

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

MINUTES OF TUESDAY, MARCH 14, 2006

Chairman Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto, Chairman; Ann Gilman; Marie Chmiel; John Hammerand; Ann Kate; Don Brewer; and Perry Moy. Also in attendance: Ralph Sarbaugh, Associate County Administrator-Finance; Peter Austin, County Administrator; John Labaj, Deputy County Administrator; Pam Palmer, Jim Brainer and Julia Cwienkala, Auditor; Barry Valentine, ESDA; Ken Kelgard, Division of Transportation; Tom Svoboda and Rich Weinhandl, Sheriff's Department; Tom Carroll, Assistant State's Attorney; Don Rahn and Ms. Karan Afseth, representatives from Virchow Krause & Company, the County's outside auditors; 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 February 28, 2006 minutes. The minutes were approved as presented with a unanimous voice vote.

PUBLIC PARTICIPATION: None

PRESENTATION: Mr. Rahn and Ms. Afseth addressed the Committee and provide a brief update to the 2005 audit which began the second week in February. Revisions are being drafted to address previous concerns with the Internal Control Report and there will be reorganization to the comments to make them more useable and reader friendly. The Financial Statement will now be done by the Auditor's Department. The work is on time and is being accomplished through a cooperative effort of all parties involved. Chairman Munaretto noted that with the appointment of a new Auditor and to make a "clean break" from the previous Auditor, an audit of this department should be conducted. Ms. Palmer noted that she had discussed this issue with the DuPage County Auditor, who noted that such an audit is usually done within six months but the issue of how to cover the one month lag must be discussed further. Ms. Palmer went on to report that work with the new outside auditing firm has made great headway and next year the department hopes to have all information required to begin the audit by mid February. Mr. Sarbaugh added the process is going well. He noted that a "core committee" was formed (which includes Mr. Sarbaugh, Mr. Austin and Ms. Palmer) and has met to discuss how to put together the new management letter which will incorporate an action plan. Chairman Munaretto asked Mr. Rahn for an update on the three new GASB items. Mr. Rahn noted that the three new items were: (1) 42 – Capital Assets; (2) 44 – New Statistical Tables; and (3) 45 - Post Employment Benefits. Mr. Rahn stated that the Committee may want to begin addressing GASB 45 in the near future as this item may be costly. He noted it will be necessary to have an actuarial study conducted by an actuarial firm. Chairman Munaretto stated that GASB 45 would really be a Human Resources Committee item with the funding approved through the Finance and Audit Committee. After a discussion, members agreed that the cost of the actuarial study should be included in the FY 06/07 budget. Chairman Munaretto thanked Mr. Rahn and Ms. Afseth for their update and asked that they return on May 23, 2006 to discuss the Management Letter.

NEW BUSINESS

Resolution authorizing a lump sum payment on the liability of the Valley-Hi Enterprise Fund to the General Fund: Ms. Gilman made a motion, seconded by Mr. Moy to recommend the County Board approve a Resolution authorizing a lump sum payment on the liability of the Valley-Hi Enterprise Fund to the General Fund. The motion carried with all members present voting aye on a roll call vote (Gilman, Kate, Brewer, Moy, Hammerand Chmiel and Munaretto).

Resolution authorizing an extension to the Valley-Hi Employee Incentive Program: Mr. Brewer made a motion, seconded by Mr. Moy to recommend the County Board approve a Resolution authorizing an extension to the Valley-Hi nursing employees' incentive program. After a discussion, the motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Moy, Brewer, Kate, Gilman and Munaretto).

Resolution authorizing acceptance of the Illinois Emergency Services Management Association EOC Grant Program / Agreement: Ms. Gilman made a motion, seconded by Mr. Brewer, to recommend the County Board approve a Resolution authorizing acceptance of the Illinois Emergency Services Management Association EOC Grant Program / Agreement. The motion carried with all members present voting aye on a roll call vote.

Resolution authorizing an emergency appropriation and budget line item transfer in the Division of Transportation's FY 2006 budget: Mr. Moy made a motion, seconded by Mr. Brewer, to recommend the County Board approve a Resolution authorizing an emergency appropriation and budget line item transfer in the Division of Transportation's FY 06 budget. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Kate, Gilman, Brewer, Hammerand and Munaretto).

Resolution authorizing acceptance of the Illinois Criminal Justice Authority Grant funds for continuation of the Multi-Jurisdictional Drug Prosecution Program: Mr. Brewer made a motion, seconded by Mr. Moy, to recommend the County Board approve a Resolution authorizing acceptance of the Illinois Criminal Justice Authority Grant funds for continuation of the Multi-Jurisdictional Drug Prosecution Program. Mr. Sarbaugh reported that this grant goes through September of 2006 and was included in the budget. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Kate, Gilman, Brewer, Hammerand and Munaretto).

Resolution authorizing a part-time investigator position in the State's Attorney's office and an emergency appropriation to the State's Attorney's FY 06 budget: Chairman Munaretto reported that this item will be pulled from this agenda because the Human Resources Committee did not approve this Resolution.

Resolution authorizing the designation of the office of the State's Attorneys Appellate Prosecutor: Mr. Brewer made a motion, seconded by Ms. Gilman, to recommend that County Board approve a Resolution authorizing the designation of the Office of the State's Attorneys Appellate Prosecutor. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Kate, Gilman, Brewer, Hammerand and Munaretto).

Resolution authorizing a budget line item transfer in the Risk Management FY 04-05 budget: Ms. Kate made a motion, seconded by Mr. Moy, to recommend the County Board approve a Resolution authorizing a budget line item transfer in the Risk Management FY 04-05 budget. Mr. Sarbaugh reported that this is just a booking entry with no funds being expended. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Kate, Gilman, Brewer, Hammerand and Munaretto).

Resolution authorizing the establishment of an Emergency Disaster Tracking Department: Ms. Gilman made a motion, seconded by Mr. Brewer, to recommend the County Board approve a Resolution authorizing the establishment of an Emergency Disaster Tracking Department. Mr. Sarbaugh reported that as part of the Homeland Security Program he has been designed to track any funds expended during a disaster event. This Resolution creates the necessary OCA code to enable this reporting. The account will only be activated when a disaster has been declared. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Kate, Gilman, Brewer, Hammerand and Munaretto).

Resolution authorizing an emergency appropriation and budget line item transfers in the revolving loan fund FY 04-05 budget: Ms. Kate made a motion, seconded by Ms. Gilman, to recommend the County Board approve a Resolution authorizing an emergency appropriation and budget line item transfers in the revolving loan fund FY 04-05 budget. Mr. Labaj explained that this resolution is due to the non-performing loan to Contempo Industries. The business filed for bankruptcy December of 2005. The State's Attorney has opined that this loan may be non-collectable and should be recorded as a "write-off" at this time. Mr. Brewer and other members questioned why we would proceed with a write-off prior to the firm going out of business. Ms. Chmiel questioned what type of bankruptcy was filed by the company and what was the collateral agreement. She felt more research should be done prior to making this decision. Mr. Brianer stated that this is not a true "write-off" as this Resolution was just creating a reserve as a precautionary measure. After a discussion, Mr. Hammerand made a motion, seconded by Ms. Chmiel, to defer this item to a meeting just prior to the County Board on March 23, 2006. The motion carried unanimously. The Resolution will be re-written for consideration on the 23rd.

Resolution authorizing a contract and intergovernmental agreement for gypsy moth: Ms. Gilman made a motion, seconded by Mr. Hammerand, to recommend the County Board approve a Resolution authorizing a contract and intergovernmental agreement for gypsy moth. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Kate, Gilman, Brewer, Hammerand and Munaretto).

Sheriff furniture purchase: Ms. Link addressed the Committee and reported that the County is now a member of the U.S. Communities Government Purchasing Alliance. This membership allows us to "piggy-back" into a

standardized program to purchase departmental furniture and increases our purchasing power. She noted that in the past departments had procured furniture through many sources and much of that furniture was inadequate and cheaply made. The standardized program will provide quality products that meet our requirements. Ms. Link then reviewed the Sheriff's need to purchase furniture for the Administration offices of the jail project. Chairman Munaretto noted that no Committee action is necessary and thanked Ms. Link for providing this update.

Imagine McHenry County investment request: Chairman Munaretto stated that Imagine McHenry County was set-up as a separate non-for-profit organization to develop a vision for the future of McHenry County. He noted that Imagine McHenry County has asked for a contribution of \$10,000 to help with their efforts. After a discussion, Mr. Brewer made a motion, seconded by Mr. Moy, to support Imagine McHenry County through a payment of \$10,000, said funds to be taken from the Contingency Fund. Mr. Hammerand asked why the Planning and Development Department would not provide the funds. Chairman Munaretto explained that the Contingency Fund was created to be used for such purposes. Discussion ensued. Ms. Gilman called the question. The motion carried with a roll call vote of six ayes (Chmiel, Moy, Brewer, Kate, Gilman and Munaretto). Mr. Hammerand did not vote.

Resolution authorizing acceptance of an IDOT Grant and an emergency appropriation to the Sheriff's FY 06 budget: Mr. Weinhandl explained that this grant is to fund the "Click It or Ticket" Campaign Program and there are no matching funds required. Mr. Brewer made a motion, seconded by Mr. Moy, to recommend the County Board approve a Resolution authorizing acceptance of an IDOT Grant and an emergency appropriation to the Sheriff's FY 06 budget. On a roll call vote, the motion carried with seven ayes (Chmiel, Hammerand, Moy, Brewer, Kate, Gilman and Munaretto).

EXECUTIVE SESSION: None.

OLD BUSINESS

Petty Cash Policy: Chairman Munaretto asked if members would like to make any changes or revisions to the proposed Petty Cash Policy that was distributed at the last meeting. Noting no comments from the Members, Chairman Munaretto asked that Ms. Palmer draft a Resolution to adopt the Petty Cash Policy for consideration at the next regularly scheduled meeting of the committee, said draft to include the supervisor's approval in the reconciliation sheets.

Arbitrage Discussion: Mr. Sarbaugh reported that he had met with Eric Anderson to discuss arbitrage issues. Chairman Munaretto stated that he would ask Mr. Austin to invite Eric Anderson to the next committee meeting to discuss the possible refinance of the 2000B debt certificates. Mr. Brewer also suggested contacting Mr. Gosser to discuss the same possibility with the Mental Health debt certificates.

REPORTS TO COMMITTEE

Contingency Reports: Mr. Sarbaugh distributed the contingency reports for the Valley-Hi Building Project, the Courthouse remodeling and the jail project. Members questioned soil remediation issues and asked if the same firm was used at both the courthouse and Valley-HI. No firm answer was given and Mr. Moy was asked to research this issue.

ADJOURNMENT

Noting no further business, Ms. Chmiel made a motion, seconded by Mr. Hammerand, to adjourn the meeting at 11:03 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

Resolution authorizing a lump sum payment on the liability of the Valley-Hi Enterprise Fund to the General Fund
Resolution authorizing the continuation of the Valley-Hi Employee Incentive Program
Resolution authorizing acceptance of the Illinois Emergency Services Management Association EOC Grant Program / Agreement
Resolution authorizing an emergency appropriation and budget line item transfer in the Division of Transportation's FY 2006 budget

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Resolution authorizing the designation of the office of the State's Attorneys Appellate Prosecutor

Resolution authorizing a budget line item transfer in the risk Management FY 04-05 budget

Resolution authorizing the establishment of an Emergency Disaster Tracking

Department

Resolution authorizing an emergency appropriation and budget line item transfers in the revolving loan fund FY 04-05 budget

Resolution authorizing a contract and intergovernmental agreement for gypsy moth containment services

Resolution authorizing acceptance of IDOT Grant and approval of an emergency appropriation to the Sheriff's FY 06 budget