such a budget amount for FY 08 and felt this item should have been included in the FY 07/08 budget process, which is taking place at this time. Mr. Sarbaugh explained the reasoning behind this request and noted that the amount has been built into the FY 08 budget. Chairman Munaretto asked that the Resolution be amended to indicate that the “08 budget to be adopted by the County Board shall contain....” Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing a contract for maintenance of

security equipment for correctional facility and an emergency appropriation to the Sheriff's FY 07 budget as revised. On a roll call vote, the motion carried with all members present voting aye (Orphal, Hill, Chmiel, Ryan, Wheeler, and Munaretto).

Resolution authorizing the establishment of the Sex Offender Registration Fund and the assessment of the Sex Offender Registration fees: Ms. Hill made a motion, seconded by Ms. Wheeler, to recommend the County Board approve a Resolution authorizing the establishment of the Sex Offender Registration Fund and the assessment of the Sex Offender Registration fees. Ms. Chmiel pointed out a typo. On a roll call vote, the motion carried with all members present voting aye (Orphal, Hill, Chmiel, Ryan, Wheeler, and Munaretto).

Resolution authorizing the acceptance of the Speed Enforcement Program Grant from the Illinois Department of Transportation and an emergency appropriation: Ms. Chmiel made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing the acceptance of the Speed Enforcement Program Grant from the Illinois Department of Transportation and an emergency appropriation. It was noted that no local match is required. On a roll call vote, the motion carried with all members present voting aye (Orphal, Hill, Chmiel, Ryan, Wheeler, and Munaretto).

Resolution authorizing the acceptance of an Image Grant from the Illinois Department of Transportation and an emergency appropriation: Ms. Chmiel made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing the acceptance of an Image Grant from the Illinois Department of Transportation and an emergency appropriation. A local match is not required for this grant. On a roll call vote, the motion carried with all members present voting aye (Orphal, Hill, Chmiel, Ryan, Wheeler, and Munaretto).

Resolution authorizing the acceptance of a Child Safety Grant from the Illinois Department of Transportation and an emergency appropriation: Ms. Orphal made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing the acceptance of a Child Safety Grant from the Illinois Department of Transportation and an emergency appropriation. This grant will not require a local match. On a roll call vote, the motion carried with all members present voting aye (Ryan, Wheeler, Chmiel, Hill, Orphal and Munaretto).

Resolution authorizing a reclassification of a part time nurse to a full time nurse for the Mental Health Court: Ms. Hill made a motion, seconded by Ms. Wheeler, to recommend the County Board approve a Resolution authorizing a reclassification of a part time nurse to a full time nurse for the Mental Health Court. After a discussion a roll call vote was called. The motion carried with all members present voting aye (Ryan, Wheeler, Chmiel, Hill, Orphal and Munaretto).

Resolution authorizing entering into a contract agreement with Revere Healthcare, Ltd. to provide Management Services for Valley-Hi Nursing Home: Chairman Munaretto asked that this item be moved to later in the meeting.

Resolution authorizing a contract for the installation of a new sound system in the County Board Room: Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing a contract for the installation of a new sound system in the County Board Room. Funding for this contract will be taken from the Contingency Fund. The motion carried with all members present voting aye (Ryan, Wheeler, Chmiel, Hill, Orphal and Munaretto).

Resolution authorizing budget line item transfers in the Road Improvement Project Fund: Ms. Wheeler made a motion, seconded by Ms. Hill, to recommend the County Board approve a Resolution authorizing budget line item transfers in the Road Improvement Project Fund. Ms. Palmer reviewed this item and explained that the Resolution will allow for proper tracking and posting of expenditures for the four special DOT funds relating to the debt service. Reports regarding these funds will be provided periodically. After a discussion, a roll call vote was called. The motion carried with all members present voting aye (Ryan, Wheeler, Chmiel, Hill, Orphal and Munaretto).

Chairman Munaretto asked that the Committee return to item 6.7 - *Resolution authorizing entering into a contract agreement with Revere Healthcare, Ltd. to provide Management Services for Valley-Hi Nursing Home:* Ms. Chmiel made a motion, seconded by Mr. Ryan to recommend the County Board approve a Resolution

authorizing entering into a contract agreement with Revere Healthcare, Ltd. to provide Management Services for Valley-Hi Nursing Home. Mr. Austin reported that in late July the Valley-Hi Committee had reviewed a Management Audit Report that had been conducted for the Valley-Hi facility. The report revealed that the care at the facility was excellent, but raised concerns with the management and operation of the facility. Suggestions to address these concerns included researching the possibility of hiring a private firm to management of the nursing home. MPA provided a proposal. Additional proposals were requested and a firm from Cary (Revere Healthcare) offered such a proposal. On September 13, 2007 the Valley-Hi Committee reviewed three options. The Committee agreed to have an outside firm manage the facility, but requested more information so they could compare the two proposals – the one from MPA and the one from Revere Healthcare. At the Valley-Hi Committee meeting on October 4, 2007 the Committee reviewed both proposals. MPA wanted a three year contract, and expressed their desire to become the long-term solution. Revere Healthcare agreed to a two year contract with an option to continue for a third year. They did not suggest taking over on a long-term basis and expressed their desire to assist with the re-aligning of the goals and the turn around of operations, training and then to have the County take over. The Committee voted three to four in favor of Revere Healthcare. All members agreed that Valley-Hi needs to become stronger and operations cannot continue status quo. Revere Healthcare appears to fit well with the Board's philosophy. Mr. Austin stated that administration feels the best option would be to hire this outside firm and re-assess the situation in 24 months. Chairman Munaretto asked how close we are to a financial business crisis at Valley-Hi. Mr. Austin responded that we are very close if we continue as is. Chairman Munaretto pointed out that with the Revere Healthcare contract the County would be allowed to maintain the administrator if we so choose at the end of the contract if that administrator agrees to stay. He went on to state that it is time for a catharsis to get the facility back on track. Ms. Zierer stated that she opposes the Resolution and the cost involved in contracting with Revere Healthcare for two years when the three year contract with MPA would have been a less amount. She stated that she felt the money could be put to better use and noted that Valley-Hi was never meant to be a profitable facility. She stated that the mission of the facility is to provide care for the indigent. Chairman Munaretto stated that the Finance and Audit Committee does not have the ability to make a choice and can only address what the Valley-Hi Committee has recommended. He stated that we are not discussing making a profit at Valley-Hi, but are trying to put the business side of the facility back on track. He noted that the voters supported the referendum to put funds aside for the facility and are trusting the County Board to act judiciously in handling those funds. It was noted that the contract with Revere Healthcare allows the County to establish the salary for the administrator. Mr. Austin stated that both management firms confirmed a salary range of \$85,000 to \$86,000. Ms. Wheeler noted that an ad had been posted in August to accept applications from those interested in the Valley-Hi Administrator position and it is her understanding that several applications have been received. Mr. Austin confirmed that an ad had been placed in late August, but was later taken off because of the Committee's decision. He stated that nine applications were received. Ms. Zierer stated that she had looked at the applications and felt some appeared to be well qualified. Ms. Wheeler stated she agreed with Ms. Zierer in that there is a lot of money involved in the contract and felt that the applications should be considered. Ms. Chmiel stated that she is leaning towards supporting the Resolutions as submitted. She noted that it is not just the administration that needs adjusting but the facility needs a viable operation and business plan. She stated that the contract includes a termination clause should the County be dissatisfied with the service. Ms. Wheeler stated that she felt the MPA Audit was just a sales pitch for that firm. Ms. Zierer stated that the Audit Report shows how to correct the problems and those issues could be addressed by staff. Mr. Austin stated that staff has spent hours with MPA and we have a good sense in how they want to approach the situation and their desire to be there for the long-haul. Ms. Zierer commented that MPA currently does a good job at the DeKalb facility and have been doing so for a long time. Ms. Hill stated that this is a very tough decision and she is still undecided although she has listened very closely. Ms. Chmiel noted that the primary concern should be to get a business plan established. Mr. Sarbaugh stated that the Valley-Hi facility is one to be very proud of and it continues to do something positive for our citizens. He stated that it is clear that someone cannot come in and accomplish the task within a couple of months. He felt that under the present circumstances if a new administrator was to be hired without a management firm that person would only last a few months. He stated he has been impressed with Revere Healthcare and feels they offer a team with direction and goals to accomplish the task. He stated he believes the two year contract is well worth the investment and will allow the County to move forward to the future. In response to members concerns, Mr. Austin stated that it would a difficult but not be an impossible task if the ultimate decision was to just hire an administrator noting that such a task becomes a drain on administration. Mr. Ryan raised his concerns with the length of the contract and felt the task could be accomplished in a lesser amount of time and was unsure as to what the contract would achieve. He felt that many of the issues could be accomplished without an outside firm and noted that nurses have already adjusted their time schedules to cut-back on agency costs. He stated he would be comfortable with a one year contract

and re-evaluation at that time. Chairman Munaretto stated that the problem will continue to be perpetuated unless a plan to address the issues is implemented. Ms. Zierer asked how much it costs to run the Sheriff's Department or other Departments. Members responded that this question was not relevant to the present conversation. Ms. Wheeler stated that a good qualified administrator could accomplish the goals. She felt a national search for such an administrator should be conducted. Chairman Munaretto stated that this matter should be decided by the full County Board and asked the Committee if they would like to vote on this issue or if they would like to send it to the County Board for consideration under new and unfinished business. Members responded that they would like to take a vote. Chairman Munaretto called for a roll call vote on the motion. The vote ended in a tie of three ayes (Hill, Chmiel and Munaretto) and three nays (Orphal, Ryan and Wheeler). Chairman Munaretto stated he will ask the County Board Chairman to consider this Resolution under New and Unfinished Business.

Consideration of FY 07/08 supplemental budget requests: Supplemental budget requests for FY 07/08 were reviewed by the Committee. Ms. Orphal stated she could not support the Mental Health Board's request for salary adjustments. Mr. Austin stated that if approved these adjustment requests would not take place until the salary study is completed. Ms. Hill made a motion, seconded by Mr. Ryan, to adopt the FY 07/08 supplemental requests for the special revenue funds. Ms. Hill commented that she is pleased that the Mental Health Board understands that the budget is set by the tax levy and that the County Board is just the pass-through agent for their budget. Ms. Orphal noted that the County still has some control and must also answer to the public. The salary issues remains a concern that she cannot support at this time. After discussion, a roll call vote was called. The motion carried with five ayes (Hill, Chmiel, Ryan, Wheeler and Munaretto) and one nay (Orphal).

Ms. Wheeler made a motion, seconded by Mr. Ryan, to recommend approval of the FY 07/08 budget supplemental requests for the General Fund. It was noted that the current document includes those changes that were suggested during the CALF meeting. Mr. Austin stated there are a few items that need additional information, such as the Artwork Sub-committee; the radio dispatcher position, cleaning for the Animal Control Facility and the position in the Treasurer's Department. With no additional discussion, a roll call vote was called. The motion carried with all members present voting aye (Ryan, Wheeler, Orphal, Hill, Chmiel and Munaretto).

Ordinance authorizing the Annual Appropriations for FY 07/08 budget: Ms. Chmiel made a motion, seconded by Ms. Wheeler, to recommend the County Board put up for public review the Ordinance authorizing the Annual Appropriations for FY 07/08 budget. The motion carried with five ayes (Ryan, Wheeler, Hill, Chmiel and Munaretto) and one nay (Orphal).

While copies were being made for the levy of taxes, Mr. Labaj provided a review of the Revolving Loan Fund. He noted that total funds available are \$759,822.48. Currently there are 11 loans, 8 of those are current on their payments. One loan is three months delinquent due to past due amounts while the Court approved bankruptcy petition. The firm has been making timely payments for the past year. Miracle Point and E's Bakery have filed for bankruptcy. Members agreed that the loan for the three month delinquent account should not be recast at this point.

Ordinance providing for the levy of taxes for McHenry County for FY December 1, 2007 through November 30, 2008: Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board put up for public review an Ordinance providing for the Levy of Taxes for McHenry County for FY December 1, 2007 through November 30, 2008. The motion carried with all members present voting aye.

OLD BUSINESS:

Audit Fee Allocation Policy: Ms. Palmer stated that the department has developed a policy to address costs of obtaining an audit for the County's two enterprise funds: Valley-Hi and E911 Telephone System. The policy will be added to the Financial Policies and Procedures Manual developed by the Auditor's Department.

REPORTS TO COMMITTEE

Auditor's Report: Ms. Palmer announced that the County has received the GFOA award for the ninth year. This year's award came two months earlier than expected. She also noted that actuarial services for GASB 35 are being worked on by staff.

Contingency Reports: None for today.

EXECUTIVE SESSION: None.

ADJOURNMENT

Noting no further business, Ms. Chmiel made a motion, seconded by Ms. Orphal, to adjourn the meeting at 11:24 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

- Resolution authorizing a contract for maintenance of security equipment for correctional facility and an emergency appropriation to the Sheriff's FY 07 budget
- Resolution authorizing the establishment of the Sex Offender Registration Fund and the assessment of the Sex Offender Registration fees
- Resolution authorizing the acceptance of the Speed Enforcement Program Grant from the Illinois Department of Transportation and an emergency appropriation
- Resolution authorizing the acceptance of an Image Grant from the Illinois Department of Transportation and an emergency appropriation
- Resolution authorizing a reclassification of a part time nurse to a full time nurse for the Mental Health Court
- Resolution authorizing a contract for the installation of a new sound system in the County Board Room
- Resolution authorizing budget line item transfers in the Road Improvement Project Fund

FOR PUBLIC REVIEW/DISPLAY:

- Ordinance authorizing the Annual Appropriations for FY 07/08 budget
- Ordinance providing for the levy of taxes for McHenry County for FY December 1, 2007 through November 30, 2008

FOR CONSIDERATION BY THE FULL COUNTY BOARD UNDER NEW & UNFINISHED BUSINESS:

- Resolution authorizing entering into a contract agreement with Revere Healthcare, Ltd. to provide Management Services for Valley-Hi Nursing Home

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