

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

MINUTES OF TUESDAY, JANUARY 26, 2010

Committee Chair Marc Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto; Tina Hill; Lyn Orphal; Scott Breeden; Mary Donner; and Daniel Ryan. John Hammerand was absent. Also in attendance: John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator – Finance; Pam Palmer and Jim Bernier, Auditor's Office; Kathleen Bergan Schmidt and Ersel Schuster, County Board Members; Nichole Gattuso, GIS; Julie Courtney, Workforce Network; Heather Acker and John Rader, representatives from Baker Tilly Virchow Krause; Eric Anderson, BMO Capital Markets; interested public; and press.

Marc Munaretto, Chairman	
Scott Breeden	Mary L. Donner
John Hammerand	Tina Hill
Lyn Orphal	Daniel P. Ryan

MINUTES

Ms. Orphal made a motion, seconded by Ms. Hill, to recommend approval of the minutes of the Finance & Audit Committee meeting on January 12, 2010. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None

PRESENTATION:

*Virchow Krause:* Ms. Palmer introduced Ms. Acker and Mr. Rader from Baker Till Virchow Krause. Ms. Acker and Mr. Rader provided information on the 2009 audit and auditing standards that are required which include communication on a variety of information during the planning and completion phases of the audit. Chairman Munaretto asked that Ms. Acker and Mr. Rader provide an update on GASB 45 and what this means for the County. He noted that the County has not yet adopted a policy addressing this issue. Ms. Acker reported that McHenry County is part of Phase II of GASB 45. She noted that counties that have been involved as part of Phase I have taken their time in making any final decisions. She stated that one county has no liabilities and other counties are still weighing their options. She noted that she is unaware of any county that has selected an irrevocable trust to fund GASB 45. Chairman Munaretto commented that the County is taking a "wait to see strategy" adding that it makes sense to have a plan with a funding component. He noted that GASB 45 addresses with OPEB (other post employment benefits) liabilities. Ms. Acker noted that the County's number will look favorable as the County currently allows retirees to stay on the same health plan while recognizing the cost. Chairman Munaretto provided an overview to the audit process. The audit process was then reviewed by Ms. Acker and Mr. Rader. Preliminary field work was conducted in December which included an evaluation of the system, interviews and review of forms. The audit is conducted in accordance with generally accepted auditing standards. During the end of February/beginning of March additional field work will be completed. Once that is completed the Auditor's office begins to focus on the CAFR, which is done in-house. Mr. Rader stated the CAFR is a large task and McHenry County has been very accurate in completing this document. Ms. Acker and Mr. Rader asked members to contact them if they had any additional comments or questions.

*Use of a Parameters Ordinance (Eric Anderson):* Mr. Anderson joined the Committee to discuss the process of developing a borrowing in the amount of eight million dollars. He reviewed the strategy used in the past and provided information on current tax exempt interest rates which have fallen. He stated if the borrowing was done today it would be best to do as tax exempt, but cautioned that these rates change daily. He provided an overview to proposed projects that would be funded with proceeds of the proposed debt certificates. He presented a timetable for consideration of a parameters ordinance should the County Board decide to take this action. He suggested that because the bond market holiday of Presidents Day falls on Monday, February 15, 2010, it would be in the County's best interest to conduct its sale for approval on February 16 noting that market participants would be out of the market February 12-17. A parameters ordinance would allow designated officials to execute a financing contract on behalf of the full County Board. This ordinance could be adopted by the Board on February 16, 2010 and executed as early as the next day. The adoption of such an ordinance eliminates time and interest rates rush and improves the efficiency of debt placement. Once adopted, the parameters ordinance would remain open for six months or until a new Board takes office. Refunding issues were discussed and it was noted that refunding of Series 2002 debt service could be combined in the parameters ordinance. A proposed timeline for the issuance of debt certificates, Series 2010A and 2010B was

presented. Mr. Anderson will draft a document for consideration at the next Finance and Audit Committee. Ms. Schmidt stated that some Board members would have a problem approving the suggested parameters ordinance if it includes funding for the Mental Health Board. Chairman Munaretto responded that there are several projects that will be funded with the proceeds of the proposed debt certificates and this is not a vote on whether the Mental Health Board's should build a building. The Committee thanked Mr. Anderson for providing this information.

NEW BUSINESS:

*Resolution authorizing acceptance of a modification of the Illinois Department of Commerce and Economic opportunity Grant #09-681002 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget; and (2) a Resolution authorizing acceptance of a modification of the Illinois Department of Commerce and Economic Opportunity Grant #08-761002 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget:* Ms. Orphal made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing acceptance of a modification of the Illinois Department of Commerce and Economic opportunity Grant #09-681002 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget and a Resolution authorizing acceptance of a modification of the Illinois Department of Commerce and Economic Opportunity Grant #08-761002 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget. The motion carried with all members present voting aye on a roll call vote (Breeden, Hill, Donner, Orphal, Ryan and Munaretto).

*Resolution authorizing participation in the Northeast Illinois Joint County Aerial Project 2010:* Ms. Donner made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing participation in the Northeast Illinois Joint County Aerial Project 2010. Ms. Gattuso stated that the proposed resolution is a joint venture to provide aerial imagery services and information for the County's Geographic Information System. The cost for the County is \$60,000 and has been budgeted for in FY 2010. After discussion, a roll call vote was called. The motion carried with all members present voting aye on a roll call vote (Breeden, Hill, Donner, Orphal, Ryan and Munaretto).

*Resolution authorizing renewal of annual ESRI Software Maintenance Agreement:* Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing renewal of annual ESRI Software Maintenance Agreement. Ms. Gattuso noted that the proposed resolution is to authorize the renewal of the ESRI GIS Software Maintenance Agreement which is an annual agreement. On a roll call vote, the motion carried with all members present voting aye on a roll call vote (Breeden, Hill, Donner, Orphal, Ryan and Munaretto).

*Resolution authorizing a budget line item transfer from the General Fund Non-departmental FY 09 budget to the Facilities Management General Fund FY 09 budget:* Ms. Donner made a motion, seconded by Ms. Hill, to recommend the County Board approve a Resolution authorizing a budget line item transfer from the General Fund Non-departmental FY 09 budget to the Facilities Management General Fund FY 09 budget. Mr. Sarbaugh stated that this resolution will provide the funds necessary to pay the November electricity bill which exceeded the projected costs for FY 09. After discussion, a roll call vote was called. The motion carried with all members present voting aye on a roll call vote (Breeden, Hill, Donner, Orphal, Ryan and Munaretto).

PRESENTATIONS (CONTINUED):

*Current financial status of the County:* Mr. Sarbaugh and Mr. Austin provided an update on the County's financial status. Mr. Sarbaugh stated that the General Fund is monitored daily and unless an unexpected journal entry is made the General Fund should end in the "black" for FY 09. He stated revenues for FY 09 were down by four million dollars. Chairman Munaretto noted that this is on top of our lowered expectations. He stated that the same conditions will be encountered in 2010. Mr. Austin stated although the budget level was lowered in 2009 it was not enough and staff is committed to watching the 2010 budget closely which will be further discussed at the Strategic Planning meeting scheduled for March 12, 2010. Chairman Munaretto commented that members should tell elected officials and department heads what a great job they did in 2009. He stated these are extraordinary times and staff and the County Board had the courage to meet the challenge by keeping a 5 to 6 month cash reserves as a hedge during these events. Mr. Sarbaugh reported that the CPI for assessments is projected to be 2.7% for 2010, which does give some breathing room. Chairman Munaretto stated this is good news for the County but not to the taxpayers as taxes will increase with home values still decreasing. He stated at some point this will need to be addressed.

*Discussion – Travel / Trips:* Mr. Austin provided an overview of the Legislative Budget for FY 09 and FY 10. He noted that the Ferguson Group’s contract was for \$93,000. As part of the Legislative Program, approximately \$3,000 was approved for other legislative meetings and travel that may be necessary. Chairman Munaretto noted that this item was on the agenda to discuss concerns with travel expenses incurred by Board members as part of our lobbying efforts. He stated that there was a trip made by some staff members and the County Board Chairman to Washington D.C. in December and he questioned who gave consent for this trip and how it could fit in with the County’s legislative plan. He stated that the Ferguson Group was hired to provide lobbying services and questioned if such trips by members and staff were necessary. He questioned if it was okay for members to travel, spend and be reimbursed without the consent from a standing committee. Mr. Breeden noted such travel was approved during the budget process and consent from a standing committee would not be necessary. Mr. Austin stated that the Ferguson Group does represent us on with our lobbying efforts but it is also important to include a personal element to help develop a relationship with our representatives. Ms. Orphal stated that face to face meetings are important and help keep connections. Ms. Hill stated that this is a staff decision and committees should not be micro-managing. After discussion, Chairman Munaretto announced that it is the consensus of the committee that no additional oversight on these travel issues is required.

**OLD BUSINESS:**

*Update on a project for McHenry County Sportsplex LLC:* Mr. Labaj reported that Sportsplex is stilling closing out some issues and commitment letters have not yet been received. Chairman Munaretto stated the Committee will continue to be patient and wait for the information. He noted that spending deadline is September 30, 2010.

Mr. Labaj reported that there may be another Volume Cap Recovery Zone application submitted from the Wonder Lake Master Property Owners Association (MPOA) for their dredging project. He stated that information on this application may be available at the next meeting. Members asked that participants meet with the Committee to discuss their project and answer any questions.

**REPORTS TO COMMITTEE:**

*Auditor’s Report:* Ms. Palmer and Mr. Bernier joined the Committee to provide an update to the work being done in the Auditor’s office. A roster of staff and their duties was provided along with Part 1 of an 8 part series on the responsibilities of the Auditor’s Office. Ms. Palmer also distributed a list of various counties and the date their auditor’s reports were provided.

*Contingency Reports:* Mr. Sarbaugh noted that Contingency Reports would not be distributed today. He also reported that the State’s Attorney has reported that another property clean-up will be forthcoming.

**EXECUTIVE SESSION:** None

**ADJOURNMENT**

Noting no further business, Ms. Orphal made a motion, seconded by Mr. Ryan, to adjourn the meeting at 10:54 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD ACTION:**

Resolution authorizing acceptance of a modification of the Illinois Department of Commerce and Economic Opportunity Grant #09-681002 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget

Resolution authorizing acceptance of a modification of the Illinois Department of Commerce and Economic Opportunity Grant #08-761002 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget

Resolution authorizing participation in the Northeast Illinois Joint County Aerial Project 2010

Resolution authorizing renewal of annual ESRI Software Maintenance Agreement

Resolution authorizing a budget line item transfer from the General Fund Non-departmental FY 09 budget to the Facilities Management General Fund FY 09 budget

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