

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

MINUTES OF TUESDAY, JULY 24, 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; John Hammerand; Tina Hill; Lyn Orphal; Barbara Wheeler. Daniel Ryan arrived at 9:50a.m. Also in attendance: Cindy Kozlowski, Budget Analyst; Pam Palmer, Auditor; Peter Austin, County Administrator; Tom Sullivan, Information Technology; Kathie Schultz, County Clerk; Jane Wacker, Sandy Lewis, Mental Health; Pat McNulty, Health Department; Under Sheriff Gene Lowery; John Labaj, Deputy County Administrator; interested public; and the press.

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

MINUTES

Mr. Hammerand made a motion, seconded by Ms. Wheeler to approve the July 10, 2007 minutes of the Finance and Audit Committee. The minutes were approved as submitted with a unanimous voice vote.

Ms. Hill asked if all agenda items for all standing committees could be placed on the Web Page. She noted there are times she is unable to get to the building to pick up meeting packets and it would be helpful if she could obtain the information on line. Chairman Munaretto stated this was a fair suggestion as there are times he cannot get to the building as well. Committee members agreed they would like to have access to all standing committee information on line.

PUBLIC PARTICIPATION

None

PRESENTATION

None

NEW BUSINESS

Resolution authorizing an emergency appropriation in the Recorder's FY 06-07 budget to purchase Tax Transfer Stamps: Ms. Hill made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing an emergency appropriation in the Recorder's FY 06-07 budget to purchase Tax Transfer Stamps. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Wheeler and Munaretto).

Resolution authorizing voting precincts boundary adjustments: Ms. Orphal made a motion, seconded by Ms. Wheeler, to recommend the County Board approve a Resolution authorizing voting precincts boundary adjustments as recommended by the County Clerk. Ms. Schultz stated that once the Resolution was approved by the County Board she would have new maps made outlining the new precincts. New voter registration cards will be mailed out to those affected as well. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Wheeler and Munaretto).

Resolution authorizing budget line item transfers in the Valley-Hi Enterprise Fund FY 06/07 budget: Ms. Hill made a motion, seconded by Ms. Wheeler, to recommend the County Board approve a Resolution authorizing budget line item transfers in the Valley-Hi Enterprise Fund FY 06/07 budget. Mr. Austin reported that they are very disappointed in the high cost of agency staff for this year. Staff is now keeping a closer eye on the numbers in this area. He informed committee members that the Valley Hi Management Audit has been placed in the County Board member boxes for review. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto).

Resolution authorizing the charging of all related Valley-Hi bus expenditures to the Valley-Hi Bus Fund (Fund 352) to allow for closing of the fund and an emergency appropriation to the bus fund: Wheeler made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing the charging of all related Valley-Hi bus expenditures to the Valley-Hi Bus Fund (Fund 352) to allow for closing of the fund and an emergency appropriation to the bus fund. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Wheeler and Munaretto).

Mr. Ryan arrived at 9:50 a.m.

Resolution authorizing the acceptance of an Illinois Department of Public Health Illinois Breast and Cervical Cancer Grant: Mr. Hammerand made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a

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Resolution authorizing the acceptance of an Illinois Department of Public Health Illinois Breast and Cervical Cancer Grant. Chairman Munaretto questioned why this resolution was being reviewed for the second time. Mr. McNulty informed committee members that the previous resolution was to allow them to apply for the grant and this resolution allows the Health Department to accept the grant. Chairman Munaretto informed committee members that the Resolution will be changed to reflect that the required match of the grant would come from the Health Department Budget. If the Health Department should require additional funding to their budget later in the year this committee has agreed to make their budget whole. Mr. McNulty informed committee members that they are hoping to have the Breast and Cervical cancer unit located in the new Crystal Lake facility when it is completed. The motion carried, as amended, with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Wheeler and Munaretto).

Resolution authorizing an emergency appropriation and budget line item transfers in the FY 07 Mental Health budget for the Child Mental Health Initiative – Family Care Grant and Match: Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing an emergency appropriation and budget line item transfers in the FY 07 Mental Health budget for the Child Mental Health Initiative – Family Care Grant and Match. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto).

Resolution authorizing an addition of one SOC Research Assistant position in the McHenry County Mental Health Board Personnel Roster: Ms. Wheeler made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing an addition of one SOC Research Assistant position in the McHenry County Mental Health Board Personnel Roster. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto).

Resolution authorizing an emergency appropriation in the McHenry County Mental Health Board FY 07 budget for the AmeriCorps Grant and match: Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing an emergency appropriation in the McHenry County Mental Health Board FY 07 budget for the AmeriCorps Grant and match. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto).

Resolution authorizing an emergency appropriation in the FY 07 Non-Departmental Budget: Ms. Hill made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing an emergency appropriation in the FY 07 Non-Departmental budget. Committee members were informed that this resolution allows for the establishment of a budget to allow for the expenditure of funds for the \$50 million dollar road program. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto).

Resolution authorizing a budget line item transfer in the Department of Information Technology FY 07 budget: Ms. Chmiel made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing a budget line item transfer in the Department of Information Technology FY 07 budget. Mr. Sullivan stated that because of vacancies within his department he has more contractual cost than was anticipated. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto).

Resolution authorizing the purchase of a used bus and budget line item transfer in the non-departmental FY07 budget: Ms. Wheeler made a motion, seconded by Mr. Ryan to recommend the County Board approve a Resolution authorizing the purchase of a used bus and budget line item transfer in the non-departmental FY07 budget. It was stated that the OCA Codes mentioned in the resolution should be 90 and not 99. The motion carried with all members present voting aye on a roll call vote as amended (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto) Under Sheriff Lowery thanked the Highway Department for all of their help in the repair of the buses over the years. He stated they have helped the Sheriff's Department a lot with the repairs over the years.

OLD BUSINESS

Chairman Munaretto informed committee members that number 6.3 on the agenda will be deferred until the next meeting.

Revolving Loan Fund Request – Phezer Enterprises, Inc.: Phezer Enterprises, Inc.: Committee members entered into discussion regarding a revolving loan request received from Phezer Enterprises Inc. Committee members were reminded that the Finance and Audit Committee is the loan committee for the revolving loan fund for the County. In the past it was customary for an applicant to have to wait 6 to 8 months for a decision on a loan application. They

can't wait that long and the process has been streamlined. Harris Bank evaluates the finances of the applicants and presents their overview of the loan. Harris Bank stated that this application is on the high end of the risk spectrum. They have suggested a property lease term of 7 years as that is the requested term of the loan be secured. Additionally, given this is a start up business, a better sense of where orders would come from in future years and an improved collateral position would be desirable.

The loan would be collateralized by a first position lien on the paint equipment in the facility. Mr. Labaj reported that over the history of the revolving loan program defaults have been modest. Committee members showed concern over the requests and stated they could make considerations for the loan if the terms were altered by loaning \$100,000 instead of the \$200,000 requested with an executed long term lease. Committee members stated they would be irresponsible to loan funds to a corporation without a permanent location. The committee also stated that \$100,000 would be more appropriate based upon the financials presented as well as the information received from Harris Bank. Ms. Hill made a motion, seconded by Mr. Ryan to extend \$100,000 loan to Phezer Enterprises Inc., not to be extended until the execution of a long term lease. An additional \$100,000 would be made available at the end of the second year of operations after receipt of acceptable operating and financial documentation. The motion carried with all members present voting aye on a voice vote.

Discussion – McHenry County Policy Governing the Purchase and Sale of Real Estate Land and Buildings: Committee members reviewed the July 17th draft of a Policy Governing the Purchase and Sale of Real Estate Land and Buildings. Committee members noted several changes regarding surplus property and the ability to make minority reports and issues relating to the selection of consultants. The discussion resulted in minor adjustments to the policy. Chairman Munaretto was directed to rewrite the changes to the policy to discuss at a joint meeting with Management Services. It was suggested that a joint meeting be scheduled at 9:15a.m. on the 24th, prior to the Finance Committee meeting.

REPORTS TO COMMITTEE

Auditor's Report- County Auditor: Ms. Palmer presented her monthly audit report. She provided committee members with a publication from the guru of accounting on audit committees. The publication gets specific on the formation of audit committees. Ms. Palmer stated she would like to discuss this publication after the committee has a chance to review the information.

She reported that they are working with Valley Hi regarding their fixed assets. She stated that they are working with the accountants on putting the fixed assets on a disc and will then put them into the auditors fixed asset system. The general ledger training for ADP continues this week.

An RFP has gone out for actuarial services to determine the County's liability for future health insurance benefits. A pre RFP meeting will be held on the 30th to answer questions from bidding vendors. Ms. Palmer reminded committee members that GASB 45 goes into affect in 2009 so these costs need to be determined.

Ms. Palmer informed committee members that she will be attending the annual Auditors' conference which will include information of GASB 45 and internal control. She noted that there will be a couple of good sessions for her to attend.

Contingency Reports: None.

Economic Development Corporation (EDC): None.

McHenry County Convention & Visitors Bureau: Chairman Munaretto informed committee members that the MCCVB is very involved with trying to the Agri-tourism started in the County. They will be meeting again in the near future and will have a series of recommendations for Planning & Development. Planning & Development will create a program for Agri-tourism with a Resolution to follow to the County Board. The Health Department will be changing the regulations surrounding Porta-Potty uses for Agri-tourism with changes for temporary permits versus seasonal use permits. Members of the specialty growers have learned a lot about County Government requirements during these meetings.

EXECUTIVE SESSION

None

ADJOURNMENT

Noting no further business, Mr. Hammerand made a motion, seconded by Mr. Ryan, to adjourn the meeting at 11:18 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

Resolution authorizing an emergency appropriation in the Recorder's FY 06-07 budget to purchase tax transfer stamps

Resolution authorizing voting precincts boundary adjustments

Resolution authorizing budget line item transfers in the Valley-Hi Enterprise Fund FY 06/07 budget

Resolution authorizing the charging of all related Valley-Hi bus expenditures to the Valley-Hi Bus Fund (Fund 352) to allow for closing of the fund and an emergency appropriation to the bus fund

Resolution authorizing the acceptance of an Illinois Department of Public Health Illinois Breast and Cervical Cancer Grant

Resolution authorizing an emergency appropriation and budget line item transfers in the FY 07 Mental Health budget for the Child Mental Health Initiative – Family Care Grant and Match

Resolution authorizing an addition of one SOC Research Assistant position in the McHenry County Mental Health Board Personnel Roster

Resolution authorizing an emergency appropriation in the McHenry County Mental Health Board FY 07 budget for the AmeriCorps Grant and match

Resolution authorizing an emergency appropriation in the FY 07 Non-Departmental budget

Resolution authorizing a budget line item transfer in the Department of Information Technology FY 07 budget

Resolution authorizing the purchase of a used bus and budget line item transfer in the non-departmental FY07 budget

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