

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

MINUTES OF TUESDAY, MAY 27, 2008

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; Daniel Ryan (arriving at 9:38 am); and Barbara Wheeler. Also in attendance: Ralph Sarbaugh, Associate County Administrator – Finance; Cindy Kozlowski, Financial Analyst; Peter Austin, County Administrator; Pat McNulty, Health; Tom Sullivan, Information Technology; Bill LeFew, Treasurer; Glenda Miller, Deputy Treasurer; Pam Palmer, Auditor; Jim Bernier, Senior Accountant; Representatives from the McHenry County Conservation District; 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. Hammerand, to recommend approval of the May 13, 2008 Finance and Audit committee minutes and the May 13, 2008 Joint minutes of the Human Resources and Finance and Audit Committees. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None

PRESENTATION

*McHenry County Conservation District Budget:* Elizabeth Kessler and Andy Dylak joined the Committee to present the proposed annual budget for the McHenry County Conservation District (MCCD). Ms. Kessler provided an overview to the work currently being done by the MCCD including site development, habitat restoration projects, enhancing of policies and procedures and partnerships with various municipalities. Mr. Dylak then reviewed the proposed 08/09 Annual Budget for the MCCD.

NEW BUSINESS

*Resolution adopting ordinance No: 08-831 of the McHenry County Conservation District as provided for in Public Act 91-629:* Ms. Wheeler made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution adopting ordinance No: 08-831 of the McHenry County Conservation District as provided for in Public Act 91-629. The motion carried with all members present voting aye on a roll call vote (Hammerand, Ryan, Orphal, Hill, Wheeler, Chmiel and Munaretto).

*Ordinance to adopt a real estate tax abatement for the residence of a surviving spouse of a fallen policy officer, fireman, emergency or rescue worker:* Mr. LeFew addressed the Committee and provided a summary to the proposed ordinance regarding real estate tax abatement. He stated the document was presented as a collaborative effort of the offices of Assessments, County Clerk and Treasurer. Ms. Hill made a motion, seconded by Ms. Orphal, to recommend the County Board approve an Ordinance to adopt a real estate tax abatement for the residence of a surviving spouse of a fallen policy officer, fireman, emergency or rescue worker. Ms. Wheeler made a motion, seconded by Ms. Hill to amend the Ordinance to approve the tax abatement for the lifetime of the surviving spouse as long as the spouse remains unmarried. The motion to amend passed with all members present voting aye on a voice vote. The main motion carried with all members present voting aye on a roll call vote (Hammerand, Ryan, Orphal, Hill, Wheeler, Chmiel and Munaretto).

Mr. Lefew reported that tax distributions were sent out on May 2<sup>nd</sup>, the earliest they have been mailed in the last 25 years.

*Resolution authorizing a budget line item transfer in the Recorder's Automation Fund FY 08 budget:* Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing a budget line item transfer in the Recorder's Automation Fund FY 08 budget. Mr. Sarbaugh reviewed the proposed resolution after which a roll call vote was taken. The motion carried with all members present voting aye (Hammerand, Ryan, Orphal, Hill, Wheeler, Chmiel and Munaretto).

*Resolution authorizing contracts with Aces Demolition and Meridian Industrial for demolition and removal of the Harrison House, the old animal control facility and the old Valley-Hi Administrator House:* Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing contracts with Aces Demolition and Meridian Industrial for demolition and removal of the Harrison House, the old animal control facility and the old Valley-Hi Administrator House. Ms. Hill stated that the bid also included the trailer currently located at the old animal control facility, but the Health Department may decide to move the trailer for use by the WIC program. Mr. Hammerand asked if the public was given the opportunity to re-locate any of the proposed buildings for other uses. It was noted that such an opportunity was not presented. Chairman Munaretto stated that such consideration would have been addressed by the Management Services Committee. Noting no further discussion, a roll call vote was called. The motion carried with six ayes (Hill, Wheeler, Chmiel, Orphal, Ryan and Munaretto) and one nay (Hammerand).

*Resolution authorizing acceptance of an additional \$15,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 08 budget:* Ms. Chmiel made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing acceptance of an additional \$15,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 08 budget. Mr. McNulty stating this is a grant with no match requirements and no personnel. The motion carried with all members present voting aye on a roll call vote (Hill, Wheeler, Chmiel, Orphal, Ryan, Hammerand and Munaretto).

*Resolution authorizing a budget line item transfer in the Division of Transportation's FY 08 Budget:* Mr. Ryan made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing a budget line item transfer in the Division of Transportation's FY 08 Budget. Mr. Austin will allow for Phase II of the Algonquin Bypass to continue. The motion carried with all members present voting aye on a roll call vote (Hill, Wheeler, Chmiel, Orphal, Ryan, Hammerand and Munaretto).

*Resolution authorizing a budget line item transfer in the Department of Information Technology FY 08 budget:* Mr. Ryan made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing a budget line item transfer in the Department of Information Technology FY 08 budget. Mr. Sullivan reviewed the proposed resolution noting that although they have interviewed to fill two vacant network engineer positions, they have been unable to do so. The resolution if approved will allow the department to contract for network engineering services until such time the positions can be filled. After discussion, a roll call vote was called. The motion carried with all members present voting aye (Hill, Wheeler, Chmiel, Orphal, Ryan, Hammerand and Munaretto).

*Resolution authorizing acceptance of planning assistance to states funds from the United States Army Corps of Engineers in the amount of \$295,000 and an emergency appropriation to the General Fund FY 08 budget:* Mr. Sarbaugh stated the Resolution as presented needs additional clarification and rewording. Members discussed the Resolution and agreed meet on Tuesday, June 3, 2008 just prior to the County Board meeting to consider the resolution once staff has an opportunity to review and clarify document.

#### OLD BUSINESS:

*Resolution authorizing the approval of a formal budget policy for FY 08/09:* Mr. Sarbaugh provided an overview to the resolution and FY 08/09 budget process. He pointed out various changes to the budget policies and noted that the section on employee wage and compensation has been amended to indicate that this section will now reference the Salary Administration Policy as an Appendix. He also reviewed the added section relating to the Financial Model that has been included. Mr. Hammerand raised his concerns that the capital plan does not allow for separate discussion on each project and process is too informal, noting that capital projects should still go through the voting procedures. Chairman Munaretto responded that the County Board has ample opportunity to review projects and determine priorities that are included in a capital plan. Projects would still funnel through administration and the County Board and can change with time and urgency. Ms. Chmiel stated she would like to see wording included that would insure the County Board maintains 5 month reserves. Mr. Sarbaugh stated he would present the Financial Model for discussion at the next meeting. He noted that times there will be a drop in revenues which would make the maintenance of a 5 month reserve impossible. Mr. Sarbaugh stated that the Auditor has also raised concerns that the County does not have a vehicle replacement policy to address purchasing of replacement vehicles and an evaluation of the vehicle's intended use. Chairman Munaretto stated such a policy should be drafted for consideration at a future meeting. Ms. Orphal then made a motion, seconded by Ms. Wheeler, to recommend the County Board approve Resolution

authorizing the adoption of a formal budget policy for FY 08/09. The motion carried with all members present voting aye on a roll call vote (Hill, Wheeler, Chmiel, Orphal, Ryan, Hammerand and Munaretto).

*Policy for the Utilization of New Sales Taxes:* Chairman Munaretto stated the members had been provided a "draft" policy for review and discussion with no committee action today. Ms. Hill stated the intent was for these funds to be used for transportation and public safety. The draft policy indicates the fund is intended for transportation and transit improvements, with no mention of public safety. She also asked that a Public Hearing be held prior to adopting a policy for the utilization of these new funds. Chairman Munaretto agreed with public safety should be acknowledged in the policy. He stated that these new sales tax funds were adopted by State Legislature and a public hearing at this point would not be necessary. He stated if proposed amendments were passed he could support a public hearing since the County would be need to decide if they wanted to accept the funds. At this point, the County has no option and must accept the money. The funds will go to the treasure for investment and will be used to support the five year transportation improvement plan. Funds will not go directly into the transportation budget. After a discussion, members agreed that the policy should be worked through by the Finance and Audit Committee prior to scheduling a joint meeting with the Transportation Committee. The policy will be re-drafted for continued discussion at the June 10<sup>th</sup> Committee meeting.

**REPORTS TO COMMITTEE:**

*Auditor:* Mr. Bernier reported that the Auditor's report will be finalized for presentation at the next meeting. Chairman Munaretto asked that the Committee receive a copy of the Manager's Letter prior to the Committee meeting.

*General Fund Quarterly and Contingency Reports:* Mr. Sarbaugh presented the 06-07 summary of General Fund Revenues and Expenditures. He stated the report is a new format that includes a narrative to help put meaning behind the numbers. He asked the members to keep in mind that the narrative should be considered as his interpretation and if they would prefer not to have this language included on future reports, he would follow those instructions. Members were asked to review the document for further discussion at the next regularly scheduled meeting.

Mr. Sarbaugh reported that the \$7,000 clean-up dollars will be removed from the contingency report as this is covered under a different account.

**EXECUTIVE SESSION:** None.

**ADJOURNMENT**

Noting no further business, Mr. Hammerand made a motion, seconded by Mr. Ryan, to adjourn the meeting at 11:32 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD ACTION:**

- Resolution adopting ordinance No: 08-831 of the McHenry County Conservation District as provided for in Public Act 91-629
- Ordinance to adopt a real estate tax abatement for the residence of a surviving spouse of a fallen policy officer, fireman, emergency or rescue worker
- Resolution authorizing a budget line item transfer in the Recorder's Automation Fund FY 08 budget
- Resolution authorizing contracts with Aces Demolition and Meridian Industrial for demolition and removal of the Harrison House, the old animal control facility and the old Valley-Hi Administrator House
- Resolution authorizing acceptance of an additional \$15,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 08 budget
- Resolution authorizing a budget line item transfer in the Division of Transportation's FY 08 Budget
- Resolution authorizing a budget line item transfer in the Department of Information Technology FY 08 budget
- Resolution authorizing the approval of a formal budget policy for FY 08/09

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