

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

MINUTES OF TUESDAY, JANUARY 24, 2006

Chairman Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto, Chairman; Don Brewer; Ann Gilman; Marie Chmiel; Ann Gilman; Ann Kate; and Perry Moy. Also in attendance: Ralph Sarbaugh, Associate County Administrator-Finance; Peter Austin, County Administrator; Barry Valentine, ESDA; Donna Mayberry, Supervisor of Assessments; Pam Palmer, Auditor's Office; Dave Stone, Assistant State's Attorney; Tom Sullivan, I.T.; Don Rahn from Virchow Krause; interested public; and the press.

Marc Munaretto, Chairman	
Don Brewer	Marie Chmiel
Ann Gilman	John Hammerand
Ann Kate	Perry Moy

MINUTES

Mr. Moy made a motion, seconded by Ms. Chmiel, to approve the Finance and Audit Committee January 17, 2006 minutes. The minutes were approved as presented with a unanimous voice vote.

Chairman Munaretto announced that he had asked Mr. Rahn to attend today's meeting to explore issues raised in the Management Letter and discuss how to address these concerns in future Management Letters. Chairman Munaretto noted that the County has a business continuity plan and perhaps the Management Letter should include amplification of work that is being done to resolve issues raised rather than simply stating that the County has failed on certain points. The Management Letter should acknowledge that these issues are being addressed as part of a business continuity plan component. Mr. Rahn stated that the Management Letter should serve as a springboard for discussion and that dialogue is always welcome. He stated that the comments included in the report were generated and carried forward from the previous outside auditor and with this being the second year for Virchow Krause to conduct this audit perhaps this is an ideal time to talk about these issues so they do not continue to be carried forward year after year. Chairman Munaretto suggested forming of a small group to meet with the outside auditors periodically to review and discuss these concerns, he asked Mr. Austin to research this possibility. Ms. Chmiel questioned if Virchow Krause conducted any test to substantiate the comments in the Management Letter regarding the Information Technology Department. Mr. Rahn responded "no" and that they did not generate the comment nor was it their recommendation to begin with as these comments were carried forward from the previous outside auditor. Chairman Munaretto noted that unless action is taken these issues will continue to be in the Management Letter. Ms. Gilman raised concerns with OPED (other post-employment benefits) and how these will be accomplished within the timeframe. She noted that the Human Resources Committee did discuss these at their recent meeting, but she wanted to raise again this concern. Mr. Rahn confirmed that the County would need to hire an actuary to conduct an actuarial study, the County can choose to take the study back two years (to 12/06) or to begin in 12/08. A determination on what date to begin and end the study will need to be made, Mr. Rahn went on to recommend the study end before the end of the fiscal year – perhaps June 1. Although OPED will require an actuarial study to measure the annual cost and year end liability of OPED, it does not require the County to book it all at once as the accrued liabilities can be amortized over a year. Ms. Gilman felt this requirement should be started as soon as possible. Mr. Rahn noted that it would be important for the actuary to be in contact/communication with the outside auditor. Chairman Munaretto asked that this item be included as a future topic on the Committee's agenda. Mr. Rahn stated the study could take approximately six months and must be done at least every two years. Ms. Gilman next questioned what the County is doing to address Payroll Tests as noted on Page 4 of the Management Letter. Mr. Sarbaugh responded that any exempt employee's pay check will no longer indicate hours. He stated the system is being updated to make these change for all exempt employees. Tracking of vacation, sick and personnel time for exempt employees will still be shown. Mr. Hammerand questioned how actual hours worked would be tracked if the payroll system no longer provided the information. Chairman Munaretto stated the exempt employee's work is monitored through a formal review process and observations. Ms. Chmiel commented that hours worked are not a measure of how good an employee works. Chairman Munaretto invited Mr. Rahn to attend the March 28th Finance and Audit Committee for continued discussion. He stated that the small task force will look at these issues to hopefully be able to drop some from future Management Letters. He thanked Mr. Rahn for his input.

PUBLIC PARTICIPATION: None

PRESENTATION: None

NEW BUSINESS: *Resolution authorizing an emergency appropriation to Emergency Services & Disaster Agency's FY 06 budget:* Ms. Kate made a motion, seconded by Mr. Brewer to recommend the County Board approve a Resolution authorizing an emergency appropriation to Emergency Services & Disaster Agency's FY 06 budget. Mr. Sarbaugh explained the Resolution and the need for the emergency appropriation, noting that it is the result of ESDA's receipt of a grant last year which allowed for the purchase of computer stations and an upgrade to the operations room. Initially a purchase order was created but because the work had not begun and no materials had been purchased the purchase order was subsequently cancelled. The budget now needs to be re-established to allow for the cabling and electrical wiring to be completed. With that information, a roll call vote on the motion was called. The motion carried with all members present voting aye (Moy, Brewer, Chmiel, Gilman, Kate, Hammerand and Munaretto).

Resolution authorizing adoption of a McHenry County Policy on Disclosure of COMGIS Data to requesters: Mr. Brewer made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing adoption of a McHenry County Policy on Disclosure of COMGIS Data to requesters. It was noted that the Freedom of Information Act exempts a public body from disclosing data from computer geographic systems when such data would be reasonably expected to produce private gain or public loss. The proposed Resolution provides a policy for such disclosure. After a discussion, the motion carried on a roll call vote of all ayes (Brewer, Hammerand, Moy, Chmiel, Gilman, Kate and Munaretto).

EXECUTIVE SESSION: None.

OLD BUSINESS: None

REPORTS TO COMMITTEE: Mr. Sarbaugh stated he did not have a contingency report to present, but did have a preliminary quarterly report, noting that as of today the report did change and those changes would be included in the final report. He went through the report noting that property taxes continue to be strong and increase each year. He will continue to take a conservative approach with the sales tax. He stated that building permits have been decreasing and a conservative approach was suggested when looking at trends. Transfer stamps continue to increase but this will need to be watched as they may decrease with the increase in interest rates. When questioned what the County does with interest income, Mr. Sarbaugh responded that some is reinvested and some can become fluid cash, the reserves also includes interest income, he stated he would talk with the Treasurer regarding specific information on this income earned. Fines continue to increase for the Circuit Clerk of the Court. Mr. Sarbaugh reported that the last payment from the "feds" has been received. Chairman Munaretto stated that the Sheriff is on notice that an audit by the US Marshall will be conducted in the near future. Mr. Sarbaugh stated that Administration was not notified when the last audit by the US Marshall was conducted and he would hope he is informed when the next one takes place. Mr. Sarbaugh also noted that the Building Operations Department is tracking all utility costs for each building and since utility costs are now separated these costs can be included in the US Marshall's audit for the third floor of the jail. Ms. Gilman questioned how OPED will impact the financial model/report. Mr. Sarbaugh stated it would be booked as a liability on the financial statements and he would look to the outside auditor for guidance on this issue. Mr. Sarbaugh stated he anticipates presenting an updated Financial Model to the Committee at the first meeting in February. Mr. Brewer asked if this information would be provided to Moody's. Chairman Munaretto responded that the Committee would discuss how best to present the information. Mr. Brewer questioned if we are still behind in receiving public aid payment for Valley-Hi. Mr. Sarbaugh stated there is still an outstanding loan and suggested that a Resolution to pay this loan in one payment should be considered.

Mr. Sarbaugh also stated that a previous Resolution on the government center remodeling did not include Utilization of Fund Balance to operating transfer out & in. Chairman Munaretto directed Mr. Sarbaugh to just fix this as it did not change the Resolution.

ADJOURNMENT: Noting no further business, Mr. Hammerand made a motion, seconded by Mr. Brewer, to adjourn the meeting at 10:55 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

- Approve a Resolution authorizing an emergency appropriation to Emergency Services & Disaster Agency's FY 06 budget
- Approve a Resolution authorizing adoption of a McHenry County Policy on Disclosure of COMGIS Data to requesters