COUNTY of McHENRY

McHENRY COUNTY GOVERNMENT CENTER
2200 NORTH SEMINARY AVENUE
WOODSTOCK, IL 60098-2637

November 17, 2009

To: The Honorable Kenneth D. Koehler
County Board Members

From: Peter Austin, County Administrator
Ralph Sarbaugh, Associate County Administrator – Finance

RE: **The Fiscal Year 2009-2010 Budget**

It is with continued caution that we move the Fiscal Year 2009-2010 (FY10) budget forward for your approval. This budget process has been a tremendous challenge for Administration and all Elected and Appointed Department Heads as we look for ways to maintain the quality of service our constituents have come to expect while confronting declining revenues. While this budget process has been a challenge, it has also brought us a great deal of pride as everyone demonstrated their willingness to be good stewards of the County's budget to help the County maintain a solid financial footing during this time of uncertainty.

A year ago, we knew the strength of the national and global economy was in serious question, but we did not know how tough things would be in 2009. We budgeted for declining revenues in 2009, but in some instances we did not pull back on the revenues enough. With some mid-year adjustments, and the hard work of our Elected Officials and Department Heads, the County's operational expenses for FY09 are projected not to exceed revenues. We do not yet know if the worst is behind us and it is with this reality that we have guided the development of the fiscal year 2010 budget.

The budget as presented is a maintenance budget that has only been adjusted through the natural growth of employee benefits and limited supplemental awards. We are fortunate that this new budget continues to service all of our operations without significant cuts in services or programs. New positions, new programs and capital projects, however, have been kept to a minimum in order to reduce the burden on balancing the FY 2009-2010 budget.

We recommend that the FY10 budget not be expanded beyond the recommended levels presented. We have reviewed each request by Departments and feel that they are attempting to assist in keeping this budget within its boundaries. Just as we did this year, the County Administrator's Office commits to maintaining open communication throughout the year with the County Board and each Department and Office of the County, so we are all made aware of any unforeseen budget concerns in a timely manner.

The new budget as presented is $252,781,392. Property Taxes of $74,725,518 will be levied and $132,306,712 will be derived from non-levy revenue sources. In addition, $45,749,162 of fund balance utilization has been allocated primarily for transportation projects and building projects. The General Fund will be $83,138,492.

In developing the FY10 budget, the following key objectives were met:

- A balanced budget is presented
- The five (5) month reserve is preserved
- Key fund balances are maintained
- Each supplemental request was provided consideration
- Funding of the merit pool was maintained

We welcome your thoughts and comments on the FY10 budget.