

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

MINUTES OF TUESDAY, APRIL 10, 2007

Committee Chairman Marc Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto; Marie Chmiel; John Hammerand; Tina Hill; Lyn Orphal; Daniel Ryan; and Barbara Wheeler. Also in attendance: Ralph Sarbaugh, Associate County Administrator – Finance; Pam Palmer, Auditor; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Pat McNulty, Health Department; Donna Mayberry, Supervisor of Assessments; Eric Anderson, Harris Bank; interested public; and the press.

Marc Munaretto, Chairman	
Marie M. Chmiel	John Hammerand
Tina Hill	Lyn Orphal
Daniel P. Ryan	Barbara Wheeler

MINUTES

Ms. Hill made a motion, seconded by Ms. Orphal, to approve the April 3, 2007 joint meeting minutes of the Finance and Audit and Human Resources Committees. The minutes were approved as submitted with a unanimous voice vote.

PUBLIC PARTICIPATION: None

PRESENTATION:

Funding for Road Projects: Chairman Munaretto provided an over-view of a proposed new approach to funding for road projects which has traditionally been done utilizing a “pay as you go” policy. This method of funding road projects does not keep up with the demands placed on the roadways and is costing the County more for each project due to the continued increase in materials and construction costs. Chairman Munaretto stated that after careful review and analysis, it was been determined that the County should consider a different method to enhance the County’s transportation system by using a “Pay as you Use” strategy. He invited Mr. Anderson to discuss how the County could implement such a plan. Mr. Anderson began by reviewing the “pay as you go” approach to the “pay as you use” method. He stated after several meetings a decision was made to further explore the issuance of \$50,000,000 of debt, to implement a pay as you use method to fund highway projects. Said debt would be retired over a ten year period. He noted that interest rates are currently attractive with a 10 year borrowing rates of approximately 4.25%. The borrowing would enable road projects to be undertaken earlier and would also provide a potential hedge against road construction inflation. Borrowing would also provide funds to meet local “match” requirements and positions the County to take advantage of grants that may become available. A sustainable funding program would also allow for better long-term planning of road projects. Mr. Anderson pointed out that the County has successfully used Debt Certificates to fund all capital projects since 2002 and the County would have ample debt authority after the issuance of the \$50,000,000 in debt certificates to support the current Moody’s rating of Aa2+. Although other funding methods could be used, they would not improve the rating on the issue according to Moody’s Investors Services. If the debt certificates are issued as proposed, the County would have approximately \$200 million of statutory debt authority remaining. The County would identify Motor Fuel Taxes, County Option Motor Fuel Taxes, Matching Funds and Bridge Fund revenue as sources to retire the proposed debt. The General Fund would only be pledged as a revenue stream should the identified revenues be insufficient to make debt service payments. An overview of road programs was presented, which included a total of 70 projects at a total expenditure of \$145,005,287. Mr. Anderson provided a proposed timetable for the sale of the debt certificates, noting that the Transportation Committee would discuss this proposal on April 18th. A joint meeting of the Transportation and Finance and Audit Committee would be held on May 8th. If approved a recommendation would go to the full County Board for consideration on May 15th. Chairman Munaretto stated if members had additional questions, they could contact him or Mr. Anderson.

Funding Guidelines – Mental Health Board: This presentation was deferred to a future meeting.

NEW BUSINESS

Resolution authorizing Workers’ Compensation Claim Settlement: Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing the settlement of a workers’ compensation claim. Mr. Labaj reviewed the claim settlement of \$139,396.37 for a claimant that was injured while arresting a male subject. The claimant sustained an injury to the right shoulder and elbow that required surgery. After a review, a roll call vote was called. The motion carried with all members present voting aye on a roll call vote (Chmiel, Hammerand, Hill, Wheeler, Ryan, Orphal and Munaretto).

Resolution authorizing acceptance of a \$10,000 Health Vision Grant and an emergency appropriation to the Health Department's FY 07 budget: Ms. Orphal made a motion, seconded by Ms. Wheeler, to recommend the County Board approve Resolution authorizing acceptance of a \$10,000 Health Vision Grant and an emergency appropriation to the Health Department's FY 07 budget. Mr. McNulty stated that this grant will provide funding to increase the awareness of the value of wearing protective eyewear to prevent injuries while involved in team sports. After a discussion, the motion carried with all members present voting aye on a voice vote (Ryan, Orphal, Wheeler, Hill, Hammerand, Chmiel and Munaretto).

Resolution authorizing an emergency appropriation in the FY 06-07 non-departmental budget: Ms. Chmiel made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing an emergency appropriation in the FY 06-07 non-departmental budget. On a roll call vote, the motion carried with all members present voting aye on a voice vote (Chmiel, Hammerand, Hill, Orphal, Ryan, Wheeler and Munaretto).

McHenry County Travel & Business Expense Policy: Ms. Hill stated that the Management Services Committee had referred this policy to the Finance and Audit Committee to determine if a revision to County Board members' business expense reimbursements should be made. She noted that the Management Services Committee has been discussing the County Board Rules and felt the Travel and Business Expense Policy needs to be revised. Chairman Munaretto stated he would like the members to review the document for further discussion at the next meeting. Ms. Chmiel stated she felt the Expense Reimbursement Claim Form should be revised before addressing possible revisions to the Policy. Chairman Munaretto stated that the Management Services Committee oversees any forms that would be used, noting that the form should articulate the policy and that it is always desirable to have only one form. Ms. Palmer stated that in the submitted document she had included ideas for consideration and as discussion points, these appear in "red."

Ms. Wheeler left the meeting at 11 a.m.

Chairman Munaretto noted that once a department head approves a bill, that bill should be paid. He stated it is up to the department head to evaluate the expenses and make sure they are valid expenses. He noted that the Auditor should not be put in the position of evaluating the situation as this is not the responsibility of the Auditor.

EXECUTIVE SESSION: None

OLD BUSINESS: None

REPORTS TO COMMITTEE

Auditor's Report: Ms. Palmer reported that the outside audit is ahead of schedule and the internal cost draft has been received and is being reviewed.

Contingency Reports: Mr. Sarbaugh submitted the 4th Quarter Financial Report of General Fund Revenues and Expenses for 2006 along with the General Fund Contingency Account Statement of Activity as of April 10, 2007 and the Schedule of Payments Due on Outstanding Debts.

Chairman Munaretto stated that reports to Committee on the EDC and the Convention & Visitors Bureau would be done at the second meeting of each month.

ADJOURNMENT

Noting no further business, Mr. Hammerand made a motion, seconded by Ms. Hill, to adjourn the meeting at 11:24 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

- Resolution authorizing the settlement of a workers' compensation claim
 - Resolution authorizing acceptance of a \$10,000 Health Vision Grant and an emergency appropriation to the Health Department's FY 07 budget
 - Resolution to re-appoint Jan Hervert to the Board of Review
 - Resolution authorizing an emergency appropriation in the FY 06-07 non-departmental budget
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