



COUNTY of McHENRY

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November 18, 2008

To: The Honorable Kenneth D. Koehler
County Board Members

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

RE: **The Fiscal Year 2008-2009 Budget**

It is with caution that we move the Fiscal Year 2008-2009 (FY09) budget forward for your approval. This budget process has been a 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. We are fortunate that through the County Board's wise and conservative policy making and planning that McHenry County Government remains on a solid financial footing during this time of uncertainty in our economy.

We are all aware the strength of the national and global economy is in serious question. Virtually all County revenues are seeing some decline, while operational expenses of government continue to rise. It is with this reality that has we have guided the development of the fiscal year 2009 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 any cuts in services or programs. New positions, new programs and capital projects, however, have been kept to the minimum in order to reduce the burden on the fund reserves.

We recommend that the FY09 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. 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 \$243,358,575. Property Taxes of \$73,424,416 will be levied and \$146,242,993 will be derived from non-levy revenue sources. In addition, \$23,691,166 of fund balance utilization has been allocated primarily for transportation projects and building projects. The General Fund will be \$81,283,218.

In developing the FY 09 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 FY 09 budget.