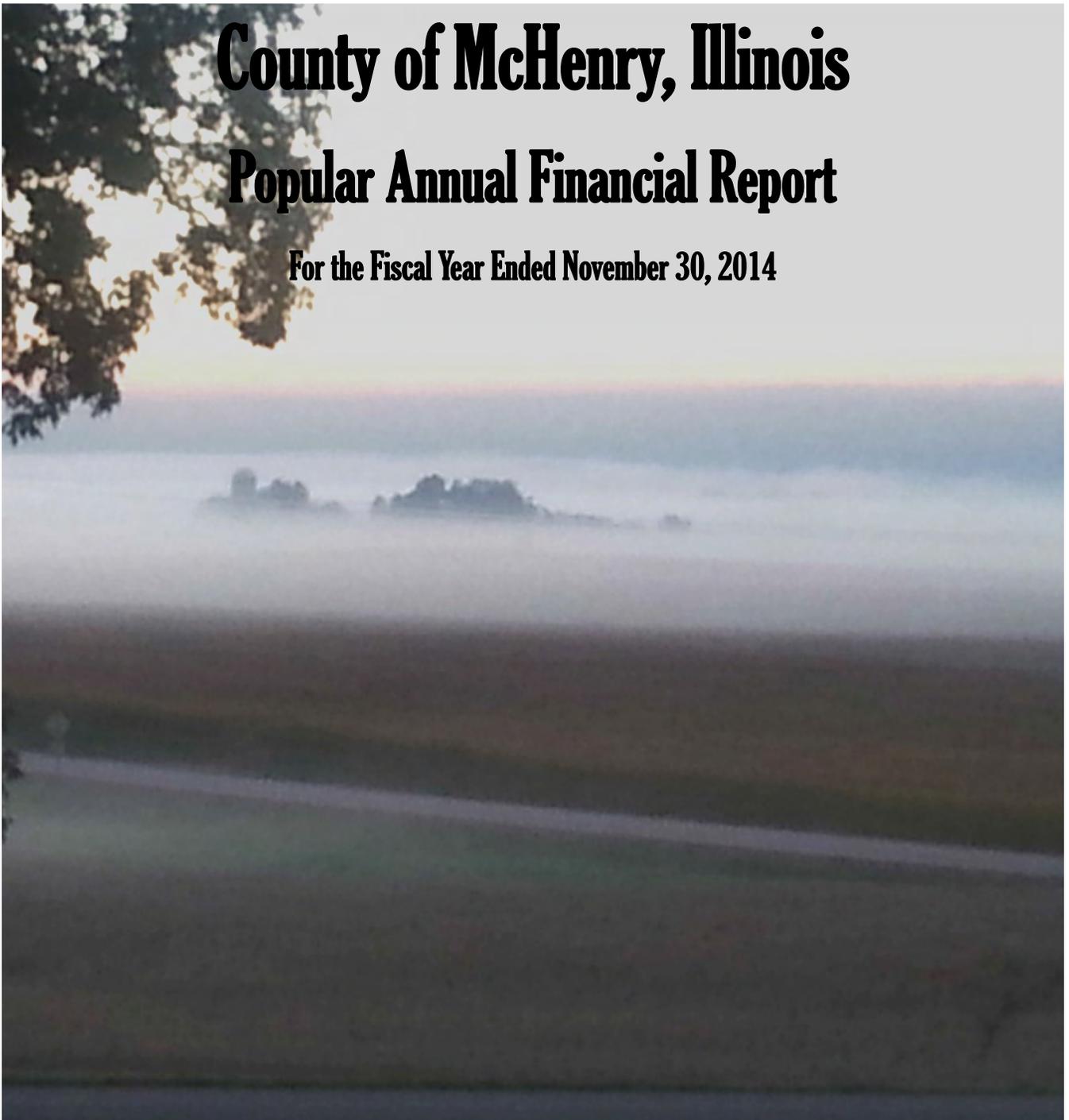


County of McHenry, Illinois

Popular Annual Financial Report

For the Fiscal Year Ended November 30, 2014



**The Hands That Feed Us -
A Tribute to McHenry County Farmers**



A TRIBUTE TO MCHENRY COUNTY FARMERS



The first settlers of the eventual area formed as McHenry County were faced with difficult and grueling work to turn the open prairie land into farmland through the usage of rather crude equipment and horses. Agriculture, dairying and grazing were the County's chief industry in those early days. Much of the farm products raised were used locally until the advent of railroads and refrigerated cars, which brought about changes in shipping and enabled marketing. According to the *1922 History of McHenry County*, dairying was carried on so extensively that the county was said to have more cows per acre than any other county in the United States. At the start of the decade of the 1920's, McHenry County recorded its largest number of individual farms with 2,874. In comparison, in 2012 there were 911 farms in the County.



Although the number of farms decreased over the years, the people fed per farmer has significantly increased. The following are the statistics of the number fed per farmer according to the USDA and the Illinois Farm Bureau: 1940 (18.5 people); 1960 (46.2 people); 1980 (100.4 people); 2005 (144 people); 2012 (158 people). Research and new equipment/technology have contributed to the boost in production, but ultimately, it is the farmer who plans and works for hours on end to help feed the world.



Thanks to favorable prime soils, McHenry County farmers produce nearly one billion total pounds of food per year in the form of commodity grains, beef, hay, and milk. In fact, last year's corn, wheat and soybean production added \$100 million plus dollars to our local economy, according to Dan Volkens, McHenry County Farm Bureau Manager. These crops are distributed through commodity channels where prices are subject to broad competitive market forces. Specialty crops, on the other hand, typically sell direct to the consumer at higher retail market prices, but on a much smaller scale than commodity crops, such as vegetables.¹ It is also interesting to note that McHenry County's current dairy production is ranked 7th out of the 102 counties in Illinois.



According to the McHenry County Farm Bureau, there is a total of 215,584 acres in the county devoted to agricultural use, of which 1,896 acres are used for vegetable production. There are 82 farms with vegetables, melons, potatoes, and sweet potato production. Additionally, 25 farms produce fruits, trees, nuts, and berries. Although the amount of land in vegetable and fruit production is a small fraction compared to total farmland acreage in McHenry County, its food growing capacity can go a long way toward meeting demand and puts the County in the top ten ranking for production for Illinois. Specialty farming has also been evidenced by the rising number of farmer's markets operating in the County.¹



Recognizing dairy farming each year is the Harvard Milk Days Festival, which takes place in Harvard, Illinois the first week of June. It is the **longest running festival in Illinois**, started in 1942 to honor the area farmers for their "War Effort" of increasing milk and food production for the servicemen. At that time, there were seven dairy companies within a 15-mile radius of Harvard and more milk was being produced than anywhere in the United States. Harvard became the self-proclaimed "Milk Center of the World!" In 1970, Harvard introduced the famous fiberglass cow, Harmilda, who was named from a combination of the festival's title - **HAR**vard **MIL**k **DA**ys.

Front Cover Photograph: Jutting out from the early morning fog is the Bauman family farm on South Union Road in Union. This farm has been owned and operated by the Bauman family covering five generations. It is currently being farmed by Ken Bauman (fourth generation), his wife Beth and their children (fifth generation). Helping out with the farming operations are Ken's father and mother, Ron (third generation) and Joyce Bauman, owners of the farm. Ron's father, Erhardt Bauman, acquired the farm in 1952 from his father, Herman Bauman, who bought the property in 1895 and began dairy farming. There are many similar farm families operating in McHenry County, where the tradition has been passed on generation after generation.

¹ From the *McHenry County Local Food Assessment Executive Summary and Recommendations Task Force Report* conducted by the Agricultural Easement and Farmland Protection Commission (ACE) in the fall of 2011.

County of McHenry, Illinois
POPULAR ANNUAL FINANCIAL REPORT
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November 30, 2014

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Introduction to the Popular Annual Financial Report



McHenry County extends into the following Cities, Towns, and Villages:

Algonquin
Barrington Hills
Bull Valley
Cary
Crystal Lake
Fox Lake
Fox River Grove
Greenwood
Harvard
Hebron
Holiday Hills
Huntley
Island Lake
Johnsburg
Lake in the Hills
Lakemoor
Lakewood
Marengo
McCullom Lake
McHenry
Oakwood Hills
Port Barrington
Prairie Grove
Richmond
Ringwood
Spring Grove
Trout Valley
Union
Wonder Lake
Woodstock

Townships in the County:

Alden
Algonquin
Burton
Chemung
Coral
Dorr
Dunham
Grafton
Greenwood
Hartland
Hebron
Marengo
McHenry
Nunda
Richmond
Riley
Seneca

To the residents of McHenry County:

I am pleased to present **McHenry County's Popular Annual Financial Report (PAFR)** for the fiscal year ended November 30, 2014, prepared by the County Auditor's Office. **This report provides a summary of the County's revenue, spending, and financial condition. The report also includes** supplementary information on local economic conditions, major accomplishments by the County government, and a listing of the current County Board Members and Elected Officials. My goal in producing this report is to communicate the County's financial operations in a straightforward and easy-to-read format so that you may obtain a better understanding of McHenry County government. The County's PAFR for fiscal year 2013 received the Government Finance Officers Association's (GFOA) Award for Outstanding Achievement, which is the sixth consecutive year that the County has received this prestigious award.

The information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended November 30, 2014, which was audited by Baker Tilly Virchow Krause LLP and received an unqualified (clean) opinion. The CAFR is a highly detailed financial report that is prepared in conformity with Generally Accepted Accounting Principles (GAAP). The County has received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the CAFR for 16 consecutive years. The financial schedules presented in the PAFR have been summarized and combined from assorted financial statements in the CAFR. The PAFR omits the financial statements on business-type activities, discretely presented component units, proprietary funds, and fiduciary funds, which are included in the CAFR. Anyone who is interested in reading the fiscal year 2014 CAFR can find the report on the County's website at <https://www.co.mchenry.il.us/county-government/departments-a-i/auditor/comprehensive-annual-financial-reports>. Prior year CAFRs are also available online, as well as a number of other reports, including PAFRs, Single Audit Reports, Quarterly Financial Reports, Circuit Clerk Financial Statements, Grant Inventory Reports, and Vendor Payment Reports.

The first section of this PAFR presents three perspectives that help assess the County's overall financial health. The first perspective reviews the County's ability to pay its bills, the second perspective reviews the County's overall financial position, and the third perspective presents an analysis of local, state, and national economic conditions. The second section of the PAFR includes financial schedules that describe where the County derives its funds, what the County spends its funds on, and what major programs and services the County provides. The last financial schedule includes information on the collection and usage of property tax dollars.

This report is for your use in understanding the operations of the McHenry County government and is not intended to replace the CAFR. It is simply a means of promoting public awareness and confidence in the County government. It is an honor to serve as your Auditor and I encourage any questions, concerns, or feedback as to the contents of this report or the operations of my office. Feel free to contact me at my office - 815.334.4204, by email - auditor@co.mchenry.il.us, or by stopping in at my office in the Administration Building - Room 105.

Best regards,

Pamela Palmer

McHenry County Auditor
May 8, 2015

Awards Received for Financial Reporting

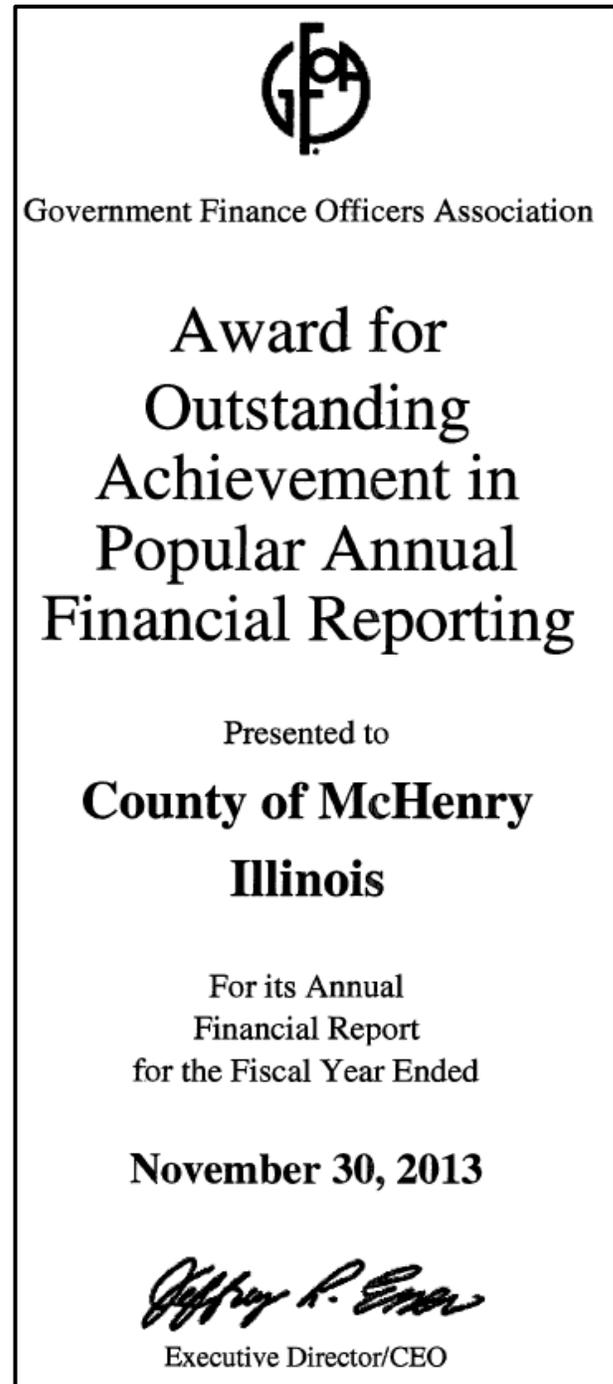
The Government Finance Officers Association of the United States and Canada (GFOA) has presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to McHenry County for its Popular Annual Financial Report for the fiscal year ended November 30, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government popular reports.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended November 30, 2013 represents the sixth consecutive year that the County has received this prestigious award. We believe that the current PAFR for the fiscal year ended November 30, 2014 also conforms to the high standards of the award program and the PAFR has been submitted to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

As described in the introduction to the PAFR, the information presented within the PAFR was derived from the County's CAFR. The County is proud to report that its CAFR for the fiscal year ended November 30, 2013 has been recognized with the Certificate of Achievement for Excellence in Financial Reporting. This certificate represents the 16th consecutive year that the County has received this award. Anyone who is interested in reading the CAFR can find the report on the County's website at <https://www.co.mchenry.il.us/county-government/departments-a-i/auditor/comprehensive-annual-financial-reports>.



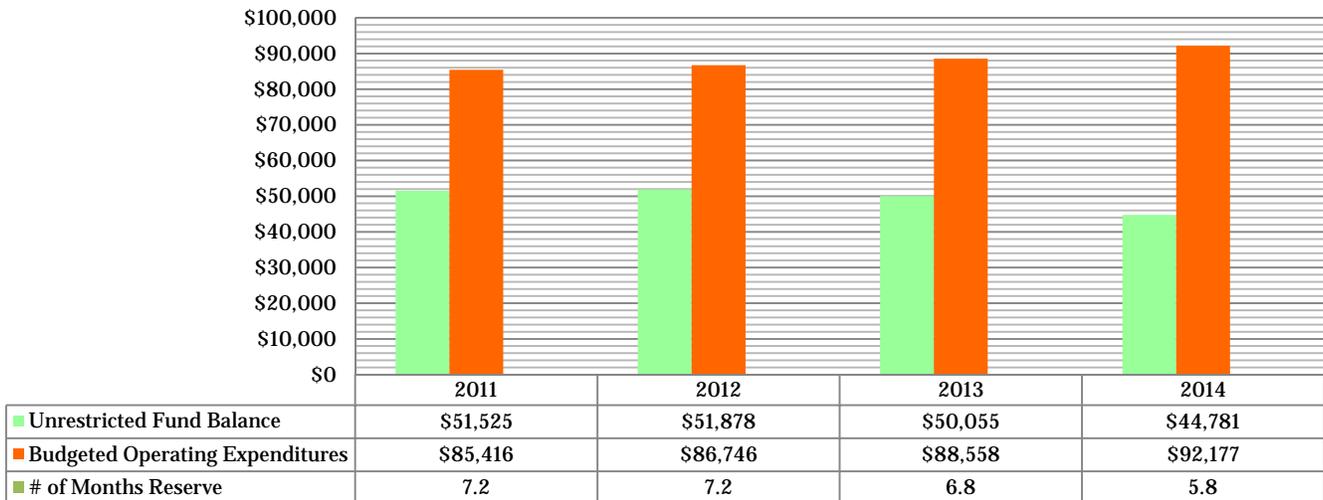
Perspective #1 – Short-Term Financial Health

The first step in assessing the overall financial health of the County is to review the County's short-term financial health. A review of the County's short-term financial health helps to answer the question: Is the County able to pay its bills (both expected and unexpected) on time? The most useful measure of short-term financial health is the level of unrestricted fund balance in the general fund. Unrestricted fund balance is a measure of net financial resources that are unconstrained in their usage and are available to pay future expenditures. The general fund is the main operating fund of the County.

It is vital for the County to maintain an adequate balance of unrestricted fund balance to protect against revenue shortfalls, unanticipated expenditures, or other unexpected events. The Government Finance Officers Association (GFOA) recommends that governments maintain a minimum balance of no less than two months of general fund expenditures. However, prudent financial management and circumstances often suggest that higher levels are needed. The County has a formal policy requiring that the general fund maintain unrestricted fund balance equal to six months of budgeted operating expenditures.

As of November 30, 2014, the general fund had unrestricted fund balance of \$44,781,499, compared to budgeted operating expenditures of \$92,176,578, which is a reserve of 5.8 months. The following chart shows unrestricted fund balance compared to budgeted operating expenditures in the general fund over the last four fiscal years.

**General Fund - Unrestricted Fund Balance and Budgeted Operating Expenditures
Last Four Fiscal Years (in thousands - 000s)**



The level of unrestricted fund balance is not static and may increase or decrease over time based on many factors. As such, more important than the level of unrestricted fund balance at any one point in time is the pattern of unrestricted fund balance over the past several years. As shown above, the level of unrestricted fund balance in the general fund decreased from 7.2 months in 2011 and 2012, to 6.8 months in 2013, and to 5.8 months in 2014.

The County's budget policy requires that whenever the reserve in the general fund rises above the six month target, a plan is to be adopted to spend down the surplus. In 2014, the County achieved the required spend down when the general fund reserve declined to 5.8 months, which is just below the six month target. Additionally, the County's budget policy only requires an action plan to be developed to bring the reserve back up to the six month target when the level of unrestricted fund balance falls to approximately 3.3 months. Therefore, no action plan is currently required to bring the reserve up to the six month target.

Overall, this chart demonstrates that the County's current short-term financial health is strong and that the County is in a good financial position to withstand potential near-term revenue shortfalls, unanticipated expenditures, or other unexpected events.

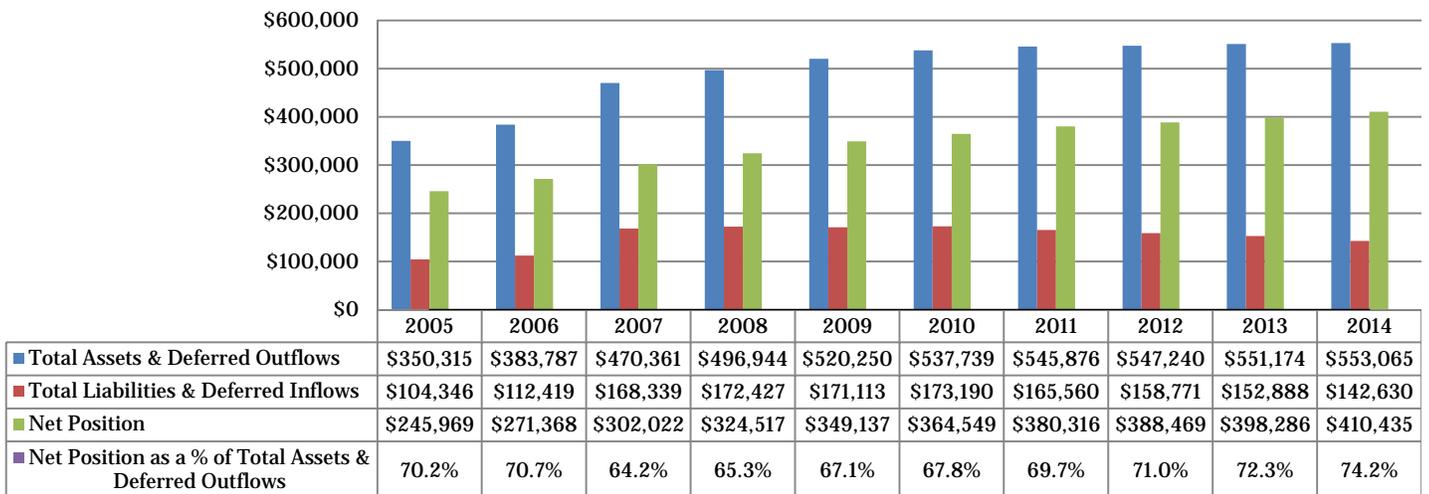
Perspective #2 – Financial Position

As shown in perspective #1, unrestricted fund balance in the general fund is a valuable measure of the County's short-term financial health, but it does not provide a complete picture of the County's financial position. Whereas the general fund has a short-term focus, there is another section of the CAFR called government-wide statements, which focus on a wider economic perspective. As a result of this broader perspective, the government-wide statements present all of the County's assets, liabilities, and deferred inflows/outflows of resources, including capital assets, such as land, equipment, and buildings, and long-term debt, including outstanding bonds and notes, which are all items that are not presented in the general fund. The government-wide statements present a more complete picture of the County's financial position, using a basis that is comparable to those used by private businesses.

On the government-wide statements, total assets & deferred outflows of resources minus total liabilities & deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The following table presents a summary of net position for governmental activities for the last ten fiscal years:

**Summary of Total Assets & Deferred Outflows, Total Liabilities & Deferred Inflows,
and Net Position - Governmental Activities
Last Ten Fiscal Years
(in thousands - 000s)**



As shown above, the County's assets & deferred outflows have significantly exceeded its liabilities & deferred inflows every year over the past ten years. Net position has also increased significantly, from \$246.0 million in 2005 to \$410.4 million in 2014; an increase of \$164.4 million or 66.8%. Also, net position has remained consistent as a percentage of total assets & deferred outflows, ranging from 64.2% - 74.2%, with the highest level occurring in 2014. Overall, the chart shows that the County's current financial position is sound and shows a trend of stability in net position as a percentage of total assets & deferred outflows over the past ten fiscal years.

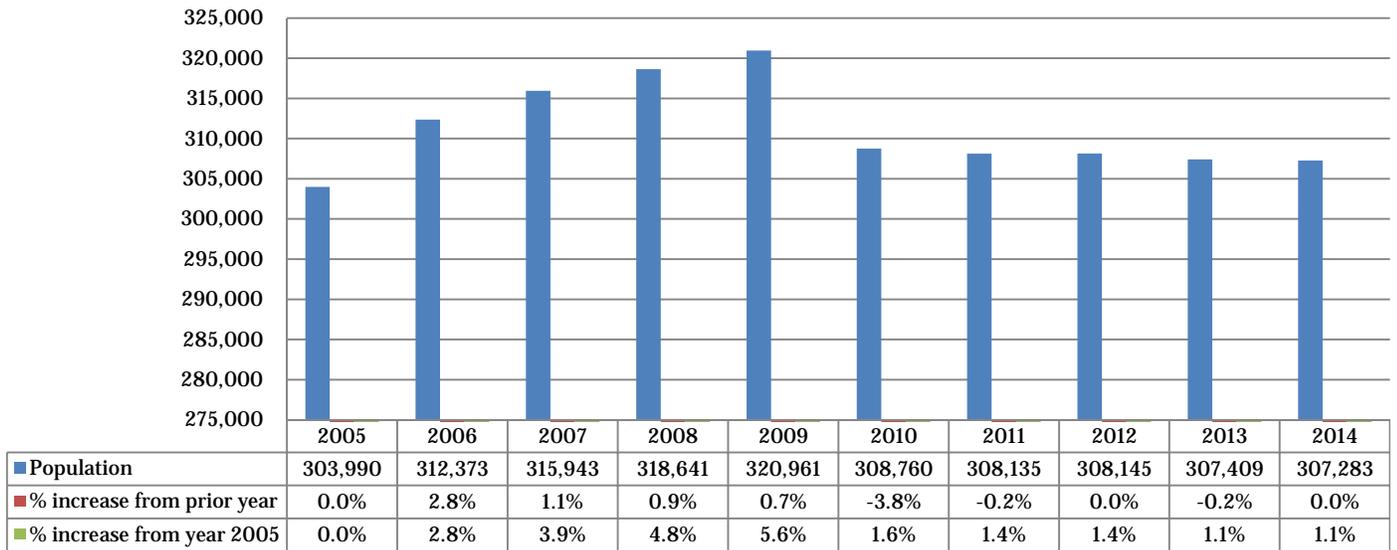
Net position is broken down into three categories, net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the portion of net position related to capital assets, less any related outstanding debt, and is not available for spending. Restricted net position represents the portion of net position that has legal restrictions on how the resources may be spent. Finally, all other net position falls into the unrestricted category. For 2014, net investment in capital assets was \$270.9 million or 66.0% of total net position, restricted was \$107.4 million or 26.2% of total net position, and unrestricted was \$32.1 million or 7.8% of total net position.

Perspective #3 – Economic Condition

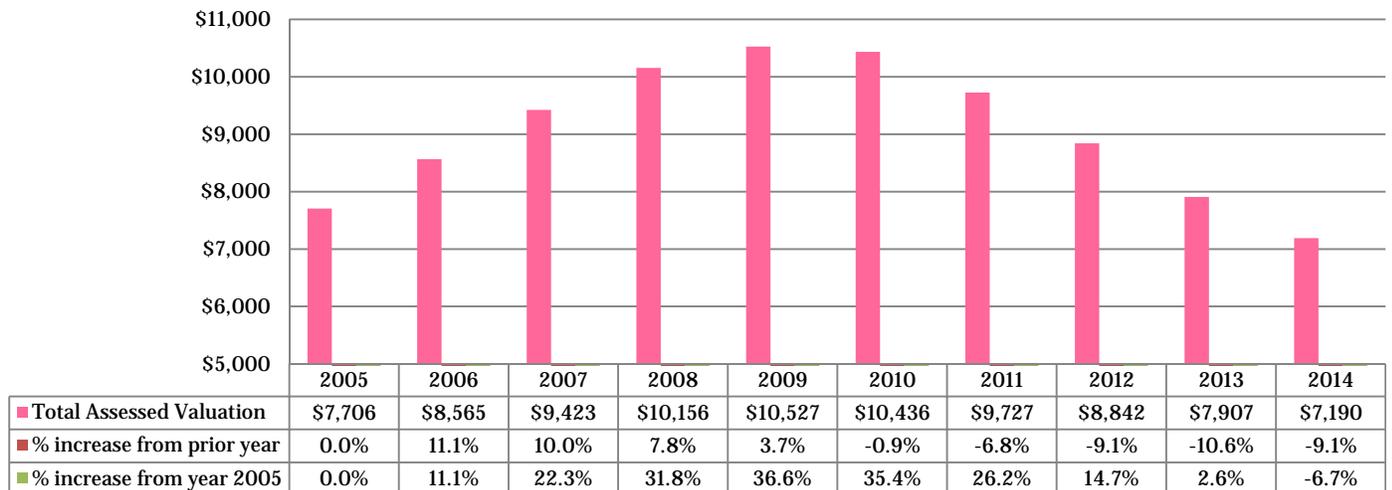
While the first two perspectives present valuable insights into the short-term and overall financial position of the County, economic conditions and other circumstances will also impact the County’s future financial position. Therefore, a review of local, state, and national economic conditions is crucial for a complete evaluation of the County’s financial health. Considering major economic factors can provide context for interpreting current financial information, as well as provide a basis for assessing the likelihood that the County’s current financial position will improve or deteriorate in the future.

The following statistics represent a sample of major economic factors that impact the County’s financial situation.

**McHenry County Population
Last Ten Years**

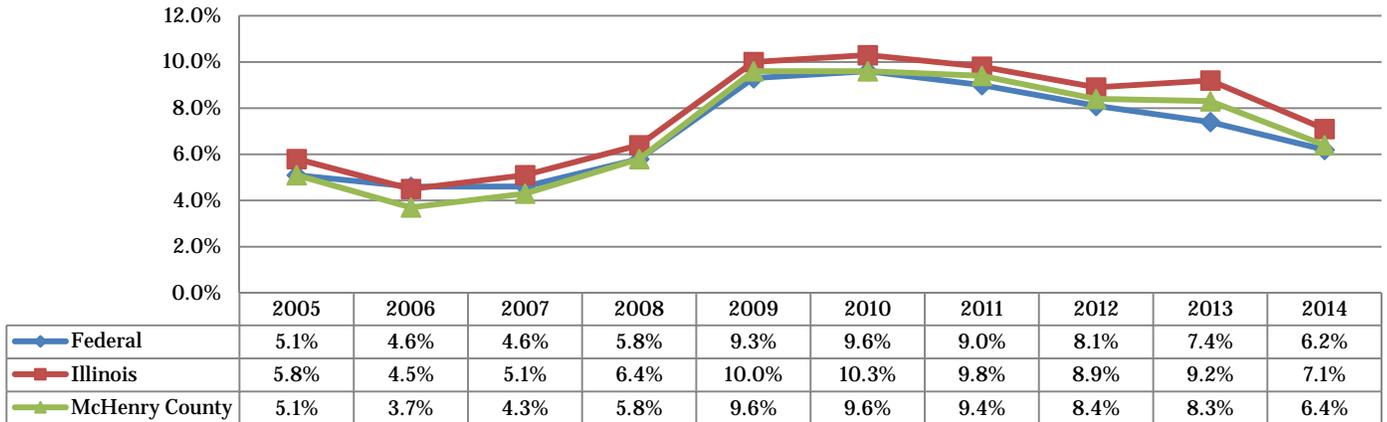


**McHenry County Total Assessed Valuation
Last Ten Years
(in millions)**

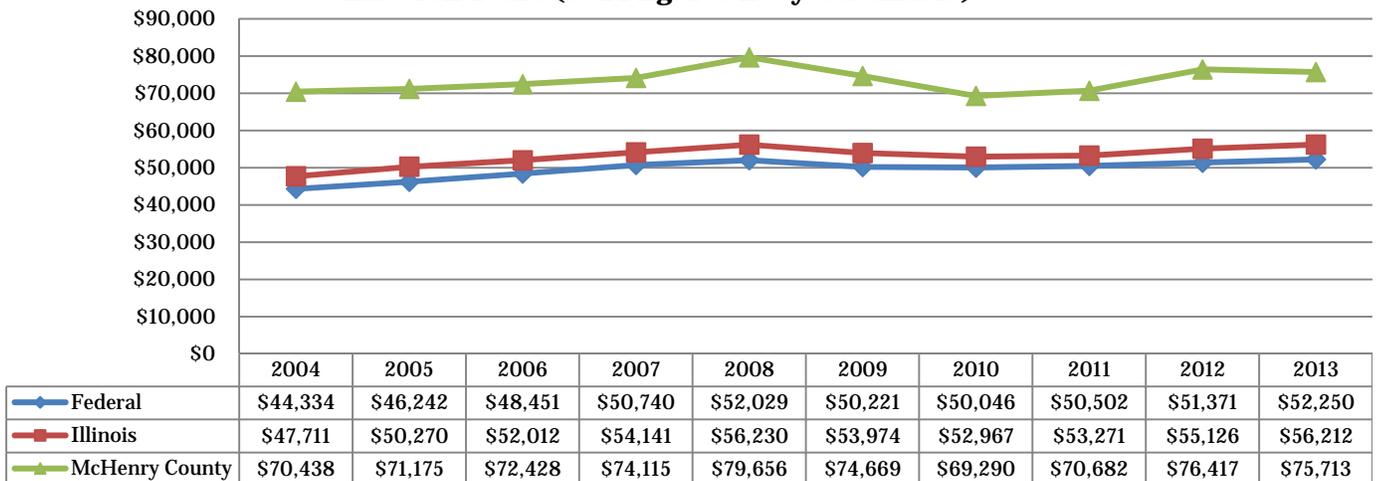


Perspective #3 – Economic Condition (Continued)

**Unemployment Rate
Last Ten Years**



**Median Household Income
Last Ten Years (2014 figures not yet available)**



The County's population increased from 303,990 in 2005 to 307,283 in 2014; an increase of 3,293 or 1.1%. The population figure for 2010 is from the 2010 US Federal Census. Population figures for 2005 - 2009 and 2011 - 2014 represent estimates provided by the US Census Bureau. Therefore, the decline from 2009 to 2010 does not represent an actual decrease in population over a one year period, but a correction of previous estimates. The County's total assessed valuation increased every year from 2005 through 2009, where it peaked at \$10.5 billion. From 2009 through 2014, assessed valuations decreased every year, to a low of \$7.2 billion in 2014, which represents a decrease of \$3.3 billion or 31.4% from the peak in 2010. The primary reason for this pattern is the great recession, which lasted from December 2007 through June 2009 and had a significant impact on the local real estate market. While home values may have finally bottomed out, the effects of the recession are likely to cause continued slow or no growth in population and assessed valuations for the foreseeable future.

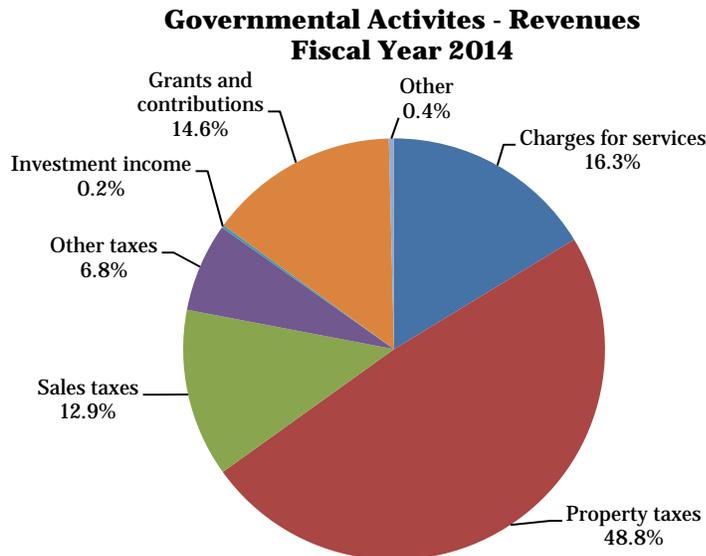
The unemployment rate and median household income statistics also show how the great recession has affected the County and its citizens. The County's unemployment rate was 6.4% in 2014, which represents a solid improvement from the average rate of 9.1% for the previous five years from 2009 through 2013. However, the current rate is still higher than the average rate of 4.7% for the four years from 2005 through 2008. The County's median household income increased from \$70,438 in 2004 to \$75,713 in 2013, but remains below the peak of \$79,656 in 2008. However, the County's median household income has consistently exceeded both Federal and State benchmarks. As economic conditions continue to improve, the County will be well positioned to maintain its sound financial position.

Revenues – What is the County’s Source of Funding?

The County receives its funding from a variety of sources, of which the largest single source is property taxes. The following table and chart present revenues for governmental activities for 2014 and 2013.

County of McHenry Governmental Activities - Revenues

Revenue Source	2014	2013	\$ Change	% change
Charges for services	\$ 24,806,782	\$ 26,086,540	\$ (1,279,758)	(4.9) %
Grants and contributions	22,201,631	23,225,714	(1,024,083)	(4.4)
Property taxes	74,017,467	73,113,284	904,183	1.2
Sales taxes	19,577,205	18,718,620	858,585	4.6
Other taxes	10,381,917	10,137,025	244,892	2.4
Investment income	263,632	275,817	(12,185)	(4.4)
Other	548,787	430,926	117,861	27.4
Total	\$ 151,797,421	\$ 151,987,926	\$ (190,505)	(0.1) %



Charges for services represent fees paid by individuals, businesses, or other governments who purchase, use, or directly benefit from the goods or services provided. For 2014, the largest items in this category include \$7.0 million for jail space rental, \$2.9 million for circuit clerk fees, \$1.6 million for fees on delinquent taxes, and \$0.9 million for recording fees. Jail space rental decreased from \$8.1 million for 2013 to \$7.0 million for 2014; a decrease of \$1.1 million or 13.6%. Revenues in this category decreased because the US Marshals, the second largest participant in the jail space rental program, ceased participating in April 2014. The US Immigration and Customs Enforcement, the largest participant, continues to house inmates in the County jail. **Grants and contributions** represent payments or donations from individuals, businesses, or other governments through agreements under which the funds are restricted for use in a particular program. For 2014, the largest items in this category include \$13.8 million for transportation programs, \$4.8 million for public health and welfare programs, and \$1.4 million for community development programs. **Property taxes** represent a tax on all real estate and improvements with the County. Property taxes are considered to be a general revenue source, since they are available to fund all programs of the County. **Sales taxes** represent a tax imposed on consumers for the purchase of certain goods and services. The current sales tax rate for general merchandise throughout the County ranges from 7.0% to 8.0%. **Other taxes** include \$6.3 million for state income taxes, \$1.8 million for tax transfer stamps, and \$1.3 million for local use taxes. **Investment income** consists of interest earned on the County’s cash and investments. Interest rates on certificates of deposit are near historical lows of around 0.25%. **Other revenues** include gains on the sale of capital assets and miscellaneous revenues.

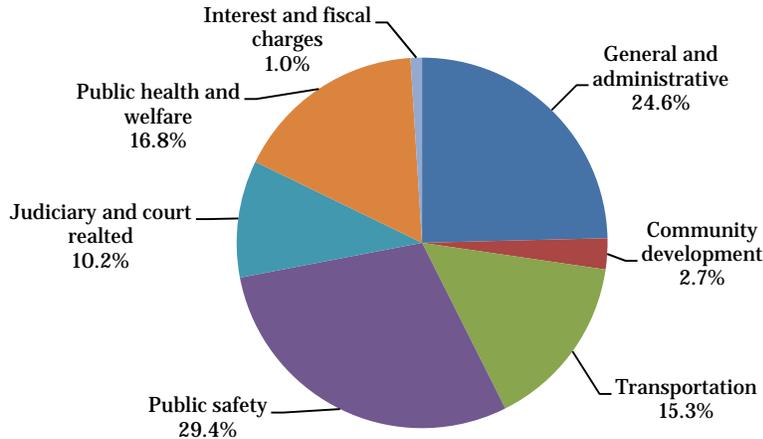
Expenses – What does the County spend its funds on?

The County spends its funds providing vital programs and services for the community. All of the County's activities are grouped into categories that describe the nature of the activity. The following table and chart present expenses for governmental activities for 2014 and 2013.

County of McHenry Governmental Activities - Expenses

Function	2014	2013	\$ Change	% change
General and administrative	\$ 34,302,304	\$ 36,716,979	\$ (2,414,675)	(6.6) %
Community development	3,719,430	4,031,197	(311,767)	(7.7)
Transportation	21,339,490	19,462,103	1,877,387	9.6
Public safety	40,980,612	40,757,655	222,957	0.5
Judiciary and court related	14,255,999	14,081,733	174,266	1.2
Public health and welfare	23,516,262	24,957,498	(1,441,236)	(5.8)
Interest and fiscal charges	1,534,221	1,901,744	(367,523)	(19.3)
Total	\$ 139,648,318	\$ 141,908,909	\$ (2,260,591)	(1.6) %

Governmental Activities - Expenses Fiscal Year 2014

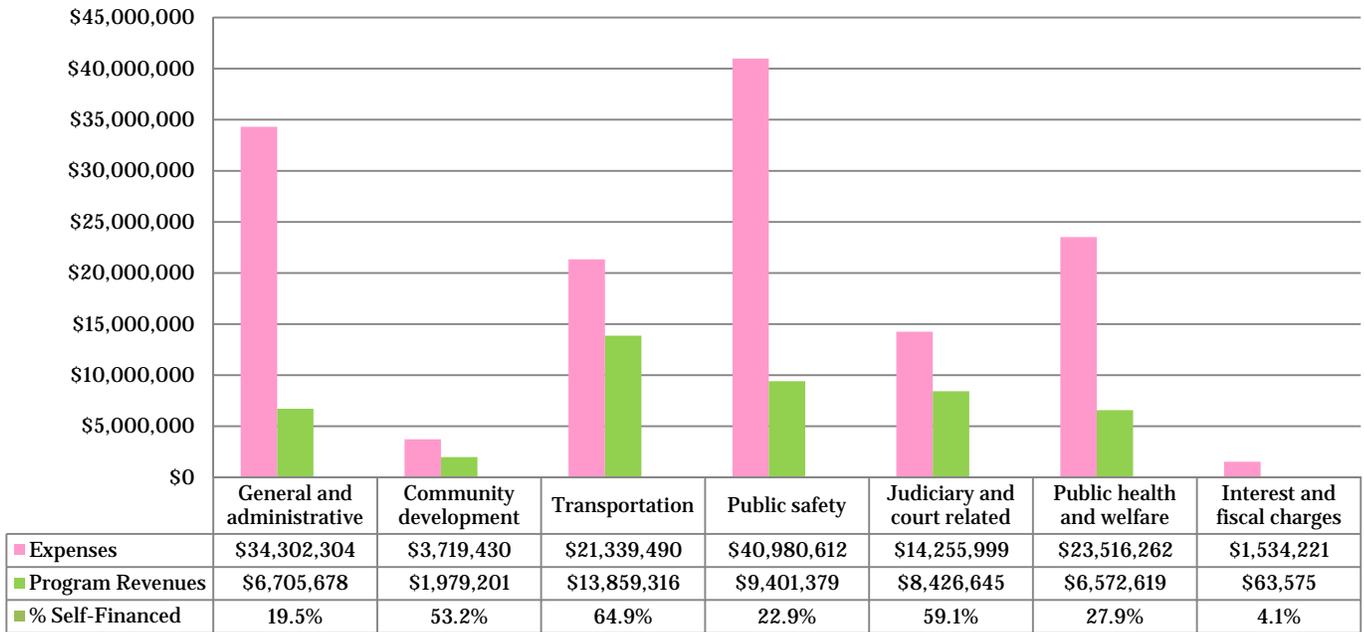


General and administrative includes many essential services for citizens, such as document recording, birth, marriage, and death certificates, election administration, supervision of assessments, and collection of property taxes. Also included in this category are the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. The main reason for the decrease in this category is a decrease of \$2.1 million in outstanding tort liability claims against the County. **Community development** includes long-term land use planning, building permits and inspections, the zoning board of appeals, and the administration of various grants. **Transportation** includes constructions and maintenance of County roads and bridges and long-term transportation planning. Expenditures in this category vary from year to year, based on the timing and volume of road construction projects. **Public safety** includes the activities of the Sheriff, Coroner, and Emergency Management Offices. The Sheriff's Office represents the largest component of public safety and activities performed include patrol, detectives, County jail, and County garage. **Judiciary and court related** represents all activities related to the 22nd Judicial Circuit Court and includes the activities of the Clerk of the Circuit Court, Court Administration, Court Services, Public Defender, and the State's Attorney. **Public health and welfare** represents programs that protect and promote the general health and well-being of the County and includes the activities of the Health Department, Mental Health Department, Workforce Network, and Veteran's Assistance. The decrease in this category is due to a reduction in personnel costs for the Mental Health Department, which decreased by \$1.0 million in 2014. The number of full-time equivalent employees decreased from 50 at the beginning of 2013 to 13 by the end of 2014. **Interest and fiscal charges** represents interest and fees paid on the County's long-term debt.

Program Revenues and Expenses by Function

The following chart presents a comparison between direct expenses and program revenues for each of the County's functions. Direct expenses are those that are specifically associated with a function. Program revenues consist of charges for services and grants and contributions, which are described on page 9. All other revenues are considered to be general revenues, which means they are not associated with a particular function and are available to finance all of the activities of the County. The comparison of direct expenses and program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the County.

**Governmental Activities - Expenses and Program Revenues
Fiscal Year 2014**



A high percentage of self-financing, such as for community development, transportation, and judiciary and court related, indicates that a function is primarily self-financed through program revenues generated by activities within that function. A low percentage of self-financing, such as for general and administrative, public safety, public health and welfare, and interest and fiscal charges, indicates that a function is primarily financed through general revenues. The percentage of self-financing is not a measure of program efficiency, since many important activities are not able to generate program revenues, but rather a measure of how increases in service levels could impact the financing needed to pay for such increases. For example, an increase in service levels for an activity that does not generate a significant amount of program revenues will likely require an increase in general revenues.

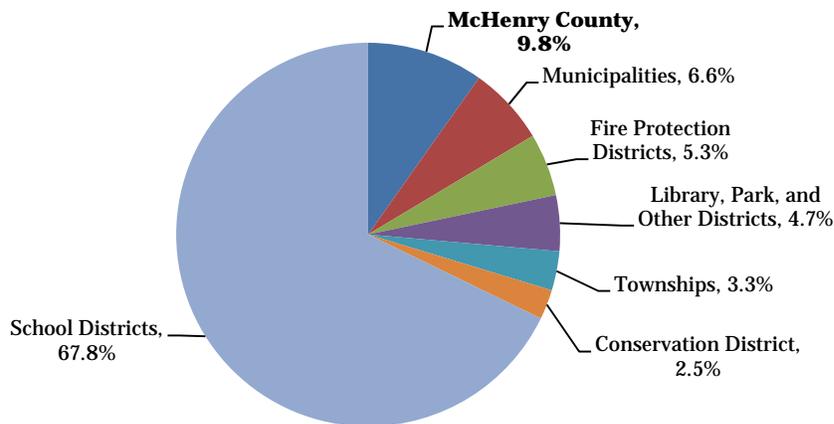
As mentioned above, some activities generate substantial program revenues, while other activities generate only a small amount or no program revenues. The function that has the highest percentage of self-financing for 2014 is transportation, with a percentage of 64.9%. Included in program revenues for transportation is \$8.7 million for motor fuel surcharges and \$4.0 million in contributions from the Federal government and the State of Illinois. These program revenues can only be spent on transportation projects and cannot be used by the County on any other function. Besides interest and fiscal charges, the function that has the lowest percentage of self-financing is general and administrative, with a percentage of 19.5%. The primary reason that this function has a low percentage of self-financing is that many of the activities in this category do not provide services directly to individuals, businesses, or other governments, but rather support the operations of other County Departments. Typically, internal activities such as these do not generate program revenues. These activities include the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. Included in program revenues for general and administrative is \$1.6 million for fees on delinquent taxes, \$0.9 million for recording fees, \$0.6 million for geographic information systems fees, and \$0.6 million for automation of the Recorder's Office.

Property Taxes – Where do your property taxes go?

Where do your property taxes go? While the County issues property tax bills each year and is responsible for collecting the payments, only a small portion is retained by the County. The vast majority of property taxes are remitted to other government agencies within McHenry County. There are over 100 separate government agencies that are located, at least partially, within McHenry County. Other districts include cities, villages, school districts, park districts, fire protection districts, library districts, townships, conservation districts, and various other districts. Depending on the specific location of a real estate parcel within the County, property taxes for that parcel will be collected for a combination of separate districts.

The following chart presents the breakout by government type for a typical property tax bill. The chart is for illustrative purposes only, based on an average of all property tax bills. As noted above, each real estate parcel pays property taxes to a varying combination of government agencies, based on its location, and the actual breakout by government type will vary accordingly.

Property Taxes - Breakout by Government Type



As shown on the above chart, the largest component of a typical property tax bill goes to school districts. The following table illustrates an average breakout by dollar amount for a sample tax bill of \$1,000. Again, the chart is for illustrative purposes only, based on an average of all property tax bills.

Property Taxes - Breakout by Government Type Sample Property Tax Bill - \$1,000

District Type	Amount	% of Total
School Districts	\$ 678	67.8 %
McHenry County	98	9.8
Municipalities	66	6.6
Fire Protection Districts	53	5.3
Townships	33	3.3
Library Districts	26	2.6
Conservation District	25	2.5
Park Districts	19	1.9
Other Districts	2	0.2
Total	\$ 1,000	100.0 %

This PAFR presents an overview of McHenry County's finances only. The other government districts shown above are separate legal entities and operate independent of the County. Therefore, in order to determine how your property taxes are spent by each district that you pay property taxes to, you would need to separately review financial reports for each district listed on your property tax bill.

Major Accomplishments during Fiscal Year 2014

In April 2010, McHenry County was rated Aaa (the highest rating available) **by Moody's Investors Service. This rating allows the County to issue debt at the lowest possible interest rate.** In April 2012, the County issued \$5.6 million in General Obligation Limited Tax Debt certificates that refunded its Series 2003A, Series 2003C, and Series 2005A debt certificates and had the **Aaa rating by Moody's affirmed.** As of 2014, the County continues to hold the Aaa rating due to its financial strength, healthy reserves, and prudent fiscal management.



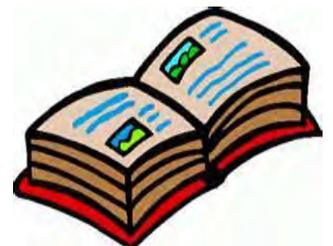
McHenry County has earned a Government Finance Officers Association award for Distinguished Budget Presentation for its fiscal year 2013 budget. A Certificate of Recognition was presented to the department designated primarily responsible for the County having achieved the award, McHenry County Administration. The award represents a significant achievement by McHenry County. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the award, recognized guidelines were met for effective budget presentation, **including how well an entity's budget serves as a policy document, financial plan, operations guide, and communications device.**



The County Auditor's Office was notified of their 16th consecutive year of **being awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting** for their FY2013 Comprehensive Annual Financial Report (CAFR). In addition, a FY2013 Popular Annual Financial Report (PAFR) was completed for the 6th **consecutive year and received the GFOA's Award for Outstanding Achievement.** This PAFR is summarized from information in the CAFR and serves to offer an **easy-to-understand report on the County's financial condition.**



The Planning & Development Committee and the Zoning Board of Appeals completed their review process and on October 14, 2014, the County Board adopted the Unified Development Ordinance (UDO). The UDO will update and consolidate the Zoning Ordinance, Subdivision Ordinance, Sign Ordinance, and miscellaneous development-related ordinances into a comprehensive ordinance for the regulation of land development and building within the County. The entire UDO document can be viewed on the County website under the Planning and Development department page.



Major Accomplishments during Fiscal Year 2014 (Continued)

The completion of the Western Algonquin Bypass construction in August 2014, working in cooperation with the Illinois Department of Transportation, now provides a transportation system improvement that addresses capacity, operational and safety deficiencies, and satisfies 2030 travel demands along the Illinois Route 31 corridor in southeastern McHenry County. The completed Bypass consists of a new four lane divided highway, diamond interchange, four new bridges, and retaining and noise walls. The widening and reconstruction of the final segment of the project will create a continuous four lane section on IL Route 31 to south of Algonquin Road. Construction has an expected completion date of June 2015.



As a result of the many informational presentations scheduled on insurance options through the **Affordable Care Act (ACA)**, **“Enroll McHenry”** provided 5700 one-on-one consumer assistance sessions and helped 2,668 residents apply for Marketplace or Medicaid coverage during the first half of FY2014. **The “Enroll McHenry County” program through the McHenry County Department of Health (MCDH)** was enabled by a \$500,000 one year federal grant provided through the Illinois Department of Public Health by the U.S. Department of Health and Human Services. The program allowed the MCDH to award six County organizations grants to conduct outreach, education, and enrollment as part of the Illinois Health Insurance Marketplace.



The Senior Service Grant Commission met in September of 2014 to review applications and requests for proposals for the FY2015 program year. The County Board approved the allocations for thirteen different programs by ten agencies for a total of \$1,729,020, to be distributed during FY2015. The Senior Services Grant Fund is the result of a referendum in April 2003, where voters approved the levy and collection of a tax not to exceed .025% for the purpose of providing transportation and social services to encourage independent living, wellness and quality of life for senior citizens in McHenry County.



The Division of Transportation (DOT) completed the Johnsburg Road Improvement Project in August 2014. The primary focus of the project consisted of the construction of a modern roundabout at the St. Johns Avenue/Chapel Hill Road intersection. Funding was mostly provided by federal grants to alleviate roadway congestion, improve safety, and provide street enhancements (sidewalks and lighting) with additional funding from McHenry County and the Village of Johnsburg.



Major Accomplishments during Fiscal Year 2014 (Continued)

The 2014 Community Development Block Grant (CDBG) funding application hearings were held in April 2014. A total of approximately \$2.8 million was requested by all applicants after the presentations by the agencies applying for funding. In June 2014, the County Board approved allocations of approximately \$921,000 to nine different agencies and municipalities for use in various construction and service projects throughout the County.



The Assessor's Office completed the 2014 assessment roll after processing 5,141 Board of Review instruments, of which 4,308 were taxpayer-generated assessment appeals, a number significantly below Tax Year 2013. In 2013 and 2012, appeals totaling 8,278 and 12,232, respectively, were heard by the County's Board of Review. The annual report prepared by Robert Ross, Chief County Assessment Officer, indicated that the 2014 assessment year presented an overall decrease in the assessment base. However, as indicated by preliminary sales ratio results, the assessment base will likely stabilize in the 2015 Quadrennial Assessment year. On a positive note, although the number of existing home sales decreased from 2013 to 2014, the median sale price in early 2015 rose over the previous year, and new residential construction should increase from 2014 as subdivisions with vacant lots continue to be developed in the upcoming year.



In an effort to increase the level of readiness and be better prepared for severe weather emergencies, the McHenry County Emergency Management Agency (EMA) worked closely with the National Weather Service in Chicago to meet national standards of the StormReady program to achieve StormReady County designation for McHenry County. StormReady helps community leaders and emergency managers strengthen local safety programs. StormReady communities are better prepared to save lives from the onslaught of severe weather through advanced planning, education, and awareness. McHenry County is one of only 24 Counties in Illinois to receive the designation. This is a tribute to the County's EMA and the work they put into this to be prepared for a natural disaster.



Major Accomplishments during Fiscal Year 2014 (Continued)

Effective November 13, 2014, the **Circuit Clerk's office launched Electronic Sentencing Orders**. The Electronic Sentencing Order software works in conjunction with **the Circuit Clerk's case management software**, so a Sentencing Order can be quickly generated in the courtrooms. The electronically generated Sentencing Orders began with Traffic cases and the second phase will begin to generate Supplemental Financial Sentencing Orders that will include detailed financial information. Successful implementation of this program will not only provide increased accuracy but also provide better customer service to the users of the court system.



After almost two years of meetings to go over the provisions of the 2006 Purchasing Ordinance, a newly revised document was approved by the County Board and made effective on August 1, 2014. The ordinance is designed to manage the Procurement process in accordance with law; spend taxpayer money wisely and fairly; encourage fair and equitable treatment through competition; protect against fraud and favoritism; obtain commodities and services at the lowest process practicable; and to meet the needs of the County.



Building off success enjoyed by McHenry County College in bringing new high-speed internet fiber to its Crystal Lake campus, McHenry County led efforts to create a consortium of local governments to extend the fiber beyond the College, through Woodstock to the County government campus. The consortium is comprised of the County, the City of Woodstock, Woodstock School District #200, the McHenry County Emergency Telephone Board (ETSB), and McHenry County College. On November 6, 2014, the County Board agreed to participate in the project. Each entity expects to see significant savings as they eliminate leased lines. The goal is to create a public/private partnership in this fiber optic investment that will improve connectivity, reduce costs, and spur economic development.



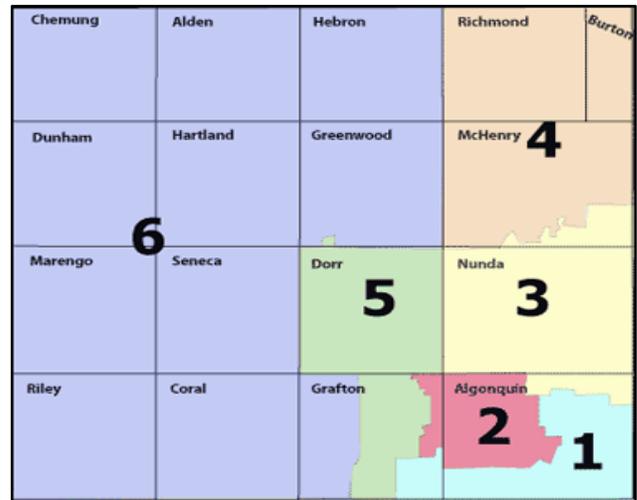
The McHenry County Workforce Network completed their second round of the Manufacturing Careers Internship Program (MCIP) in November 2014. This program enables youth age 18 to 21 an opportunity to find a productive career in manufacturing, and addresses the shortage of qualified workers in the manufacturing sector. Youth participated in a three week Bootcamp where they received their OSHA Safety Certification, learned work ethic strategies, and participated in resume development and interview preparation. Also included were tours and presentations with manufacturing companies throughout McHenry County. Upon completion of Bootcamp, employers have the opportunity to place the youth as an intern at their companies.



McHenry County Elected Officials

County Board Members

<u>District/Name</u>	<u>Term Expires</u>	<u>District/Name</u>	<u>Term Expires</u>
District 1 Yvonne Barnes Andrew Gasser Anna May Miller Robert Nowak	December 2016 December 2018 December 2016 December 2018	District 5 Tina Hill John Jung, Jr. Michael Rein Michael Skala	December 2016 December 2018 December 2018 December 2016
District 2 James L. Heisler Kenneth D. Koehler Donna Kurtz Carolyn Schofield	December 2018 December 2016 December 2018 December 2016	District 6 Michele Aavang Diane Evertsen Mary T. McCann Larry W. Smith	December 2018 December 2016 December 2016 December 2018
District 3 Joseph Gottemoller Donald C. Kopsell Nick Provenzano Michael J. Walkup	December 2018 December 2018 December 2016 December 2016		
District 4 Sue Draffkorn John D. Hammerand Bob Martens Charles Wheeler	December 2016 December 2018 December 2016 December 2018		



Elected Officials

<u>Office/Name</u>	<u>Term Expires</u>	<u>Office/Name</u>	<u>Term Expires</u>
Auditor Pamela Palmer	December 2016	Sheriff Bill Prim	December 2018
Circuit Clerk Katherine Keefe	December 2016	State's Attorney Louis A. Bianchi	December 2016
Coroner Anne L. Majewski	December 2016	Supt of Educational Service Region Leslie A. Schermerhorn	December 2018
County Clerk Mary McClellan	December 2018	Treasurer Glenda L. Miller	December 2018
Recorder Phyllis K. Walters	December 2016		

McHenry County Website and Social Media

For a comprehensive listing of the services that the County provides for its citizens and businesses, please visit the County's website at <http://www.co.mchenry.il.us/>



Click on the following icons to follow McHenry County on Facebook and Twitter:

Also, please visit the Social Media page on the County's website for additional ways to stay informed about important County events at <https://www.co.mchenry.il.us/how-do-i-/social-networking->

