

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

MINUTES OF TUESDAY, OCTOBER 19, 2010:

Chairman Munaretto called the meeting to order at 6:00 p.m. The following committee members were present: Marc Munaretto, Chairman; John Hammerand; Scott Breeden; Tina Hill; Lyn Orphal; Mary Donner and Dan Ryan. Also in attendance: Peter Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator-Finance; Cindy Kozlowski, Financial Analyst; John Labaj, Deputy County Administrator; Pam Palmer, Auditor; Sarah Ciampi, Planning and Development; Kenneth Koehler, County Board Chairman; Jim Heisler, County Board; Pat McNulty, Health Department; Robert Lesser, Mental Health Board; and interested public.

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 Mr. Breeden, to recommend approval of the minutes of the Finance and Audit Committee meeting of October 12, 2010. A copy of the proposed minutes were presented to committee members with recommended changes which are either highlighted in red or crossed out. Mr. Hammerand took exception to deleting the last sentence in the 5<sup>th</sup> paragraph on page 5. Mr. Hammerand also noted that Ms. Hill did not make this statement, but rather he made the statement. Mr. Hammerand made a motion, seconded by Ms. Orphal, to add the last sentence in the 5<sup>th</sup> paragraph on page 5 back into the minutes, along with deleting Ms. Hill's name and inserting his name in this sentence. The motion carried with all members present voting aye on a voice vote. Ms. Orphal amended her motion, seconded by Mr. Breeden, to approve the minutes as amended by Mr. Hammerand's motion, and accepting the changes as noted. The motion carried with all members present voting aye on a voice vote.

PUBLIC COMMENT: Dan Volkens, Manager of the McHenry County Farm Bureau, offered his support for continued funding of the University of Illinois Extension. He requested that funding be reinstated to the FY2010 level and not cut funding to the University of Illinois Extension in the FY2011 budget.

James Reeves, Interim Director of the University of Illinois Extension, thanked the committee for its financial support and asked if any additional funding could be made available for the University of Illinois Extension's FY2011 budget.

PRESENTATION: None.

NEW BUSINESS:

*Resolution Authorizing an Amendment to Community Development Block Grant Contracted Allocation Totals:* Ms. Donner made a motion, seconded by Ms. Hill, to recommend the County Board approve the above resolution. Ms. Hill mentioned that this resolution is out of order and has not been brought before the Planning and Development committee. However, Ms. Hill agrees that due to timing issues she, as Chairman of the Planning and Development Committee, agrees that it should move forward for County Board action. The motion carried on a roll call vote of all ayes (Breeden, Donner, Hammerand, Hill, Orphal, Ryan and Munaretto).

*FY10-11 Budget Review - Non-Departmental:* Mr. Sarbaugh distributed a copy of the Non-Departmental Budget to committee members. Mr. Sarbaugh explained that the non-departmental expenditures are not related to a specific department, therefore, they are placed into Departments 90 and 99. He gave a brief explanation of the charges against the Non-Departmental Budget. Chairman Munaretto suggested that instead of going through the entire Department 99 budget, that he move forward to review the annual appropriation which does include Department 99. It was the consensus of the Finance and Audit Committee to advance the Non-Department Budget forward. A voice vote was taken with all members present voting aye.

*Ordinance Authorizing the Annual Appropriations for FY10-11 Budget:* Mr. Ryan made a motion, seconded by Ms. Orphal, to recommend the County Board approve the above resolution. Ms. Donner expressed some concern regarding the level of cuts and if the budget for FY2010 will finish in the black. Mr. Austin reviewed the

work on the budget to date and noted that two weeks ago a shortfall was projected to be \$97,000. However, due to more precise estimates, there is now a possibility that the FY2010 budget will finish at \$300,000 in the black. Chairman Munaretto stated that we will not know until May of 2011 exactly what the final numbers for the FY2010 budget will be. Therefore, the committee should resist allocating any projected FY2010 surpluses at this time. Mr. Austin stated that the projected revenues for FY2011 are flat and that our philosophy in preparing the FY2011 budget was to match the declining revenues with declining expenses. Mr. Hammerand questioned whether property taxes were going to increase. This led to a discussion regarding the Property Tax Extension Limitation Extension Act. The committee agreed that they could not resolve the philosophical issue regarding how the Property Tax Extension Limitation Extension Act works, and that this was an item for future discussion. Chairman Munaretto referred to the general fund revenue and expenditures figures he provided to the committee. Mr. Sarbaugh noted that the true expenditure budget for FY2011 was \$241,431,000 as noted on the second page of the combined summary report. Chairman Munaretto noted that the actual budgeted figure for the FY2011 budget was \$248,698,075. Mr. Sarbaugh explained the difference was due to fund balance enhancement and utilization of fund balance. Funds are placed in the fund balance enhancement categories when funds available are greater than projected expenses. Utilization of fund balance occurs if expenditures are greater than posted revenues. The difference between the true expenditure budget and the actual budget for FY2011 is due to the offsetting of approximately \$6 million in fund balance enhancement and utilization of fund balance. Chairman Munaretto noted that general fund revenues have declined \$1 million since 2009. He further noted that the FY2011 budget is 1.6% less, or \$4 million, than the FY2010 budget. The motion carried on a roll call vote of six ayes (Breedon, Donner, Hill, Orphal, Ryan and Munaretto) and one nay (Hammerand).

*Ordinance Providing for the Levy of Taxes for McHenry County for Fiscal Year December 1, 2010 through November 30, 2011:* Ms. Orphal made a motion, seconded by Ms. Donner, to recommend the County Board approve the above resolution. Mr. Ryan voiced a concern that due to no increases in Social Security, property taxes should be cut by \$3 million. Mr. Hammerand agreed. Chairman Munaretto explained that state law requires the County to levy the rates according to the Property Tax Extension Limitation Act calculations. Increases in property taxes can also be caused by new growth, and the levy and rates are dictated to the County under the provisions of the Property Tax Extension Limitation Act. Ms. Hill questioned what procedures would be appropriate for restoring cuts made in the proposed FY2011 budget. Chairman Munaretto mentioned that the budget is up for 30-day review and that a time for procedurally altering the budget could be made when the FY2011 budget is due for a final vote. The motion carried on a roll call vote of six ayes (Breedon, Donner, Hill, Orphal, Ryan and Munaretto) and one nay (Hammerand).

OLD BUSINESS: None.

REPORTS TO COMMITTEE:

*Auditors Report:* None.

*Contingency Reports:* None.

FUTURE TOPICS: None.

EXECUTIVE SESSION: None.

ADJOURNMENT: Noting no further business, Ms. Hill made a motion, seconded by Ms. Orphal, to adjourn the meeting at 6:50 p.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD/COMMITTEE ACTION:**

Resolution Authorizing an Amendment to Community Development Block Grant Contracted Allocation Totals  
Ordinance Authorizing the Annual Appropriations for FY10-11 Budget  
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Ordinance