

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

MINUTES OF TUESDAY, JUNE 23, 2009

Committee Vice-Chair Lyn Orphal called the meeting to order at 9:30 a.m. The following Committee Members were present: Tina Hill; Lyn Orphal; Scott Breeden; John Hammerand; and Daniel Ryan. Marc Munaretto and Mary Donner were absent. Also in attendance: John Labaj, Deputy County Administrator; Ralph Sarbaugh, Associate County Administrator – Finance; Cindy Kozlowski, Financial Analyst; Pat McNulty, Health Department; Jane Wacker, Mental Health Board; Gene Lowery and Angela Wood- Zuzevich, Sheriff's Department ; Pam Palmer, Auditor; and representatives from Virchow Krause (Heather Acker and John Rader)

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

MINUTES

Ms. Hill made a motion, seconded by Mr. Ryan, to recommend approval of the Finance & Audit Committee minutes of June 16, 2009. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None.

PRESENTATION: *Virchow Krause – FY 2008 Audit:* Representatives from Virchow Krause joined the Committee to provide a review of the Comprehensive Annual Financial Report for the Fiscal Year ended November 30, 2008; along with the Report on Internal Control and the Management Letter. Representatives announced that Virchow Krause has recently joined with Baker Tilly International and will now be known as Baker Tilly Virchow Krause. They then provided a review of the audit noting that it is an unqualified opinion, which is the highest given. Members reviewed the transmission letter in the Introduction Section and the Management's Discussion and Analysis in the Financial Section. The documents were prepared in accordance with all reporting standards and the County has maintained a general fund unrestricted cash reserve. Materials weaknesses were reported. Two points were carried forward from last year's report: (1) the journal entry approval process; and (2) Valley Hi Receivables. Responses to concerns raised have indicated that issues are being addressed and internal controls are being strengthened. The County Auditor's Office has implemented policies and procedures for journal entries, authorizations and proper reviews. Members were encouraged to review the reports submitted.

NEW BUSINESS:

*Resolution authorizing acceptance of the Comprehensive Annual Financial Report for FY ending November 30, 2008:* Mr. Breeden made a motion, seconded by Ms. Hill, to recommend the County Board approve a Resolution authorizing acceptance of the Comprehensive Annual Financial Report for FY ending November 30, 2008. The motion carried with all members present voting aye on a voice vote.

*Resolution authorizing an appropriation for McHenry County Mental Health Board's FY 2010 continuation funding agreements:* Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing an appropriation for McHenry County Mental Health Board's FY 2010 continuation funding agreements and amend the Resolution to delete the reference to the Public Health and Human Services Committee. After discussion, a roll call vote was taken. The motion carried with all members present voting aye (Ryan, Hill, Breeden, Hammerand and Orphal).

*Resolution authorizing acceptance of a \$2,970 Tobacco Enforcement program Grant and an emergency appropriation to the Health Department's FY 09 budget:* Mr. Ryan made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing acceptance of a \$2,970 Tobacco Enforcement program Grant and an emergency appropriation to the Health Department's FY 09 budget amending the resolution to delete the reference to the Public Health and Human Services Committee. On a roll call vote, the motion carried with five ayes (Breeden, Hammerand, Ryan, Hill and Orphal).

*Resolution authorizing adoption of Senior Services Grant Fund budget line item transfer for McHenry Township:* Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution

authorizing adoption of Senior Services Grant Fund budget line item transfer for McHenry Township. On a roll call vote, the motion carried with five ayes (Breedden, Hammerand, Ryan, Hill and Orphal).

*Resolution authorizing a four year Panasonic Toughbook Lease with HP Financial Services, an emergency appropriation and budget line item transfer in the FY 09 Non-Departmental Budget:* Mr. Ryan made a motion, seconded by Mr. Breedden, to recommend the County Board approve a Resolution authorizing a four year Panasonic Toughbook Lease with HP Financial Services, an emergency appropriation and budget line item transfer in the FY 09 Non-Departmental Budget. Mr. Lowery, Ms. Wood- Zuzevich and Mr. Sarbaugh joined the Committee to provide an overview to the proposed resolution. The lease is to replace aging computers in patrol vehicles and will be an open-ended lease. Computers will be replaced in thirty-seven (37) vehicles this year. After discussion, a roll call vote was called. The motion carried with all members present voting aye (Breedden, Hammerand, Ryan, Hill and Orphal).

*Discussion regarding Economic Recovery Zone Facility Bond application:* Mr. Labaj reviewed a proposed application form that will be used to implement the program. The application will provide information to the Committee when evaluating an applicant for an Economic Recovery Zone Facility Bond, which is for the private sector. There will be another review criteria for the public section (Economic Recovery Zone) evaluation which will be done through a letter of intent. The role of the County is to evaluate and approve a request if the project meets with the purposes of the American Recovery and Reinvestment Tax Act Criteria for the program. He asked that members contact him prior to the next meeting if they had any comments or revisions to the document. It is anticipated that a final document will be presented to the Committee at the next regular meeting. Members asked for further definition of "permanent" jobs are included in the application. Vice Chairman Orphal noted that some kind of reporting requirement should also be stated in the application.

*Revolving Loan Fund request for Hobby Town:* Mr. Labaj reviewed a Revolving Loan Fund request for Hobby Town located in Crystal Lake. The request is for a loan of \$237,500 which will be used toward the purchase of a building on Pyott Road. The facility will expand the business both inside and out. Crystal Lake Bank and Trust is the major lender and is also doing the underwriting for this request. The loan will be secured through a second mortgage on the building and with a personal loan guarantee. Questions and concerns were raised as regarding the appraisal of the proposed facility and it was noted an appraisal had not yet been conducted. The building would need to be appraised at \$950,000 or more in order for the loan and sale to move forward. Mr. Labaj also noted that Committee Chairman Marc Munaretto is involved with this transaction. Mr. Breedden stated without additional information he would be unable to approve this loan. Mr. Hammerand also raised concerns. Vice Chairman Orphal stated that the Committee would be "conditionally" approving this request which would be dependent on banking information / requirements and a State's Attorney's opinion relative to the County Board Member's involvement. Mr. Breedden noted that he would like to see the business in operation at the existing location for at least one more year. He also would like information on maintenance and remodeling costs along with the appraisal of the building. Based on Committee consensus of three (Ryan, Hill, Orphal) to two (Breedden, Hammerand) the loan request will move forward. Committee members asked that Mr. Labaj provide an update the Committee on this loan application at a future meeting.

OLD BUSINESS: None

REPORTS TO COMMITTEE:

*Auditor's Report:* Ms. Palmer addressed the Committee and reviewed what work is being done in her office. The letter regarding the I.T. Audit will be presented to the Committee when it is received. She thanked everyone for their work on the Audit and commended Mr. Bernier for his work on the CAFR.

Vice Chairman Orphal announced that the McHenry County Economic Development Corporation voted in a new president at their meeting this morning. Pamela Cumpata will take over this office on July 8, 2009. She and her family are long-time residents of the County.

EXECUTIVE SESSION: None.

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Mr. Breedden, to adjourn the meeting at 10:55 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD ACTION:**

Resolution authorizing acceptance of the Comprehensive Annual Financial Report for FY ending November 30, 2008

Resolution authorizing an appropriation for McHenry County Mental Health Board's FY 2010 continuation funding agreements

Resolution authorizing acceptance of a \$2,970 Tobacco Enforcement program Grant and an emergency appropriation to the Health Department's FY 09 budget

Resolution authorizing adoption of Senior Services Grant Fund budget line item transfer for McHenry Township

Resolution authorizing a four year Panasonic Toughbook Lease with HP Financial Services, an emergency appropriation and budget line item transfer in the FY 09 Non-Departmental Budget

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