

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

MINUTES OF TUESDAY, APRIL 8, 2008

Committee Chairman Marc Munaretto called the meeting to order at 9:34 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, Assistant County Administrator – Finance; Cindy Kozlowski, Financial Analyst; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Bill LeFew, Treasurer; Pam Palmer and Jim Bernier, Auditor's office; Katherine Schultz, County Clerk; Donna Mayberry, Supervisor of Assessments; Tom Sullivan, I.T.; Rich Weinhandl, Sheriff's Department; Linda McMahon, Administrative Analysis; Mitch Bramstaedt, Yori Rubinson and Ruth Donahue -Representatives from Segal Group, Inc.; interested public; and the press.

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

MINUTES

Ms. Chmiel made a motion, seconded by Mr. Ryan, to recommend approval of the March 11, 2008 committee minutes. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None.

PRESENTATION:

*GASB 45:* Ms. Palmer provided an overview to the presentation to be given by Segal Group, Inc. regarding GASB 45 and introduced the representatives from the firm (Mitch Bramstaedt, Yori Rubinson and Ruth Donahue). Representatives provided a summary to the Governmental Accounting Standards Board (GASB) 45 which requires disclosure of post employment benefits other than pension (such as medical benefits, dental, vision, prescription drugs and life insurance). It was noted that GASB requires disclosure, not funding of these benefits. Prior to GASB there was no uniform standard for an accrual-basis measurement of retiree health benefits and most retiree health plans were accounted for and financed on a pay-as-you go basis. GASB 45 is an attempt to identify costs of future retiree's health benefits on an accrual basis. A review of funding options was presented. It was noted that GASB does not require Other Post Employment Benefits (OPED) liabilities to be funded and the County could decide to continue to fund these liabilities on a pay-as-you-go basis. Disclosure under GASB 45 will begin December 2008 for the year ending November 30, 2009. The County Board will need to look at what direction to take regarding funding for OPED by reviewing various scenarios using the Financial Model. Staff will put together suggestions for discussion at a future meeting.

*Tax Abatement for surviving spouse of fallen police, fire or rescue worker:* Mr. LeFew reported that Public Act 644 was passed by the State last year. This Act gives authority to county and municipal governments to approve an Ordinance to abate the County's share of real estate taxes to a surviving spouse of an individual that was killed in the line of duty as a police officer, fire or rescue worker. He noted there are specific guidelines and restrictions that would need to be followed. He asked that the Committee consider approving a Resolution to provide for abatement of the County's share of real estate taxes as addressed in Public Act 644. Chairman Munaretto thanked Mr. LeFew for providing this information and asked staff to put together a Resolution for consideration/discussion at a future meeting.

NEW BUSINESS

*Resolution authorizing revisions to the Avaya Lease and an emergency appropriation and budget line item transfer in the non-departmental FY 07-08 budget:* Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing revisions to the Avaya Lease and an emergency appropriation and budget line item transfer in the non-departmental FY 07-08 budget. Mr. Sullivan reviewed the request after which a roll call vote was called. The motion carried with all members present voting aye (Ryan, Hammerand, Hill, Chmiel, Orphal and Munaretto).

*Resolution authorizing a budget line item transfer in the County Clerk's Election Administration Improvement Grant FY 08 budget:* Mr. Ryan made a motion, seconded by Ms. Hill, to recommend the County Board approve a Resolution authorizing a budget line item transfer in the County Clerk's Election Administration Improvement Grant FY 08 budget. After discussion, a roll call vote was called. The motion carried with all members present voting aye (Ryan, Hammerand, Chmiel, Hill, Orphal and Munaretto).

*Resolution authorizing entering into the PSIC grant agreement as lead agency for the Prairie Shield Regional Alliance and an emergency appropriation to the Sheriff's FY 08 budget:* Ms. Hill made a motion, seconded by

Ms. Orphal, to recommend the County Board approve a Resolution authorizing entering into the PSIC grant agreement as lead agency for the Prairie Shield Regional Alliance and an emergency appropriation to the Sheriff's FY 08 budget. Mr. Weinhandl reviewed the proposed resolution and procedures that would be followed to insure the 20% match requirement is received prior to the purchase of the equipment. After discussion, a roll call vote was called. The motion carried with all members present voting aye (Chmiel, Orphal, Ryan, Hammerand, Hill and Munaretto).

*Discussion on bid for outside auditor services:* Mr. Austin stated this item was put on the agenda to remind the Committee that they would need to consider if they wish to extend the agreement with Virchow Krause, the current outside audit firm, or if they would like to go out for bids to contract with another firm. Chairman Munaretto asked that members be prepared to discuss this issue at the next meeting.

OLD BUSINESS: None

REPORTS TO COMMITTEE:

*Auditor's Report:* Ms. Palmer reported that the department remains "on-hold" regarding Tier Technology software. She stated that samples appear to be good, but will know more over the next few months. Work with the outside auditors is going on schedule and should be completed in the next couple weeks. A preliminary report and management letter should be forthcoming in the next 30 days.

*Contingency:* The General Fund Contingency Statement of Activity report as of April 8, 2008 was distributed and members were asked to contact Mr. Sarbaugh if they had any questions or comments regarding the report.

Mr. Sarbaugh reported that the Animal Control Project is basically completed and was accomplished within the approved budget for this project. He noted that there is approximately \$130,000 of interest earnings of which \$10,000 will need to be held back to make sure that arbitrage costs are covered. Chairman Munaretto asked the Committee if they would like to use the interest to pay down the debt or if they would like to use these funds to purchase additional items/equipment for this facility. Ms. Chmiel stated she would like to see the majority of the funds used to pay down the debt with some funds being used to address some purchase fiber glass guards for the walls and additional equipment on the health clinic side of the facility. Other members stated that if these are real concerns for the department, they would find available funds. They felt the interest earned should be used to pay down the debt at this time. After further discussion, Chairman Munaretto noted that it is consensus of the Committee to pay down the debt. Mr. Sarbaugh stated he would prepare a Resolution for consideration at the next meeting.

Mr. Sarbaugh also submitted a Financial Forecast Model for the Valley-Hi Nursing Home Enterprise Fund. Members will review this report and let Mr. Sarbaugh know if they have any questions or comments. Mr. Sarbaugh provided an overview to the history of revenues as listed on page 2 of the spreadsheets and what assumptions were used to arrive at this financial forecast information. Revenue projections were based on the number of certified Medicare beds along with private pay beds.

Ms. Hill left the meeting at 10:53 a.m.

Mr. Sarbaugh reviewed agency costs taking into account that personnel costs will increase when outside agency use is eliminated in 2009.

EXECUTIVE SESSION: None.

ADJOURNMENT

Noting no further business, Mr. Hammerand made a motion, seconded by Ms. Orphal, to adjourn the meeting at 11:09 a.m. The motion carried with a unanimous voice vote.

\* \* \* \* \*

**RECOMMENDED FOR BOARD ACTION:**

Resolution authorizing revisions to the Avaya Lease and an emergency appropriation and budget line item transfer in the non-departmental FY 07-08 budget

FINANCE AND AUDIT COMMITTEE

Minutes of Tuesday, April 8, 2008

Page: 3

Resolution authorizing a budget line item transfer in the County Clerk's Election Administration Improvement Grant FY 08 budget

Resolution authorizing entering into the PSIC grant agreement as lead agency for the Prairie Shield Regional Alliance and an emergency appropriation to the Sheriff's FY 08 budget

:bjt