



COUNTY of McHENRY

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

November 16, 2010

To: The Honorable Kenneth D. Koehler
County Board Members

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

RE: **The Fiscal Year 2010-2011 Budget**

It is with continued caution that we move the Fiscal Year 2010-2011 (FY11) 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 revenues that have been in retreat for two years. 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.

We knew 2010 would be tough, and we planned accordingly. We budgeted for declining revenues in 2010, and we were correct in doing so. With regular communication and review, and the hard work of our Elected Officials and Department Heads, the County's operational expenses for FY10 are projected not to exceed revenues. We hope the worst is behind us, but to be safe we are planning for another tough year in 2011.

The budget as presented is a maintenance budget that has only been adjusted through the natural growth of employee benefits and very 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 programs and capital projects, however, have been kept to a minimum in order to reduce the burden on balancing the FY 2010-2011 budget. Additionally, another group of positions are frozen and county support to a number of groups has been reduced.

We recommend that requested adjustments to the FY11 budget over the next thirty days be given guarded consideration if expanding the budget 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 \$242,507,244. Property Taxes of \$77,207,910 will be levied and \$139,169,632 will be derived from non-levy revenue sources. In addition, \$33,396,219 of fund balance utilization has been allocated primarily for transportation projects and building projects. \$7,266,517 is projected to contribute to the special revenue funds/enterprise funds fund balance reserves. The General Fund will be \$83,509,392.

In developing the FY11 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

We welcome your thoughts and comments on the FY11 budget.