

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

MINUTES OF TUESDAY, AUGUST 23, 2011

Mr. Breeden, Chairman called the meeting to order at 9:30 a.m. The following Committee members were present: Scott Breeden; John Hammerand; Mary McCann; Mary Donner and Bob Bless. Jim Heisler arrived at 9:32a.m. Tina Hill was absent. Also in attendance: Pete Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator-Finance; John Labaj, Deputy County Administrator; Pam Palmer, Auditor; Kathie Schultz, County Clerk; Jeff Poynter, Workforce Investment Board; Julie Courtney, Workforce Network; Bob Ross, Assessor; Pam Cumpata, EDC; Cindy Kozlowski, Financial Analyst; John Hadley, Facilities Management; and Pat McNulty, Health Department.

Scott Breeden, Chairman	
Bob Bless	Mary L. Donner
John Hammerand	James Heisler
Tina Hill	Mary McCann

MINUTES

Committee members reviewed the committee minutes of August 9, 2011. Ms. McCann made a motion, seconded by Mr. Bless to recommend approval of the above minutes as presented. The motion carried with all members present voting aye on a voice vote.

PUBLIC COMMENT

None

PRESENTATION

None

Mr. Heisler arrived at 9:32 a.m.

NEW BUSINESS

Resolution Authorizing a Budget Line Item Transfer of \$16,000 in the Sheriff's Fiscal Year 2011 Budget for a Capital Expenditure: Mr. Bless made a motion, seconded by Ms. McCann recommending approval of the above Resolution as presented. Committee members were informed that this Resolution will allow the Sheriff's Department to install a turnstile at an unmanned employee entrance. This has become a vulnerable entrance as employees are holding the entrance door open to allow entrance by other employees, who may not be authorized to use this entrance. This area would require security badges to gain entrance to the facility. Committee members were informed that the Management Services Committee voiced concern regarding possible code violations in this area. Management Services approved this resolution based on an architectural review. Mr. Hadley stated that he was not aware of any violations at this time. A formal bid would be sent out for this equipment. This resolution will allow the funds to be set aside for this project. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

Resolution Authorizing Workers' Compensation Claim Settlement No. 10-3210-16: Mr. Bless made a motion, seconded by Ms. Donner recommending approval of the above Resolution as presented. Committee members were informed that this claim is from a corrections officer that was injured while holding open one of the very heavy doors for another employee. This claim has already been approved by the Human Resources and Management Services committees. The motion carried with a majority of members present voting aye on a roll call vote (Bless, Hammerand, Heisler, McCann) Nay (Breeden)

Resolution Authorizing Acceptance of a Modification to the Illinois Department of Commerce and Economic Opportunity Grant #10-681002 and an Adjustment to Reduce the Appropriation in the Workforce Network FY2011 Budget: Mr. Bless made a motion, seconded by Ms. Donner to recommend approval of the above Resolution as presented. Committee members were informed that this grant was reduced by \$1,886, which has been returned. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

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Resolution Authorizing Acceptance of a Modification to the Illinois Department of Commerce and Economic Opportunity Grant #08-677002 and an Adjustment to the McHenry County Workforce Network Fiscal Year 2011 Budget: Mr. Bless made a motion, seconded by Ms. McCann to recommend approval of the above Resolution as presented. Committee members were informed that because of the time restrictions, they were unable to spend these funds within a two month period so some of the funds will need to be returned and the grant budget adjusted. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

Resolution Authorizing Acceptance of a Modification to the Illinois Department of Commerce and Economic Opportunity Grant #10-653002 and Authorizing an Emergency Appropriation to the McHenry County Workforce Network Fiscal Year 2011 Budget: Mr. Bless made a motion, seconded by Ms. McCann to recommend approval of the above Resolution as presented. Committee members were informed that these are extra funds that were granted to the department to provide case managers to work with the dislocated workers from Intermatic, Allstate, SKF Sealing, Chrysler, Zebra Technologies, Wells Manufacturing Dura-bar division and Wells Duro-Life. The motion carried with all members present voting aye on a roll call vote. (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

Resolution Authorizing Acceptance of a Modification to the Illinois Department of Commerce and Economic Opportunity Grant #09-662002 and an Emergency Appropriation to the McHenry County Workforce Network Fiscal Year 2011 Budget: Mr. Bless made a motion, seconded by Ms. Donner to recommend approval of the above Resolution as presented. These are extra funds in the amount of \$112,342 for the Trade and Globalization Adjustment Assistance Act (TGAAA) for program year 2009-2011. These funds are used to provide assurances for the operation of programs under this Act. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

Resolution Authorizing Acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #10-672002: Mr. Bless made a motion, seconded by Ms. McCann to recommend approval of the above Resolution as presented. Committee members were informed that these funds are from a program where incentives have to be met by the Department. If all the incentives are met or exceeded, they are eligible for extra funds from this program to be used to provide assistance in job search activities. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

Resolution Authoring Acceptance of a Modification to the Illinois Department of Commerce and Economic Opportunity Grant #10-661002 and Authorizing an Emergency Appropriation to the McHenry County Workforce Network Fiscal Year 2011 Budget: Mr. Bless made a motion, seconded by Ms. McCann recommending approval of the above Resolution as presented. These are additional funds that have been received to be used for the Trade Adjustment Assistance Program. The funding will be used for providing case managers to work with the dislocated workers from the Trade programs. The grant has been extended to September 30, 2012. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

Resolution Accepting the IEPA Solid Waste Enforcement Grant: Mr. Bless made a motion, seconded by Ms. McCann recommending approval of the above Resolution as presented. Committee members were informed that this is an annual grant to be used for solid waste activities of the department. The agreement has been reviewed by the State's Attorney's office. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

Resolution Authorizing Contracts with Diebold Services, Brickman Landscaping, Banc Source and Carmichael Construction, Inc. for the Waterproofing of the Treasurer's Office Building: Mr. Bless made a motion, seconded by Ms. Donner recommending approval of the above Resolution as presented. Committee members were informed that this resolution addresses ongoing leaks in the Treasurer's facility. When the facility was purchased in 2009, an active leak was identified and repaired. This leak has moved along the west wall and continues to cause problems for the facility. A bid was sent out to enter into a contract to address these leaks and waterproof the facility. Facilities Management has been working with the architect to develop a waterproofing plan for both the top of the driveway and west foundation wall. Besides the waterproofing, contracts will be necessary to remove and reinstall the three vacuum tube units and remove and reinstall the ATM and landscaping. The project has a total

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cost of \$102,462. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Hammerand, Heisler, McCann, Breeden)

FY11-12 Budget Reviews (not in packet): Assessor: Mr. Ross joined committee members for presentation of the budget for the Assessor's office. This department is funded through the General Fund. The revenues have decreased because of the economy. Some of the funds were split out from this department due to the creation of the GIS department. The department has maintained a balanced budget. The department has put forward two supplemental requests. These requests are tied to the increased costs in the appeals area. This will allow the department to get more Board of Review members in to work on the appeals earlier in the process. Mr. Ross stated that he is uncertain how much funding will be needed for this process. They are also trying to address overtime costs within this department. Mr. Ross stated that he would work with Administration to see if he could get any help from other department's where workloads have decreased because of the economy. Publication costs will decrease because of new legislation addressing these costs. The department is also in need of a new scanner. Personnel costs have increased because of there being 27 pay periods in the coming year. Ms. Donner made a motion, seconded by Ms. McCann recommending the budget for the Assessor be forwarded on through the budget process. The motion carried with all members present voting aye on a voice vote.

County Clerk: Ms. Schultz joined the committee for presentation of the budget for the County Clerk and Elections. This department is funded from the General Fund. Ms. Schultz does have an automation fund that is restrictive in what these funds can be used for. The big cost for the department is for the elections. They know every other year there will be increased costs because of these elections. This year there may be additional costs because they may be required to print their election paperwork in Spanish. The Census Bureau will notify the jurisdictions if they need to print everything bilingually. Ms. Schultz stated that they may not be informed of this requirement until after the primary. All materials in the polling places will need to be printed bilingually which will double the costs for printing for her department. The department will also be required to hire bilingual election judges. The touch screen units can be altered to different languages. Ms. Schultz stated that certified translators will be needed. She stated she is hopeful that she will be able to utilize area High School students to fill the need for bilingual judges. If the ballots are larger than 8 1/2 X 14, this will increase costs as well. Another challenge may result because the State has split some of the precincts. Mr. Sarbaugh stated he has grown this budget by \$90,000. He did not increase publication costs until needed. Ms. Schultz is also requesting additional personnel. She has eliminated three part time (frozen) positions with two additional persons due to retire. She is in need of additional personnel in the election side of her department so there will be no lapse in the election judge area. The benefit costs will increase in this area. Ms. Schultz does have a separate automation fund, which is separate from the General Fund budget. She is planning on using some of the utilization of fund balance which has helped to cover some of the costs for codification. This project is scheduled to be completed soon. All supplemental requests will be reviewed with the department heads. The Chairman of all of the Standing Committees will review and make recommendations on the supplemental requests.

Non-Departmental Budget: Committee members were informed that this budget has been pulled and will be reviewed at the next meeting. Mr. Sarbaugh noted that this budget is typically the last budget to be reviewed.

Revolving Loan Fund: Mr. Labaj joined committee members for presentation of the budget for the Revolving Loan Fund. This department is not its own department and is included under County Administration. This fund reports to the Finance and Audit Committee. Mr. Sarbaugh stated that Mr. Labaj has presented a balanced maintenance budget. Mr. Labaj informed committee members that he is currently working on four loan requests so the committee should see some activity on this account soon. Ms. Donner made a motion, seconded by Ms. McCann to recommend this budget be moved forward through the budget process. The motion carried with all members present voting aye on a voice vote.

Auditor: Ms. Palmer joined committee members for presentation of the budget for the Auditor's office. This is an internal services department that is funded through the General Fund. This department does save the County money by performing audits of the various accounts/departments. She has requested a new position for her department. She has provided a balanced maintenance budget. The new position she is requesting would not be hired until mid year. Mr. Heisler made a motion, seconded by Ms. McCann recommending the budget for the Auditor's Office be forwarded through the budget process. The motion carried with all members present voting aye on a voice vote.

Approved 09 13 11

REPORTS TO COMMITTEE, AS APPLICABLE

Auditor's Report: Ms. Palmer informed committee members that she has been meeting with Mr. Sarbaugh and Mr. Bernier from her office regarding the implementation of GASB 54. This requirement involves fund balances and where to place them in the budget. She stated she would come back to this committee for review of this issue at a later date. She stated that the department has some audits in progress. The IT FY10 audit is almost complete. They are waiting for information regarding internal controls. The outside Auditors will review this audit as well. Ms. Palmer reported that at a recent meeting of the Illinois Association of County Auditors they had an IRS agent attend that informed the group what the IRS looks for. Areas regarding independent contractors versus employees are generally reviewed they also review the employees that use county vehicles. She stated that one interesting area was that if an employee were to embezzle funds, the county is required to send a 1099 for the amount stolen.

Contingency Report: Committee members reviewed the Contingency Report as of August 18, 2011.

Economic Development Corporation: Committee members were reminded that as we go through the budgets, the budgets for the EDC (Economic Development Corporation and Convention and Visitors Bureau were reduced by 15% last year. These contracts must be reviewed in order to justify these expenses. These are not "stand alone" items in the budgets. These funds were pulled off the budget last year for discussion. There were a number of requirements put in as contractual obligations in the previous year. Committee members questioned if the CVB had received its State match as they must meet some minimum requirements in order to receive their state funding. Ms. Cumpata stated that she believes these minimums have been met. It was stated that it is important for this group to promote the county externally.

Ms. Cumpata joined committee members for an update on the EDC. The MCEDC is working with Covidien on a potential expansion into the Crystal Lake facility. Letters of Support have been secured from elected officials from the Governor's Office to our local officials. This is a great opportunity for McHenry County.

In addition, the MCEDC is working with the WIB and Worknet to develop a current and future view of McHenry County's Human Capital, so that we can understand the current workforce, industry clusters and expected growth clusters. The goal is to develop strategic plans for attraction as well as training programs to keep our workforce strong and employable.

On August 3, Scot Forge hosted a meeting regarding current and future workforce specifically with the high school vocational tech programs. In attendance were representatives from McHenry County High School Vocational Teachers, Principals and Superintendents, Joel Green of McHenry County as well as representative from McHenry County College, WIB and Worknet. Given that 25% of McHenry County's economic wealth is derived from manufacturing, high schools are reducing vocational tech programs due to budget challenges and manufacturers are struggling to hire qualified people, we thought convening this group of people could result in a solution specific to McHenry County. That is still moving forward and we see a solution on the horizon.

Update on Broadband Study and next steps: The MCEDC, County and Council of Government are coordinating a meeting in September of stakeholders to discuss building a business case and outreach plan to our municipalities, business community, education, etc. We want to make sure this keeps moving forward for the future of McHenry County.

Upcoming events include:

Friday, September 30th – William Strauss, Senior Economist with the Chicago Federal Reserve will speak on the Midwest Regional Economy and Manufacturing's role in that economy.

Thursday, November 3 – The MCEDC's 20th Anniversary Annual Dinner - Keynote Speaker is Doug Oberhelman, CEO of Caterpillar and Woodstock High School graduate. To date over 200 reservations have been made.

FUTURE TOPICS

Committee members were reminded that one of the future meetings will include a discussion on the bonds that the county has out. They will review all of the outstanding bonds to see if which bonds can be retired or lowered. The County Board has discussed the desire to decrease the reserves down to five months. Each of the bonds will be reviewed to see if the bonds should be refinanced at a lower rate or retired. There will be a report from our

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underwriter next month with an overview provided. The Valley Hi bond is one bond that is scheduled to be retired. There are two other bonds that can be paid off, without penalty. The committee will need to answer questions on whether we want to allow ourselves to make these payments from our reserves and how we would then return to paying for these out of the operating funds. A final decision will be needed by November on this issue. The payment of the Valley Hi bond has already been included in the budget. Committee members questioned if the public would then expect the levy for Valley Hi to be stopped. It was stated that the levy was for the operation and maintenance of the facility as well. It was stated they could discuss if this levy should be lowered. Committee members were informed that Valley Hi is currently interviewing for a new Medical Director. The facility could be impacted in the future by the Medicare funds. The Operating Board will need to ask whether they want to continue on its current "Medicare" path. Decisions being made in both Washington DC and Springfield could impact these decisions.

EXECUTIVE SESSION

None

ADJOURNMENT

Noting no further business, Mr. Hammerand made a motion, seconded by Mr. Heisler to adjourn the meeting 11:00 a.m. The motion carried with all ayes on a voice vote.

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RECOMMENDED FOR BOARD/COMMITTEE ACTION:

- Resolution Allocating Qualified Energy Conservation Bond Volume Cap and Approving a Project for Purposes of the American Recovery and Reinvestment Tax Act of 2009
- Resolution Authorizing the Acceptance of a State of Illinois Emergency Management Assistance (EMA) Grant Program Agreement for FY2011
- Resolution Authorizing Workers' Compensation Claim Settlement No. 10-3200-13
- Resolution Authorizing Reclassification of Position #010-0028-07 and Position #10-0012-05 in the Planning and Development Department
- Resolution Authorizing a Budget Line Item Transfer in the Division of Transportation FY2010-2011 Budget for Fuel, Oil and Grease

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