

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

MINUTES OF TUESDAY, DECEMBER 14, 2010

Chairman Munaretto called the meeting to order at 9:30 a.m. The following Committee members were present: Marc Munaretto, Chairman; Scott Breeden; John Hammerand and Tina Hill. Mary Donner arrived at 9:33 a.m. and Donna Kurtz and Diane Evertsen arrived at 9:40 a.m. Also in attendance: Kenneth Koehler, County Board Chairman; Peter Austin, County Administrator; Cindy Kozlowski, Finance Analyst; John Labaj, Deputy County Administrator; Pam Palmer and Shannon Teresi, Auditor's Office; Mark Cook, Public Defender; Angela Wood-Zuzevich, Sheriff's Department; Tom Sullivan, I.T.; Louis Bianchi, Don Leist, Phil Hiscock and Karen Rhodes, State's Attorney's Office; Dan Wallis, Court Administration; Kathy Keefe, Circuit Clerk; Cathy Link, Purchasing; Walter Dittrich, Department of Transportation; Jane Wacker and Sandy Lewis, Mental Health; John Jung and Kathleen Bergan Schmidt, County Board; interested public and press.

Marc Munaretto, Chairman	
Scott Breeden	Mary L. Donner
Diane Evertsen	John Hammerand
Tina Hill	Donna Kurtz

MINUTES: Ms. Hill made a motion, seconded by Mr. Breeden, to recommend approval of the minutes of the Finance and Audit Committee meeting of November 23, 2010. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None.

PRESENTATION:

*Public Hearing – Sage Products (Cary Corners, LLC Project) Recovery Zone Bonds:* Chairman Munaretto called the Sage Products Public Hearing to order and accepted any public comment with respect to this bond. Having no members from the public wishing to speak concerning this issue, Chairman Munaretto closed the public hearing.

NEW BUSINESS:

Chairman Munaretto mentioned that they just conducted a public hearing concerning the Sage Products Recovery Zone Bonds and he requested that Item 5.6 be taken out of order.

*Resolution Authorizing Issuance and Sale of Recovery Zone Facility Bonds for Sage Products (Cary Corners, LLC Project):* Mr. Breeden made a motion, seconded by Ms. Donner, to recommend the County Board approve the above resolution. Hearing no discussion from the committee, the motion carried on a roll call vote of all ayes (Breeden, Hill, Hammerand, Donner and Munaretto).

Chairman Munaretto requested that Item 5.5 be taken out of order.

*Resolution Authorizing an Emergency Appropriation to the Fiscal Year 2010 McHenry County Mental Health Board Budget in Response to Demand for Funded Services:* Ms. Donner made a motion, seconded by Ms. Hill, to recommend the County Board approve the above resolution.

Ms. Donner left the meeting at 9:34 a.m.

Hearing no discussion from the committee, the motion carried on a roll call vote of all ayes (Breeden, Hill, Hammerand and Munaretto).

Chairman Munaretto requested that Item 5.19 be taken out of order.

*Resolution Supporting the Twenty Second Judicial Circuit in Awarding a Contract for Psychological Services:* Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve the above resolution.

Ms. Donner returned to the meeting at 9:36 a.m.

Mr. Wallis and Ms. Link joined committee members and Mr. Wallis mentioned that during the past several years psychological services, which are required by state statute prior to sentencing in DUIs, domestic violence, fitness evaluations, sex offender evaluations, and substance abuse evaluations, are unfunded mandates and are expensive. Evaluations run between \$55 to \$3600. He spoke with County Judges about entering into a contract to curb some of these costs. So far this year they have paid \$140,000 in psychological services. With the aid of the Purchasing Department, an RFP was authored and sent out. They received four responses of which two were interviewed. Dr. Meyer with Mather's Clinic was the lowest bidder and indicated the Clinic would be able to do all the necessary assessments for a fixed cost of \$61,200. This is a projected overall savings of approximately \$80,000. There is a certain unknown in what type of cases will come before the court so there is no way to determine how many psychological and DUI evaluations will be needed and they decided to put a cap on the amount requested. They will be meeting with Dr. Meyer every month to monitor what type of work he is doing and what type of evaluations are coming to him. If they start to see a 70/30 split (70% being DUI assessments and 30% being fitness evaluations which are more costly and time consuming) then they would be able to adjust the contract to an extent not to exceed \$80,000. Chairman Munaretto stated that they generally appropriate dollars that match with the anticipated budgeted cost for items in the County's budget. It is with modest exception that they deviate from that rule. He questioned if they are better off appropriating \$80,000 for the \$61,000 anticipated expenditure, or are they better off asking Mr. Wallis to come back to them in the event he finds that he needs additional funds. Chairman Munaretto mentioned that there is a budget policy where it generally keeps reserved dollars for expenses that may be anticipated. Ms. Donner mentioned that in these trying and hard times there may be more people who will need these evaluations.

Ms. Kurtz and Ms. Evertsen arrived at 9:40 a.m.

Mr. Breeden agreed with Chairman Munaretto in that it gives them the latitude to move the \$20,000 wherever they need to move it. If Mr. Wallis comes back to them looking for additional funds, the funds will probably be available. Chairman Munaretto mentioned that this is not an optional matter, but rather it is a requirement and they are obligated to find the funds. Mr. Austin mentioned that they have already budgeted \$140,000 and it has already been approved by the County Board. Chairman Munaretto stated that this Resolution shall stand the way it is. The motion carried on a roll call vote of six ayes (Breeden, Hill, Kurtz, Hammerand, Donner and Munaretto) and one abstention (Evertsen). Ms. Evertsen abstained because she arrived late to the meeting.

*Resolution Authorizing the Reclassification of Position #044-0009-99 from Senior Public Defender to Principal Public Defender in the Public Defender's Departmental Roster:* Mr. Breeden made a motion, seconded by Ms. Donner, to recommend the County Board approve the above resolution. Mr. Cook joined committee members and mentioned that this is for a Senior Public Defender who has been doing the work of a Principal Public Defender, including felonies, for the past year. This resolution is needed in order to make an increase to the employee's grade. This will bring this staff member in line with the other employees doing the same work and is a way to keep staffing levels in line without increasing staff in the department. Mr. Breeden mentioned that this matter was discussed and approved yesterday at the Human Resources Committee meeting. The motion carried on a roll call vote of all ayes (Breeden, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

Chairman Munaretto requested that Item 5.9 be taken out of order.

*Resolution Authorizing the Unfreezing of and a Salary Adjustment to Position #045-0003-99 (First Assistant) and the Freezing of Position #045-0040-99 (Assistant Attorney) in the State's Attorney's Departmental Roster:* Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve the above resolution. Mr. Austin mentioned that the First Assistant position has been vacant for approximately two years and the State's Attorney's Office has helped the County financially by keeping the position vacant. He spoke with Mr. Bianchi over the summer about the prospect of filling the position and they decided it was not the time to fill the frozen position. They spoke during the budget process when they were trying to bring the projected FY11 budget into balance. In early October they were looking at a shortfall of approximately \$600,000 and the State's Attorney and he spoke about the First Assistant position. It was frozen for the first half of 2010, but then was funded for the second half of 2010, but the position was not filled. We were eventually able to present a budget with a projected surplus for FY11 which included

this frozen position. When they presented the budget to the Board, this position was frozen, but they expected at some point that the State's Attorney's Office was too large for it to go without a First Assistant and at some point it would need to be filled. The time has come to fill this supervisory position. Mr. Bianchi has offered to freeze another position, a lower paid civil attorney position which is currently vacant and has been vacant since September. There will not be a headcount difference for the State's Attorney's Office, but rather switching which positions are now frozen in that office. Ms. Donner questioned if this is a promotion for someone in the office. Mr. Bianchi mentioned that they have three potential candidates for this position, one is in the office and two are outside of the office. Ms. Hill stated her concerns about where they are at with the budget and how she stood when they discussed salaries and increases. Chairman Munaretto questioned what the net difference is and Mr. Austin stated it was approximately \$50,000 including benefits which comes from the general fund. He mentioned that they projected an approximate \$240,000 surplus with this year's budget. If they moved ahead and allowed these positions to be switched, then the projected FY11 surplus would drop to approximately \$200,000. Ms. Hill questioned if it would be increasing the pay for the position from what it was before. Mr. Austin said that the midpoint on that position is \$113,700. The request of the State's Attorney is to allow the hiring of up to \$118,500 to create a separation between the Chief of the Civil Division and the First Assistant position. It is necessary for recruitment, particularly if they are looking at outside candidates. When they hire over the midpoint, it takes consent from the full County Board. If they were hiring up to the midpoint, it needs to be demonstrated to the Human Resources Office and Administration why they need to hire up to the midpoint. Mr. Bianchi mentioned that in the past his office has had a head of the Civil and Criminal Divisions, along with a First Assistant. During the past two years it is estimated that his office has saved the County approximately \$200,000 by not filling the position. They did not fill the position right away when it became vacant over two years ago. At a point in time the County asked his office to extend it to save more money and they agreed to do it. They now see a need to fill the position. On September 27 they had another vacancy and now they have two unfilled positions. To fill the vacancy in the civil division will not help them at this time. If they hire a First Assistant and they need help in the civil division, it is easier for the First Assistant to assist with work in the civil division and handle a dual role. Mr. Hiscock, Chief of the Criminal Division, joined committee members to explain the need for a First Assistant. He supervises approximately 20 attorneys who handle approximately 1600 felony cases per year and they are on pace for 3000 misdemeanor cases. Many trials are scheduled from January through April, 2011 and he will be in court during most of this time. Both Thomas Carroll, Chief of the Civil Division, and himself are doing double duty in that they are each doing half of the First Assistant position along with managing their respective departments. He also anticipates more trials being scheduled during the second half of 2011. Mr. Bianchi stated that the salary of the First Assistant in DuPage County is in the range of \$118,535 to \$197,559 and Lake County has four chief deputies and 11 chiefs with salary ranges of \$90,000 to \$140,000. Ms. Donner stated that they have a heavy criminal case load coming up and assumes the civil division also has a heavy case load. She questioned if the First Assistant would help both the civil and criminal divisions. Mr. Bianchi said the First Assistant is a supervisory position and directly oversees the Chiefs of the Civil and Criminal Divisions. Chairman Munaretto mentioned that because of the administration of the workload, it has become necessary for them to fill the frozen position. Mr. Austin stated that when they were working on the 2010 budget, they asked Mr. Bianchi to freeze the position for half a year and the position was frozen for the first half of 2010 so hiring during that point was not an option. Ms. Donner appreciates that his office saved the County \$200,000, but now they are asking for more money to attract candidates for the position. When they did the 2011 budget, why didn't they look at this matter at that time. Mr. Austin mentioned that they had the discussion in October with the State's Attorney's Office and at that time they thought they could keep the position frozen with the understanding that at some point in 2011 they would have to fill it. Mr. Bianchi mentioned that they could hire someone in the civil division, which they need, but the civil division attorney will not be able to assist them when they need management help or be able to make decision in the criminal division. They want to freeze that position temporarily. Mr. Hammerand questioned when they moved the First Assistant to the Civil Chief position, did he receive a pay increase and the answer was no. He also questioned if the Criminal Chief received a pay increase and the answer was no. There is still a disparity between the two positions. Chairman Munaretto stated that the funds for this position are available for them to fund this position. They ended the budget process with a projected surplus of approximately \$240,000. He mentioned that based on the efficient needs that the State's Attorney's Office has expressed for the administration of justice in McHenry County, they have determined at this point that they need a senior management level position, which is a First Assistant position. Mr. Hammerand made a motion, second by Ms. Evertsen, to amend the original motion to offer the position for \$110,000. Mr. Hammerand mentioned that this will take it off the low to mid-point which was stated that it would become a position that would not require a vote by the County Board. He feels it would give them more discretion and be above the Lake County minimum of \$90,000 and it is below the DuPage

County salary but feels it is a fair offer. Mr. Bianchi stated that he will have difficulty in filling the position at that salary. The salaries of the attorneys in the State's Attorney's office are below the salaries of those held in the upper level of the Sheriff's Department. Ms. Kurtz mentioned that this position is needed to efficiently run our legal system and it should be a concern to all of them. The point that Mr. Hammerand made is well thought, but her concern is when they, as elected officials, get into the subject matter and expertise of HR and the requirements of our elected leaders in areas where they are not experts. The midpoint for the Lake County salaries is \$115,000. She feels it is important to maintain resources given that they have experienced significant savings and it is important that they provide these additional resources. Mr. Bianchi mentioned that this resolution was unanimously approved at the Human Resources Committee yesterday. Chairman Munaretto stated that they should not be arbitrarily dealing with salary and grade wages when they have established as a County to be uniformly administered throughout the County and he cannot support it. Ms. Donner asked if they have been looking for a First Assistant and if they know that \$90,000 would be a low salary to offer for this position. Mr. Bianchi mentioned that they have three applicants and this position requires a highly skilled, highly qualified person. A roll call vote was taken on the amendment and the motion passed with four ayes (Hill, Donner, Evertsen and Hammerand) and three nays (Breedon, Kurtz and Munaretto). Chairman Munaretto stated that they are limited to \$110,000 by virtue of the amendment in the efforts to secure a First Assistant. Concerning the original motion, Mr. Austin stated that the amendment places additional restrictions that would not otherwise be there. In a normal salary administration policy, they could hire up to \$113,700. Mr. Bianchi requested that they reconsider the amendment and increase the amount to \$113,700. Ms. Hill made a motion, seconded by Mr. Hammerand, to reconsider the motion to increase the salary to the midpoint of \$113,700. The motion to reconsider passed with a unanimous voice vote of all ayes. Mr. Hammerand made a motion, seconded by Ms. Hill, to set the salary to the midpoint of \$113,700. The motion passed with a unanimous voice vote of all ayes. The salary is fixed to be no greater than the midpoint. The main motion failed on a roll call vote of three ayes (Breedon, Kurtz and Munaretto) and four nays (Hill, Hammerand, Evertsen and Donner). The motion will be placed on the County Board agenda under New and Unfinished Business.

Chairman Munaretto requested that Items 5.2, 5.3 and 5.4 be reviewed concurrently.

*Resolution Authorizing Workers' Compensation Claim Settlement No. 06-3210-15; Resolution Authorizing Workers' Compensation Claim Settlement No. 08-3210-14; and Resolution Authorizing Workers' Compensation Claim Settlement No. 09-3210-11:* Ms. Donner made a motion, seconded by Ms. Hill, to recommend the County Board approve the above resolutions. Mr. Labaj joined committee members and mentioned that all three claims involve a corrections officer. These claims have been before the Human Resources and Management Services Committees. The Special Assistant State's Attorney put all three claims together and tried to negotiate with the Plaintiff's attorney a universal settlement as opposed to taking individual settlements. The total of all three claims is approximately \$47,000 to adjudicate the claims. The Special Assistant State's Attorney recommends adjudicating the claims as opposed to trying these before the Workers' Compensation Commission for three reasons: (1) the settlement amounts could increase if they are adjudicated in front of the Workers' Compensation Commission; (2) on two claims we denied additional medical benefits that the claimant wanted because the claimant was still medically treating and our IME said there is no reason for additional medical treatment. The claimant decided to go ahead with additional medical treatment and we denied the additional medical treatment. If we tried the case before the Workers' Compensation Commission, we could be liable to pay for previous medical benefits that we denied; and (3) if the cases go to the Commission, they are then "open for life". If anything happens to this claimant for injuries sustained to the hand, left knee, chest or upper arm, it is automatic that we would have to pay the medical costs. Mr. Breedon mentioned that these matters were before the Human Resources Committee yesterday and they passed with one descending vote which was his. Watching this over the past year-and-one-half, there is a problem in one particular area. Yesterday he asked the Human Resources Director that as we negotiate with the union, the unions should be required to submit a training plan and schedule. People need to understand that if they see a problem, they need to make someone aware of the possible problem so it can be corrected. A concern was raised about the number of claims coming from this department. Chairman Munaretto stated that this falls within the province of the Management Services Committee. Mr. Labaj stated that he should have mentioned yesterday to the HR Committee about future settlements and claim activities. Last year was a hard year as far as settlement activity, but it was a good year as far as claim activities. There are a total of seven cases that were carried into future years. They have quarterly work reviews with the Sheriff's Department concerning their claims and they know there is an issue and a problem. Ms. Hill mentioned that the Management Services Committee recently discussed these three claims at great length and it is rare that one

person has three claims. Mr. Labaj stated that they have talked with the Sheriff's Department about different ways to reduce the accidents that happen with the door in question and they are looking at possible solutions. Ms. Donner said that if they vote no, then they are opening up to all the issues discussed and she will be voting yes. Mr. Breeden agrees with Ms. Donner in that they are at a point where they really do not have much of a decision to make other than saying yes. When claims go through the system without any resistance, that is where he has a concern. He does not want to see it as easy as it has been in the past and he will be voting yes. Ms. Kurtz mentioned that one of the discussions they had during the Management Services meeting was a need to have some statistical reports that would help them understand if there are the same claimants and what conditions result with people incurring injuries. She questioned how much has been paid out for settlements for on-the-job disabilities for 2010 and Mr. Labaj stated they paid out approximately \$950,000. The motion carried on a roll call vote of all ayes (Breeden, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

Ms. Wood-Zuzevich mentioned that she met with the Sheriff and the Undersheriff to discuss this matter yesterday afternoon. This is not the first time that this has come up. They have had quarterly meetings with Mr. Labaj and Mr. Austin to go over issues concerning the jail. She appreciates their comments and they are looking at every avenue they possibly can. During the meeting they brought in Sgt. Wagner who is the commander of the training division and they are working with him and their attorney to find specific areas they can look at for training. Statistical data will help and the information will be very useful to them. They are actively looking at this and there will be a presentation in January to other committees. If this committee would like an abbreviated presentation, they will be happy to do so.

*Resolution Authorizing a Budget Line Item Transfer in the Treasurer's Office Remodeling Project Fund Fiscal Year 2010 Budget:* Mr. Breeden made a motion, seconded by Ms. Hill, to recommend the County Board approve the above resolution. Chairman Munaretto mentioned that this closes out the remodeling project at the former Cardinal Bank building located on Russell Court. Hearing no discussion on this matter, the motion carried on a roll call vote of all ayes (Breeden, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

*Resolution Authorizing the Purchase of Sixteen (16) Pursuit Vehicles:* Ms. Donner made a motion, seconded by Mr. Breeden, to recommend the County Board approve the above resolution. Chairman Munaretto stated that last month they allocated money to do this, and this month they are authorizing a resolution that allows them to purchase the vehicles using mostly FY2010 funds. Ms. Hill asked if the resolution should include language to state where the money is coming from. Ms. Wood-Zuzevich mentioned that ten of the vehicles are being purchased from the FY2010 personnel budget and six vehicles are coming from the FY2011 budget. Chairman Munaretto mentioned that the money has already been budgeted. Mr. Austin will request that Mr. Sarbaugh amend this Resolution before it appears on the County Board agenda to include language as to where the dollars are coming from. Ms. Link mentioned that for police pursuit vehicles, they normally do not have local bids. Normally they buy off of the state bid, but there are extenuating circumstances this year because the state bid does not have the General Motor vehicles out yet and there is no indication when they will be available. She has worked with the Sheriff's Department and they are able to buy the vehicles at a lower price by piggy backing off the Cook County bid. Miles Chevrolet has had the state bid in years past. Another benefit we will obtain is we will be locked into 2010 pricing, and it looks like the state bids will come in at \$3,000 more so it is beneficial to not wait for the state bid as there is no guarantee there will be a state bid this year. They will all be 2011 vehicles and all warranties will be covered by local dealers. Ms. Kurtz feels the money to purchase the vehicle should stay in the county, and she realizes this bidding was special because of the types of vehicles. Ms. Link stated that because of the unique nature of police pursuit vehicles, GM only has certain authorized dealers that they allow to provide these specialty vehicles. For other vehicles that the County will be purchasing in the future, those bids are sent out to all vendors in the area that are on their vendor list. The motion carried on a roll call vote of all ayes (Breeden, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

Chairman Munaretto requested that Items 5.10, 5.11, 5.12, 5.13 and 5.14 be reviewed concurrently.

*Resolution Authorizing an XenApp Platinum Edition Software Maintenance Contract with Citrix Systems; Resolution Authorizing an Annual Maintenance Contract with Hyland Software for the Onbase Document Imaging System; Resolution Authorizing Renewal of a Multi-Function Peripheral Service and Supply Maintenance Contract with Stan's Office Technologies; Resolution Authorizing a Telephone Switch Maintenance Agreement with MAC Source Communications Inc. for Fiscal Year 2011; and Resolution Authorizing a Support Contract with VMWare Software:*

Ms. Hill made a motion, seconded by Ms. Donner, to recommend the County Board approve the above resolutions. Mr. Sullivan mentioned that these are maintenance renewals that are over \$20,000 and the money is budgeted. The motion carried on a roll call vote of all ayes (Breedon, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

*Resolution Authorizing a Four Year Laptop Lease with HP Financial Services and an Emergency Appropriation to the Non-Departmental Fiscal Year 2011 Budget:* Ms. Donner made a motion, seconded by Mr. Breedon, to recommend the County Board approve the above resolution. Mr. Sullivan stated that three years ago they did two leases, one was a five-year desktop lease and one was a three-year laptop lease. The three-year laptop lease is expiring in April, 2011 and they are planning on replacing the 288 devices which includes 63 Toughbooks, 60 tablets and 165 laptops. Last September the County Board passed a resolution to go out for a lease for 16 of the tablets. The lease for the 16 tablets was not done and they are being rolled into this lease which amounts to \$75,000. The 24 laptops in the County Board room are not included in this lease and are not being replaced at this time because they have not received much use and they would like to make them last at least another year. The County Clerk plans to purchase 60 of the old laptops that are coming off the lease and place them at polling locations. He stated that it makes sense for the County to lease the technology. Chairman Munaretto mentioned that they look at this as a commodity and as technology changes, the equipment has a short useful life. They have achieved some financial efficiencies by leasing. They have also been able to establish operating efficiencies by leasing because all of the equipment is on the same platform which are HPs. Traditionally, every three years they have new equipment and software and they experience a limited amount of disturbance in the organization from failed equipment. Mr. Breedon asked what the cost will be to repurchase the laptops that are coming off the lease. Mr. Sullivan stated that it will be approximately \$200 each which excludes peripherals, docking stations, and monitors. Ms. Kurtz questioned what the cost savings is for leasing for a laptop unit. Mr. Sullivan said with a three year lease, they would have a negative interest rate. Since they are stretching it out to four years, the interest rate is 2.1. Chairman Munaretto stated that our debt policy allows the Treasurer an opportunity to participate and review leases under \$3 million. He suggests that they reopen the debt policy and re-review it to see if it makes sense for them to continue to have the Treasurer maintain a role in the process. The motion carried on a roll call vote of all ayes (Breedon, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

*Resolution Authorizing the Execution of the Finalized Lease with Meridian Leasing for the Telephony Solution Upgrade and an Emergency Appropriation to the Non-Departmental Fiscal Year 2011 Budget:* Ms. Donner made a motion, seconded by Mr. Breedon, to recommend the County Board approve the above resolution. Mr. Sullivan mentioned that this is a follow-up to the resolution approved in September or October and it clarifies in terms of amounts and line items where the money is coming from. These are dollars that have been budgeted. The motion carried on a roll call vote of all ayes (Breedon, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto). Mr. Sullivan stated that everything that was old has been swapped out, including the main switches. They are starting to work on the IVR System (Interactive Voice Response System) and the Circuit Clerk is looking to replace their IVR System. There is a new campus alert system that they are looking into which will enable them to send messages across different platforms. Ms. Donner asked for the status of streaming the County Board meetings and she was informed that it is the province of the Management Services Committee.

Chairman Munaretto requested that Items 5.17 and 5.18 be reviewed concurrently.

*Resolution Approving an Engineering Services Agreement Amendment and Appropriating Funds for the Illinois Route 31 Western Algonquin Bypass Project and a Resolution Approving an Amended Intergovernmental Agreement with the State of Illinois for the Illinois Route 31 Western Algonquin Bypass:* Ms. Donner made a motion, seconded by Mr. Breedon, to recommend the County Board approve the above resolutions. Mr. Dittrich joined committee members and mentioned that these are being taken out of order and will go before the Transportation Committee tomorrow. The County is the banker and they have a Contract that is \$2.9 million and they need an amendment of approximately \$730,000. They will receive all of the money back, but they have to pay it out first and seek reimbursement afterwards. The project is expected to start this summer and they are working on acquiring the right-of-ways. The motion carried on a roll call vote of all ayes (Breedon, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

*Resolution Authorizing a Budget Line Item Transfer in Law Library Fund Fiscal Year 2010 Budget:* Ms. Donner made a motion, seconded by Mr. Breedon, to recommend the County Board approve the above resolution. Committee

members questioned if the amount requested is because publication costs have increased, or is the library increasing the number of publications being received. Mr. Austin will find the answer and report it at the next County Board meeting. The motion carried on a roll call vote of all ayes (Breedon, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto).

*Resolution Authorizing a Budget Line Item Transfer from the General Fund Non-Departmental FY2010 Budget to the Facilities Management General Fund FY2010 Budget:* Ms. Hill made a motion, seconded by Ms. Donner, to recommend the County Board approve the above resolution. Mr. Austin mentioned that the Facilities Management Department has incurred higher costs than projected for electricity, natural gas and water and sewer and that Department now needs a budget adjustment in the amount of \$180,000. The County is spending approximately \$200,000 less this year than they did in 2009 for electricity. The amount has decreased from \$1.3 million to \$1.1 million, if this is approved. This is a revised resolution handed out to committee members at the beginning of the meeting which moves the dollars from \$150,000 to \$180,000. It is largely utility and fuel related end-of-the-year expenditures. The motion carried on a roll call vote of all ayes (Breedon, Hill, Kurtz, Hammerand, Evertsen, Donner and Munaretto). Mr. Hammerand questioned if the County was still receiving money from Commonwealth Edison for the generators. Mr. Austin answered yes, and hopefully the County will receive more next year.

*Resolution Authorizing a Budget Line Item Transfer from the General Fund Non-Departmental FY2010 Budget to the County Clerk – Elections General Fund FY2010 Budget:* Ms. Evertsen made a motion, seconded by Ms. Kurtz, to recommend the County Board approve the above resolution. Mr. Hammerand stated that he is abstaining from the vote because he has a family member who is an election judge. Chairman Munaretto stated that \$100,000 is coming from the Clerk's contingency fund and \$25,000 is coming from the general fund. Ms. Evertsen stated that she is abstaining from the vote because she has a family member who is an election judge. The motion carried on a roll call vote of five ayes (Kurtz, Hill, Breedon, Donner and Munaretto) and two abstentions (Hammerand and Evertsen).

OLD BUSINESS: None.

REPORTS TO COMMITTEE:

*Court Ordered Bond Refund:* Ms. Keefe and Mr. Leist joined committee members to discuss a court ordered bond refund for the Quilici case. Ms. Keefe stated that this pertains to a 2005 felony case and initially the defendant posted a \$25,000 bond in 2005. Her office was ordered to refund \$12,500 in 2005 to his attorney and her office then carried a balance of \$12,500. In 2008 the defendant was convicted and her office was ordered to pay \$11,250 in restitution to the victim in the case. The case went to the Appellate Court, it was mandated, and the decision was reversed. Her office has now been ordered to reinstate \$12,500 in bond money, \$11,250 of which was previously ordered to be disbursed as restitution. Her office no longer has this amount because it was paid out to the restitution recipient. Mr. Leist has spoken with the Judge indicating why the County should not have to pay for the Appellate Court's reversal. The Court has indicated, after hearing arguments from both sides, that the Circuit Clerk will be ordered to pay the amount. This is an unusual situation and the Appellate Prosecutor has indicated that they have not seen a similar situation as this. Restitution and recovery should not cancel out each other pursuant to Mr. Leist. Ms. Hill asked if insurance will help with this and the answer was no. Chairman Munaretto thanked them for coming before the committee and making them aware of this, and he stated that there is no action to come before this committee today, but in the near future they will be seeing a resolution asking them to expend funds from the contingency fund to complete the Court Order. Ms. Donner mentioned that it would be logical to think that they could go back to the victim and ask for the money to be given back. According to Mr. Leist it would probably cost the County more than \$11,500 in time and effort to try and get it back.

Chairman Munaretto mentioned that there will be a special Finance and Audit Committee meeting on Tuesday, December 21, 2010 at 6:30 p.m. There are several pieces of business that need to be placed on the December 21, 2010 County Board agenda.

*Auditor's Report:* Ms. Palmer reported that they have received from the Government Finance Officers Association (GFOA) the Award of Excellence for both the Comprehensive Annual Financial Report (CAFR) and the Popular Annual Financial Report (PAFR) for fiscal year 2009.

For FY2011, the Auditor's Office is starting to do monthly accruals on the top 85% of revenues that are applicable. This will assist when County Administration and the Finance Chairman have financial update presentations on the County's financial standings to the County Board. The Office is also working on the various schedules and work required for the annual audit. Ms. Palmer attended one of the County Administration employee forum meetings and reported that it was very good. Last night she heard from two attendees that they were very impressed and now felt educated on the County's financial position.

Ms. Palmer mentioned that they have completed the annual internal audit plan with selected audits. Ms. Teresi is her internal auditor and she has done a review of the Special Supplement Nutrition Program for Women, Infants and Children (WIC) audit that was done by our external auditors and noted in the internal control letter for FY2009. The purpose of the review is to make sure the Health Department has implemented the changes noted in their response to the external auditors. Ms. Teresi summarized the patient file testing and the results for the expenditure testing. Some of the results are positive and based on the files that she tested. She noted that they have been correcting matters that need action in various areas. Concerning the patient file testing, she did not find any instances where the files were not signed off by a certifying official and a nutritionist. However, the anemia testing may be flagged in the future because it is difficult to put controls in place that can prevent it from occurring 100% of the time. They are encouraging WIC staff to review the files before the patient leaves. She encouraged them to contact their regional office representative for assistance to obtain their feedback. Mr. McNulty mentioned to her that the WIC auditors have not found this to be an issue in the past, but the Baker Tilly Virchow Krause auditors did note it and the Health Department wants the County to be in compliance. Mr. Hammerand asked if there are other signs of anemia. Ms. Teresi said that they are not required to test them, unless they are infants.

Concerning the expenditure testing, she tested 45 invoices/expenses. She did not note any instances where they were required to obtain regional staff approval before expending the dollars. They need to obtain approval for equipment over \$5,000, and they also need to obtain approval for all computer hardware or software. Concerning the inventory system, they implemented a new backtrack inventory system. They significantly improved their documentation in that area. During the audit the WIC inventory listing was updated with title and condition of the equipment and all current equipment purchases were added as well. She reviewed all invoices for equipment on their inventory listing. She noted six invoices had equipment on the invoices that were not included on the inventory listing. She worked with staff and they updated their listing during the audit. The Health Department staff was very helpful with addressing any issues concerning the audit.

Ms. Palmer mentioned that grants are a very important area and they will be gearing audits towards reviewing grants in the future. Ms. Palmer gave a brief summary to the committee, mainly for the benefit of the new committee members, concerning the internal audit function that is operated through her office. Part of the auditor's state statute is to have a continuous audit program and it has been established through her office. They do a risk assessment of all departments. Once this is complete, they identify areas that may be riskier because of ongoing activities and they plan their annual audit plan accordingly to try and conduct audits within those areas. They meet with the Chairman of the Finance Committee and review the contents of the plan. Ms. Palmer stated that she would like to hear from the committee if there are any additional audits that the members would like to see incorporated. Ms. Palmer and Ms. Teresi will then see if they can incorporate the timing of such audits into their schedule. They conduct audits typically by informing the department of the audit and then by following an audit plan that is established for that particular audit. Testing is performed and a rough draft of the background, procedures and findings is presented to the department head for their review. They make sure that they have a common understanding about any findings. The draft is once again reviewed, revised as necessary, and given to the department head for their response and a final version is prepared. The Auditor and Internal Auditor will then come to the Finance Committee first and present the audit. There may be times that the audit report is presented to the department's liaison committee. A follow-up review is done later to make sure that any noted findings have been taken care of.

Ms. Kurtz said that WIC is a federal program and asked how much funding flows through the program. Ms. Teresi did not have the exact figure with her and she will provide her with that information later on. Ms. Palmer stated that as they do grant audits, they will list the grant amount with the audit information.



*Contingency Reports:* It was noted that they have a general fund contingency report that is current through December 8, 2010 with a \$356,383.35 balance.

FUTURE TOPICS: None.

EXECUTIVE SESSION: None.

ADJOURNMENT:

Noting no further business, Ms. Evertsen made a motion, seconded by Ms. Kurtz, to adjourn the meeting at 11:20 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD/COMMITTEE ACTION:**

- Resolution Authorizing the Reclassification of Position #044-0009-99 from Senior Public Defender to Principal Public Defender in the Public Defender's Departmental Roster
- Resolution Authorizing Workers' Compensation Claim Settlement No. 06-3210-15
- Resolution Authorizing Workers' Compensation Claim Settlement No. 08-3210-14
- Resolution Authorizing Workers' Compensation Claim Settlement No. 09-3210-11
- Resolution Authorizing an Emergency Appropriation to the Fiscal Year 2010 McHenry County Mental Health Board Budget in Response to Demand for Funded Services
- Resolution Authorizing Issuance and Sale of Recovery Zone Facility Bonds for Sage Products (Cary Corners, LLC Project)
- Resolution Authorizing a Budget Line Item Transfer in the Treasurer's Office Remodeling Project Fund Fiscal Year 2010 Budget
- Resolution Authorizing the Purchase of Sixteen (16) Pursuit Vehicles
- Resolution Authorizing an XenApp Platinum Edition Software Maintenance Contract with Citrix Systems
- Resolution Authorizing an Annual Maintenance Contract with Hyland Software for the Onbase Document Imaging System
- Resolution Authorizing Renewal of a Multi-Function Peripheral Service and Supply Maintenance Contract with Stan's Office Technologies
- Resolution Authorizing a Telephone Switch Maintenance Agreement with MAC Source Communications Inc. for Fiscal Year 2011
- Resolution Authorizing a Support Contract with VMWare Software
- Resolution Authorizing a Four Year Laptop Lease with HP Financial Services and an Emergency Appropriation to the Non-Departmental Fiscal Year 2011 Budget
- Resolution Authorizing the Execution of the Finalized Lease with Meridian Leasing for the Telephony Solution Upgrade and an Emergency Appropriation to the Non-Departmental Fiscal Year 2011 Budget
- Resolution Approving an Engineering Services Agreement Amendment and Appropriating Funds for the Illinois Route 31 Western Algonquin Bypass Project
- Resolution Approving an Amended Intergovernmental Agreement with the State of Illinois for the Illinois Route 31 Western Algonquin Bypass
- Resolution Supporting the Twenty Second Judicial Circuit in Awarding a Contract for Psychological Services
- Resolution Authorizing a Budget Line Item Transfer in Law Library Fund Fiscal Year 2010 Budget
- Resolution Authorizing a Budget Line Item Transfer from the General Fund Non-Departmental FY2010 Budget to the Facilities Management General Fund FY2010 Budget
- Resolution Authorizing a Budget Line Item Transfer from the General Fund Non-Departmental FY2010 Budget to the County Clerk – Elections General Fund FY2010 Budget

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