

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

MINUTES OF TUESDAY, SEPTEMBER 25, 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; and Daniel Ryan. Barbara Wheeler was absent. Also in attendance: Ralph Sarbaugh, Associate County Administrator – Finance; Peter Austin, County Administrator; John Labaj, Deputy County Administrator; Pam Palmer and Jim Bernier, Auditor’s Department; Donna Mayberry, Supervisor of Assessments; Phyllis Walters, Recorder; Dan Shea and Jim Kennedy, County Board Members; interested public; and the press.

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

MINUTES

Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend approval of the September 11, 2007 committee minutes. Ms. Hill asked that the Resolution authorizing an extension of the contract with Virchow Krause be removed from the list of recommendations for Board action since this had not yet been approved. The minutes were approved as amended with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None

PRESENTATION: None

Chairman Munaretto asked that “Old Business” be moved up on the agenda for discussion and consideration at this time.

OLD BUSINESS:

Resolution authorizing an extension to the contract with Virchow Krause: Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing an extension of the contact with Virchow Krause. Chairman Munaretto stated that this item had been deferred at the last meeting to allow staff to search for a policy or resolution that would address the term of an outside auditor contract. He stated research efforts were unable to local a formal resolution but did find discussions regarding contract relationships with outside audit firms. Mr. Hammerand voiced his concerns that the Resolution as written extends the contract over the next three years. He then made a motion to amend the Resolution to allow for only a one year extension to the contract with Virchow Krause. Ms. Hill seconded Mr. Hammerand’s motion. Ms. Hill questioned if the reference to fiscal year 2007 was correct in the Resolution. Ms. Palmer replied that year is correct since the firm would be engaged to conduct the audit for FY 2007, after the County’s books are closed. Chairman Munaretto stated that the Resolution also allows for the contract to be extended for additional two years. Ms. Heather Acker of Virchow Krause stated the firm would honor the one year term for 2007 if that is the desire of the County Board. She stated that a three year contract would be advantageous as it would allow for a better flow to the process, noting that there are many issues that are changing over the next couple years. Mr. Hammerand stated he would like to see the contract for an outside auditor go through the bidding process in June of 2008, adding that this should be the process every three years. Mr. Sarbaugh stated that the Resolution as presented sets the contract for the 2007 audit with the flexibility to extend the contract for the following two years (FY 2008 and FY 2009). Chairman Munaretto noted that with Mr. Sarbaugh’s explanation, Mr. Hammerand’s motion to amend would be moot. Mr. Hammerand stated he would like the Resolution to reflect that the County will go out for bids. Chairman Munaretto stated he would disagree with Mr. Hammerand’s opinion and that the Resolution as written leaves the door open to extend the current contract or bid if necessary. Ms. Chmiel agreed with Chairman’s Munaretto’s observation and added that there has been a change in the firm’s staff which would also offer new views. Ms. Hill stated that Mr. Hammerand’s motion as stated would not address his concerns relative to a bidding process. Mr. Hammerand withdrew his motion and Ms. Hill withdrew her second to the motion to amend. A roll call vote on the main motion was then called. The motion passed with five ayes (Chmiel, Hill, Ryan, Orphal and Munaretto) and one nay (Hammerand).

Discussion – Re-draft of a McHenry County Policy Governing the Purchase and Sale of Real Estate, Land and Buildings: Chairman Munaretto noted that the proposed re-draft of a policy governing the purchase and sale of real estate, land and buildings is for discussion only today. He stated he tried to incorporate suggestions made at the County Board meeting and include appropriate citations from the State Statutes. He noted that adoption of this type of policy would also be a tool to assist in the County’s efforts to receive a Triple A Moody’s rating as it provides a follow-through mechanism to avoid problems in the future and supports the Illinois Complied Statutes, Board Rules and the County’s Budget Policy. Ms. Hill agreed that the proposed revisions had extensively altered the original proposal, but stated such a policy is unnecessary since State Statutes already

cover previously noted concerns. Ms. Hill also stated that any Resolution passed by the Board for the purchase of real estate would be a "dead deal" without a Resolution approving the funding. She stated the policy is not needed since the County Board already follows these procedures. Chairman Munaretto pointed out that should the Finance and Audit Committee not vote to approve a resolution and emergency appropriation, any dissenting member of the Finance and Audit Committee is entitled to prepare a minority report for consideration under "New and Unfinished Business." Ms. Hill stated she is concerned it would become just another policy and noted her opinion stands as previously voiced. Mr. Hammerand stated he supported the idea of a policy, however most points are part of State Statutes and the policy offers zero control. Ms. Chmiel noted although State Statutes are referred to, the policy also addresses important issues on the sale and purchase of real estate and such a policy will be helpful in providing uniform procedures for future projects. Mr. Ryan stated when considering the purchase or sale of real estate such projects should receive a consensus from the County Board before proceeding. Chairman Munaretto stated he supported Mr. Ryan's observation and that a Committee of the whole should be held to fully discuss such events. Mr. Shea stated in his opinion the proposed policy offers an opportunity to veto or stall a purchase if it is presented as a minority report to the County Board. Chairman Munaretto noted that a minority report is not a "bad" thing as it gives an opportunity for consideration by the full County Board without the endorsement from the Finance and Audit Committee. Mr. Austin reviewed his proposed changes which included: (1) delete either (i) or (ii) in the last paragraph of the first page as they appear to be redundant; (2) end the last sentence of the first full paragraph on page 2 after the word "purchase"; (3) take out the word "first" in the last sentence of the first paragraph on page 3; and (4) delete the word "valuable" in the second paragraph on page 3. Members agreed with these revisions. Ms. Chmiel also requested some language revisions and Chairman Munaretto asked that she forward her suggestions so they can be properly incorporated into the policy. He stated the document will be sent to the State's Attorney for review after the noted changes are made. When a response from the State's Attorney is received the Committee will re-address the policy.

NEW BUSINESS

Resolution authorizing appointment of members to an expanded Board of Review for Assessment Year 2007: Ms. Orphal made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing appointment of members to an expanded Board of Review for Assessment Year 2007. Ms. Mayberry explained this is a yearly request made in anticipation of the short-time time available to conduct assessment hearings. Mr. Hammerand asked how members were paid. Ms. Mayberry stated they receive a \$125 per diem. On a roll call vote, the motion carried with all members present voting aye (Hammerand, Orphal, Ryan, Hill, Chmiel and Munaretto).

Resolution authorizing budget line item transfers in the Valley-Hi Enterprise Fund FY 06/07 budget: Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing budget line item transfers in the Valley-Hi Enterprise Fund FY 06/07 budget. After a review, a roll call vote was called. The motion carried with all members present voting aye (Hammerand, Orphal, Ryan, Hill, Chmiel and Munaretto).

Resolution authorizing budget line item transfer from Non-Departmental to the State's Attorney's Department in the FY 06/07 budget: Ms. Hill made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing budget line item transfer from Non-Departmental to the State's Attorney's Department in the FY 06/07 budget. Ms. Hill stated she understood the request, but asked the department to take this into consideration during the budget process. Mr. Austin stated that it is sometime difficult to budget for unpredictables such as court and witness fees. On a roll call vote, the motion carried with all members present voting aye (Hammerand, Orphal, Ryan, Hill, Chmiel and Munaretto).

Resolution authorizing an emergency appropriation to the Valley-Hi FY 06/07 budget for the purchase and installation of a fence around the retaining pond: Ms. Hill made a motion, seconded by Mr. Hammerand, to recommend the County Board approve a Resolution authorizing an emergency appropriation to the Valley-Hi FY 06/07 budget for the purchase and installation of a fence around the retaining pond. On a roll call vote, the motion carried with all members present voting aye (Hammerand, Orphal, Ryan, Hill, Chmiel and Munaretto).

Resolution authorizing setting the salary for certain elected officials: Ms. Hill made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing setting the salary for certain elected officials. On a roll call vote, the motion carried with five ayes (Orphal, Ryan, Hill, Chmiel and Munaretto) and one nay (Hammerand).

Resolution authorizing an increase to the County Recorder's automation fee allowing the Recorder to collect an additional \$6.00 per document recorded: Ms. Hill made a motion, seconded by Ms. Chmiel to recommend the County Board approve a Resolution authorizing an increase to the County Recorder's automation fee allowing the Recorder to collect an additional \$6.00 per document recorded. Ms. Hill noted that the Management Services Committee had recommended approval of this Resolution during their meeting this morning. It was also noted that the fee increase is lower than the projected fee. After discussion, a roll call vote was called. The motion carried with five ayes (Orphal, Ryan, Hill, Chmiel and Munaretto) and one nay (Hammerand).

Resolution authorizing actuarial services for GASB 45 an emergency appropriation in the Court Automation Fund FY 06/07 budget: Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing actuarial services for GASB 45. On a roll call vote, the motion carried with all members present voting aye (Hammerand, Orphal, Ryan, Hill, Chmiel and Munaretto).

FY 07/08 Non-Departmental Budget: Mr. Sarbaugh distributed the Preliminary Non-Departmental Budget for FY 07/08 and reviewed revenue projections and proposed increases to general operations. Items with a budget increase included the gypsy moth program; Andy Frain services; Lobbyist expenses; Star Com and tower rental. Mr. Sarbaugh noted that the last few pages were projected budgets for various projects including Animal Control, the Sheriff's radio system and the 50 million dollar road program. He stated that these figures may change once he reviews them with the Purchasing Director and Highway Engineer. He asked if the Committee would adopt the FY 07/08 Non-Departmental budget knowing that some minor changes may be necessary. Ms. Hill made a motion, seconded by Ms. Orphal, to recommend the FY 07/08 Non-Departmental Budget be adopted. The motion carried with all members present voting aye on a roll call vote (Hammerand, Orphal, Ryan, Hill, Chmiel and Munaretto).

Discussion – General Fund major revenues: Mr. Sarbaugh submitted a summary of major general fund revenues as of August 31, 2007. Funds that produce the largest revenues were highlighted. Mr. Sarbaugh pointed out that these revenues may decrease with the decline in building permits, recording fees and tax stamp sales. If these revenues decrease noticeably, it may be necessary to "tap the brakes" on spending. He asked that these issues be kept in mind when reviewing supplement budget requests.

REPORTS TO COMMITTEE

Auditor's Report: Ms. Palmer stated in response to the Committee's request, staff had reviewed the possibility of cross-charging departments. Recommendation is to cross-charge the two enterprise funds (Valley-Hi and E 9-1-1). Staff will present a written policy for consideration at a future meeting.

Chairman Munaretto deferred additional reports to the next meeting.

EXECUTIVE SESSION None.

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Mr. Hammerand, to adjourn the meeting at 10:58 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

- Resolution authorizing an extension of the contact with Virchow Krause
- Resolution authorizing appointment of members to an expanded Board of Review for Assessment Year 2007
- Resolution authorizing budget line item transfers in the Valley-Hi Enterprise Fund FY 06/07 budget
- Resolution authorizing budget line item transfer from Non-Departmental to the State's Attorney's Department in the FY 06/07 budget
- Resolution authorizing an emergency appropriation to the Valley-Hi FY 06/07 budget for the purchase and installation of a fence around the retaining pond
- Resolution authorizing setting the salary for certain elected officials
- Resolution authorizing an increase to the County Recorder's automation fee allowing the Recorder to collect an additional \$6.00 per document recorded.
- Resolution authorizing actuarial services for GASB 45

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