

PROVIDING QUALITY PUBLIC SERVICES TO COUNTY CITIZENS



FOR THE YEAR
ENDED
NOVEMBER 30, 2015



POPULAR ANNUAL FINANCIAL REPORT

County of McHenry, Illinois

County of McHenry, Illinois
POPULAR ANNUAL FINANCIAL REPORT
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November 30, 2015

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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, 2015, 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 2014 received the Government Finance Officers Association's (GFOA) Award for Outstanding Achievement, which is the seventh 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, 2015, 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 17 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 2015 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 Internal Audit Division information is also available online.

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
April 29, 2016

Awards Received for Financial Reporting

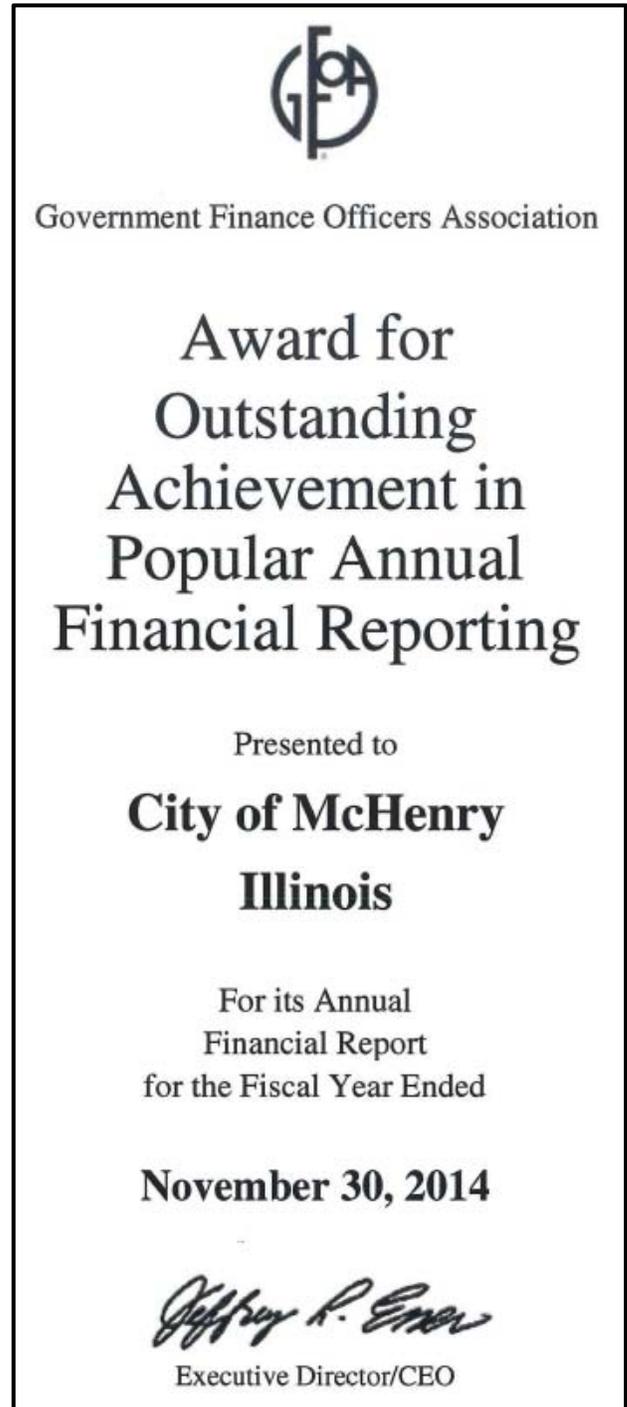
The Government Finance Officers Association of the United States and Canada (GFOA) has presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to McHenry County for its Popular Annual Financial Report for the fiscal year ended November 30, 2014. The Award for Outstanding 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, 2014 represents the seventh consecutive year that the County has received this prestigious award. We believe that the current PAFR for the fiscal year ended November 30, 2015 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, 2014 has been recognized with the Certificate of Achievement for Excellence in Financial Reporting. This certificate represents the 17th 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>.



Profile of McHenry County, Illinois

McHenry County is located in northeastern Illinois, approximately 50 miles northwest of Chicago. The County covers a total area of 611 square miles, including 603 square miles of land and 8 square miles of water. The 2015 estimated population of the County was 307,343, which ranks sixth out of 102 Counties in Illinois. Over 30 communities reside within the County, the largest of which is the City of Crystal Lake, with a 2014 estimated population of 40,493, which ranks 42nd out of 1,298 municipalities in Illinois. Major transportation routes include I-90, which passes through the southwest corner of the County, as well as several state highway routes, making the County easily accessible to areas in northern Illinois and southern Wisconsin. Adjacent counties include Walworth and Kenosha Counties in Wisconsin (north), Lake and Cook Counties (east), Kane and DeKalb Counties (south) and Boone County (west).

The County was created by the Illinois legislature in 1836. The County was named after Major William McHenry, who fought in the Blackhawk War in 1832. Originally, McHenry County stretched to Lake Michigan on the east until 1839, when voters were granted the right to form a new County, which was named Lake County. The City of McHenry was the location of the original County seat. However, after Lake County split from McHenry County, a more central location was desired and the County seat was relocated to the City of Woodstock in 1844. In December 1849, voters established a township system of government, in part to provide a better system for road taxation, due to the poor road systems in place. The introduction of railroads brought changes to the County as it enabled farmers the ability to ship their products to Chicago's markets and provided transportation for commuting to city jobs. All of the changes made throughout the early years resulted in migration of residents who sought the rural lifestyle for raising their families, while still having access to the city for their jobs. The result of this transformation was the growth and establishment of the towns, cities, and villages that exist today.

The County operates under a board-administrator structure, in addition to nine independently elected County officials. The Board is comprised of twenty-four members elected from six districts. Board members serve four year terms, with the exception of two year staggered terms every ten years. The Board is both the legislative policy maker and the supervisor of County Administration. The County Administrator is the chief administrative officer and prepares and recommends the annual budget, implements policies and procedures, manages daily operations, and oversees department directors. The nine independently elected County officials are the Auditor, Clerk of the Circuit Court, Coroner, County Clerk, Recorder, Sheriff, State's Attorney, Regional Superintendent of Education, and Treasurer. Elected officials serve four year terms. See page 17 for a list of current County Board members and elected County officials.

McHenry County provides a full range of services including law enforcement, construction and maintenance of roads and bridges, property assessment and tax collection, official records, elections, document recording, comprehensive planning and growth management, housing and community development programs, social service programs, judicial functions, health services, animal services, emergency disaster and response planning, storm water management, environmental protection, and administrative functions. For a detailed listing of the County's departments and the vital services that the County provides for its citizens and businesses, visit the County's website at <http://www.co.mchenry.il.us>.

Over the past few decades, the County has experienced significant commercial and residential growth. As a result, the population of the County has increased from 183,241 in 1990, to 260,077 in 2000, and an estimated 307,343 in 2015. Also, the County's assessed valuation has increased from \$5.0 billion in 2000 to \$6.9 billion in 2015. In order to meet the ever-expanding needs of the growing County, the number of full-time equivalent employees of the County has increased as well, from 877 in 2000 to 1,165 in 2015. See page 13 for a list of the County's major accomplishments for fiscal year 2015, as well as future plans.



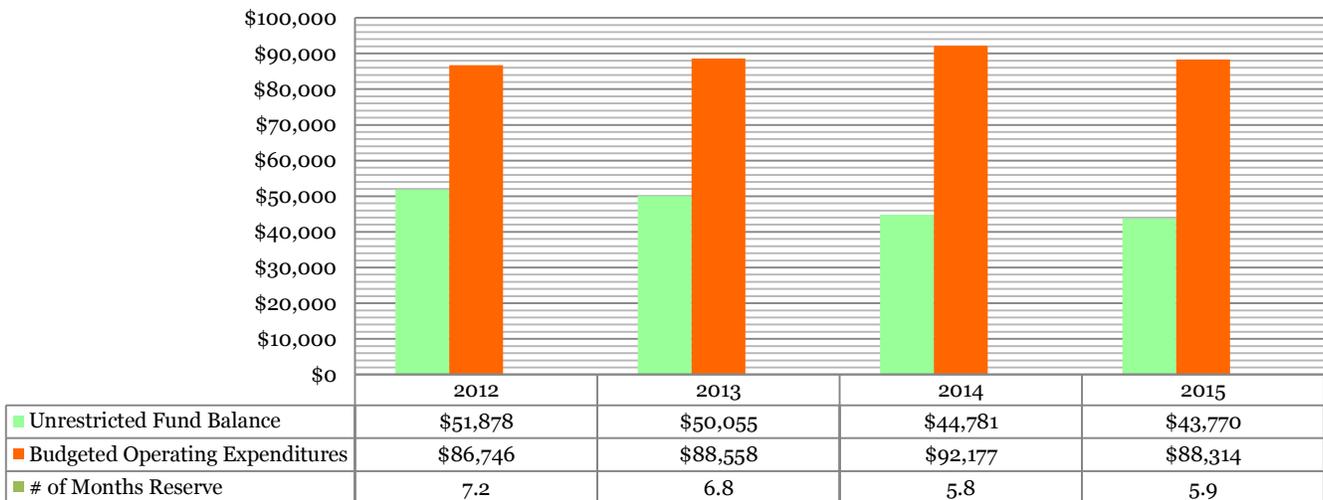
Perspective #1 – Short-Term Financial Health

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 budget policy requiring that the general fund maintain unrestricted fund balance equal to six months of budgeted operating expenditures.

As of November 30, 2015, the general fund had unrestricted fund balance of \$43,770,080, compared to budgeted operating expenditures of \$88,313,820, which is a reserve of 5.9 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 2012, to 6.8 months in 2013, to 5.8 months in 2014 and then increased to 5.9 in 2015.

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 and 2015, the County achieved the required spend down when the general fund reserve declined to 5.8 months and 5.9 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.

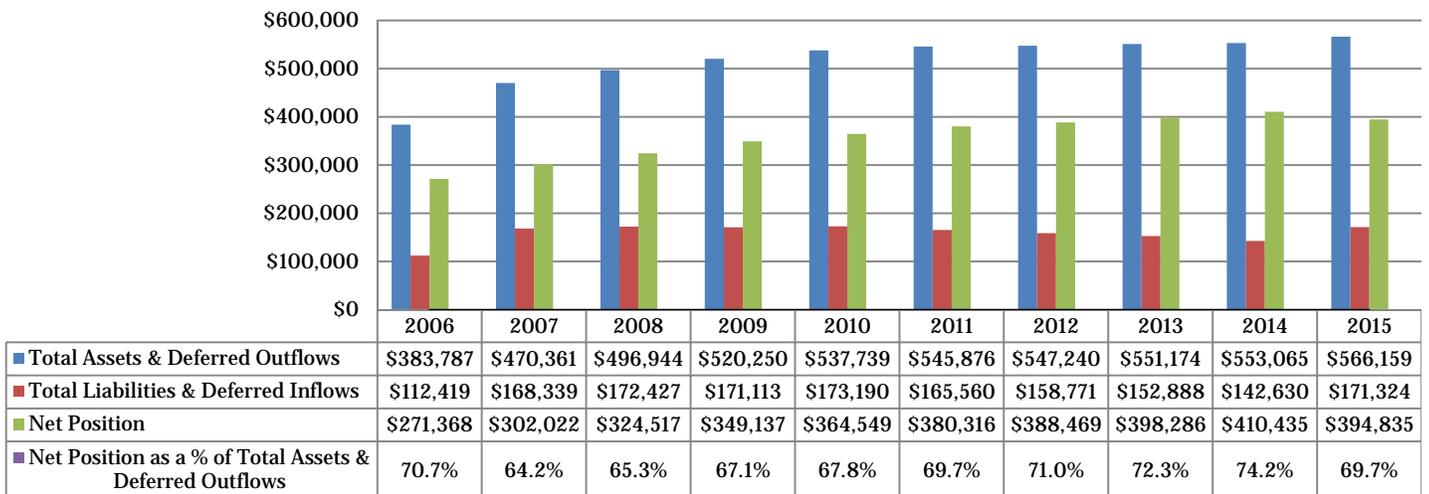
Perspective #2 – Financial Position

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 \$271.3 million in 2006 to \$394.8 million in 2015; an increase of \$123.4 million or 45.5%. 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.

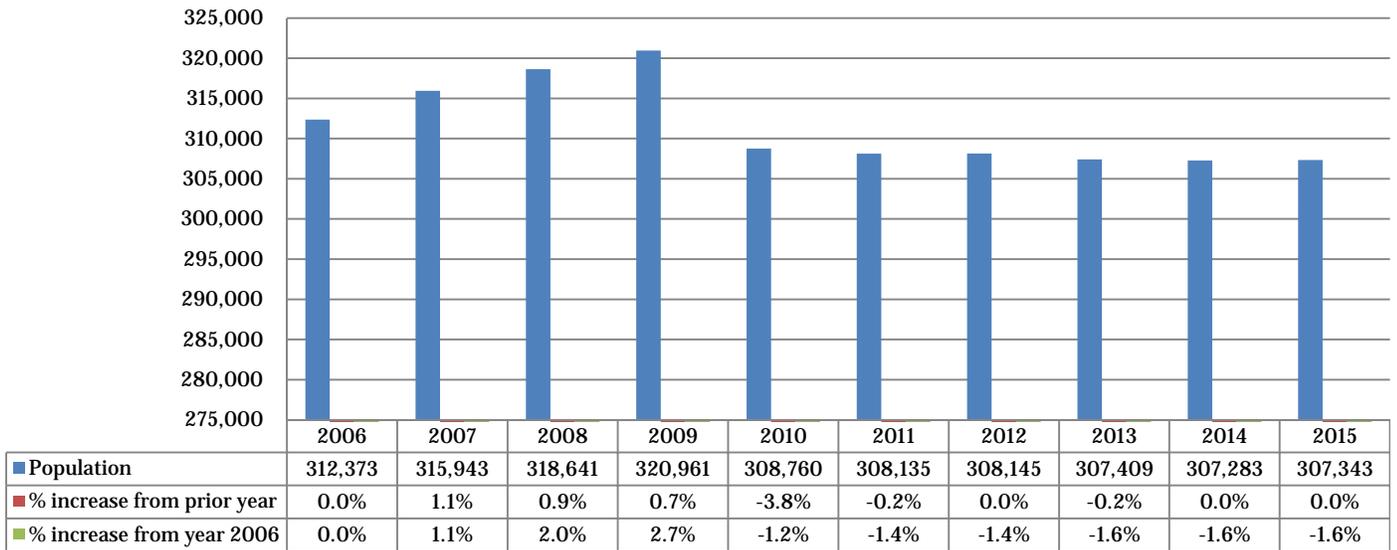
Net position is broken down into three categories, net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the portion of net position related to capital assets, less any related outstanding debt, and is not available for spending. Restricted net position 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 2015, net investment in capital assets was \$291.1 million or 70.5% of total net position, restricted was \$95.9 million or 23.2% of total net position, and unrestricted was \$25.8 million or 6.2% of total net position.

Perspective #3 – Economic Condition

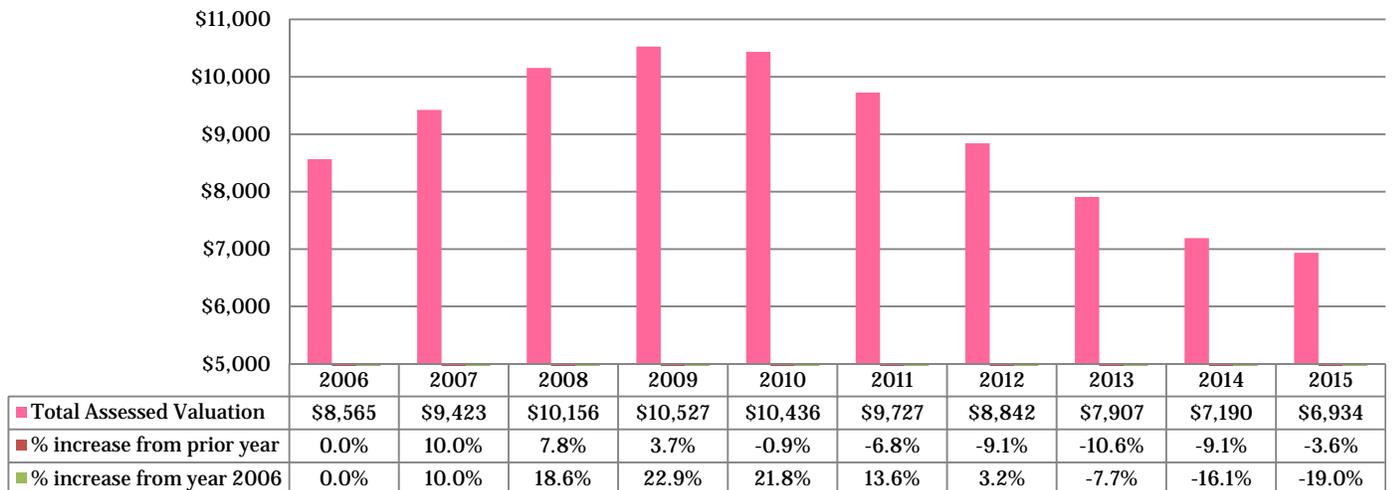
While the first two perspectives present valuable insights into the short-term and overall financial position of the County, economic conditions and other circumstances will also impact the County’s future financial position. Therefore, a review of local, state, and national economic conditions is crucial 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**

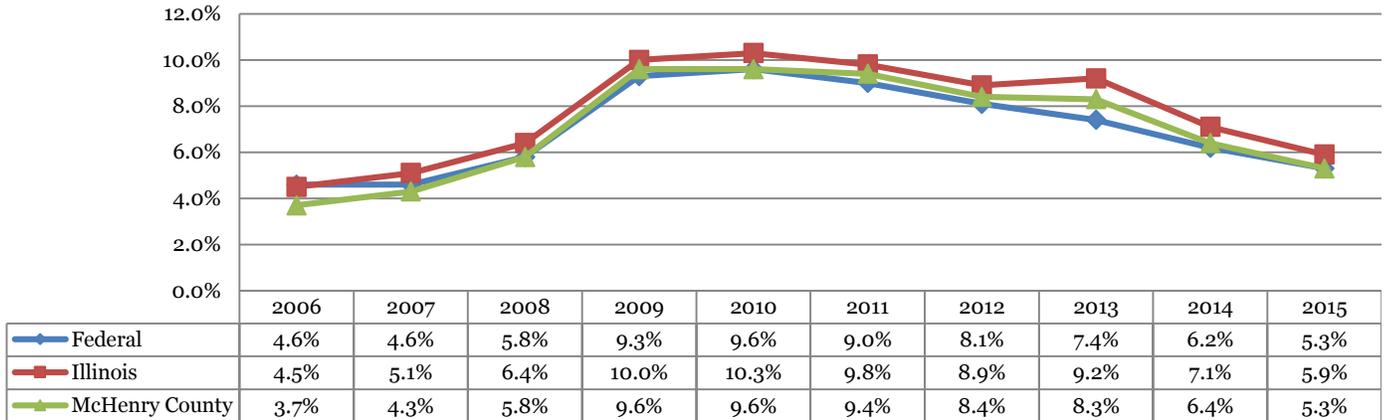


**McHenry County Total Assessed Valuation
Last Ten Years
(in millions)**



Perspective #3 – Economic Condition (Continued)

**Unemployment Rate
Last Ten Years**



**Median Household Income
Last Ten Years (2015 figures not yet available)**



The County's population increased from 312,373 in 2006 to 307,343 in 2015; a decrease of 5,030 or 1.6%. The population figure for 2010 is from the 2010 US Federal Census. Population figures for 2006 - 2009 and 2011 - 2015 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 2006 through 2009, where it peaked at \$10.5 billion. From 2009 through 2015, assessed valuations decreased every year, to a low of \$6.9 billion in 2015, which represents a decrease of \$3.6 billion or 34.3% from the peak in 2009. 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.

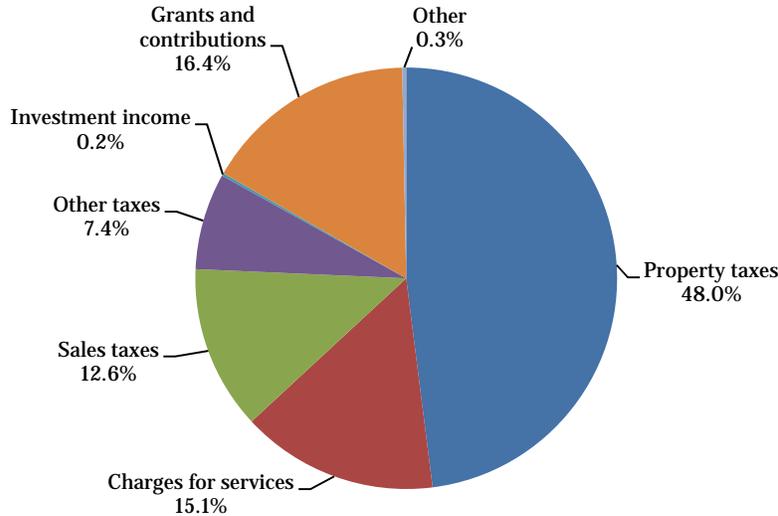
The unemployment rate and median household income statistics also show how the great recession has affected the County and its citizens. The County's unemployment rate was 5.3% in 2015, which represents a solid improvement from the peak rate of 9.6% for 2009 and 2010. However, the current rate is still higher than the lowest rate of 3.7% from 2006. The County's median household income increased from \$71,175 in 2005 to \$76,856 in 2014, but remains below the peak of \$79,656 in 2008. Conversely, 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 2015 and 2014.

Revenue Source	2015	2014	\$ Change	% change
Charges for services	\$ 23,908,777	\$ 24,806,782	\$ (898,005)	(3.6) %
Grants and contributions	25,880,925	22,201,631	3,679,294	16.6
Property taxes	75,798,457	74,017,467	1,780,990	2.4
Sales taxes	19,987,380	19,577,205	410,175	2.1
Other taxes	11,684,861	10,381,917	1,302,944	12.6
Investment income	259,070	263,632	(4,562)	(1.7)
Other	550,798	548,787	2,011	0.4
Total	\$ 158,070,268	\$ 151,797,421	\$ 6,272,847	4.1 %

**Governmental Activities - Revenues
Fiscal Year 2015**



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 2015, the largest items in this category include \$6.4 million for jail space rental, \$2.8 million for circuit clerk fees, \$1.6 million for Court Services salaries reimbursements, \$1.3 million for fees on delinquent taxes, and \$1.0 million for recording fees. Jail space rental decreased from \$7.0 million for 2014 to \$6.4 million for 2015; a decrease of \$.6 million or 8.6%. 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 2015, the largest items in this category include \$17.7 million for transportation programs, \$5.5 million for public health and welfare programs, and \$2.0 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 \$6.9 million for state income taxes, \$2.1 million for tax transfer stamps, and \$1.4 million for local use taxes. **Investment income** consists of interest earned on the County’s cash and investments. **Other revenues** include gains on the sale of capital assets and miscellaneous revenues.

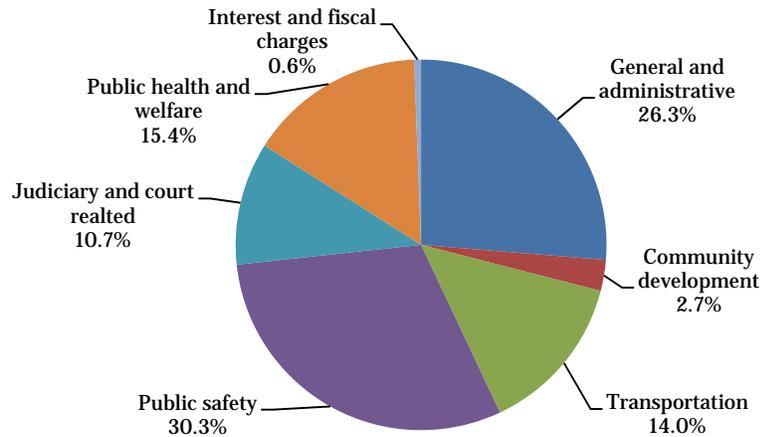
Expenses – What does the County spend its funds on?

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	2015	2014	\$ Change	% change
General and administrative	\$ 37,596,322	\$ 34,302,304	\$ 3,294,018	9.6 %
Community development	3,825,976	3,719,430	106,546	2.9
Transportation	19,992,910	21,339,490	(1,346,580)	(6.3)
Public safety	43,354,459	40,980,612	2,373,847	5.8
Judiciary and court related	15,280,218	14,255,999	1,024,219	7.2
Public health and welfare	22,065,296	23,516,262	(1,450,966)	(6.2)
Interest and fiscal charges	882,763	1,534,221	(651,458)	(42.5)
Total	\$ 142,997,944	\$ 139,648,318	\$ 3,349,626	2.4 %

Governmental Activities - Expenses Fiscal Year 2015

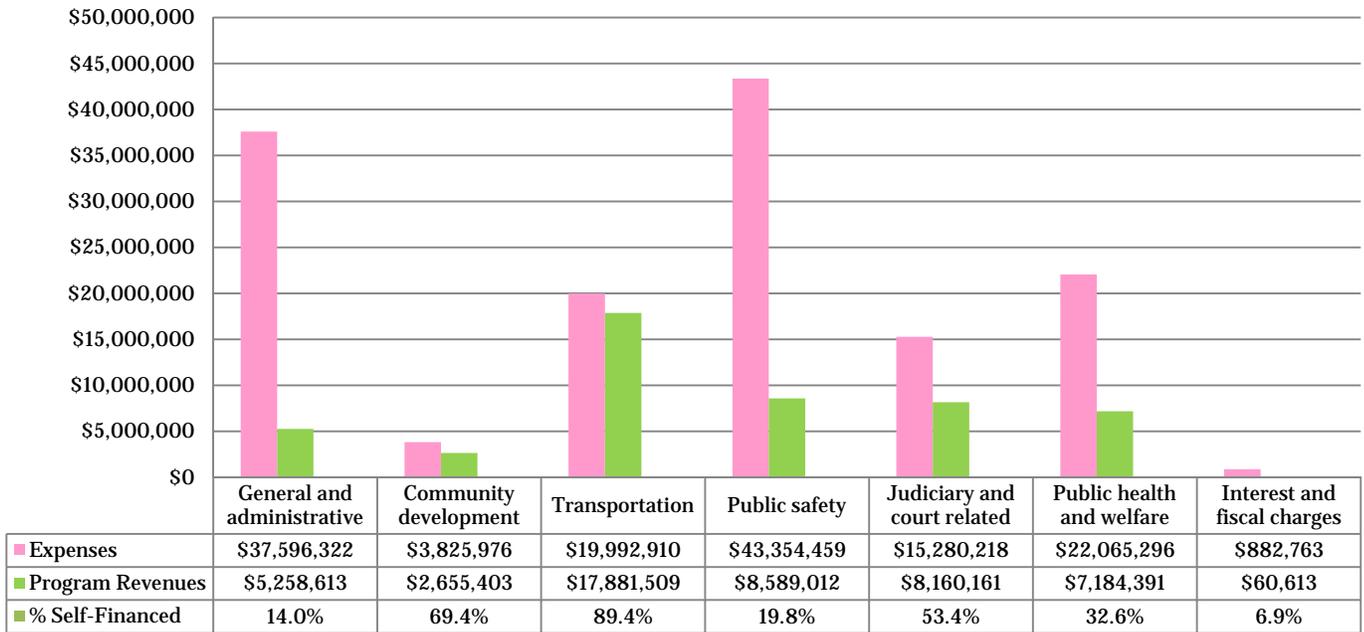


General and administrative includes many essential services for citizens, such as document recording, birth, marriage, and death certificates, election administration, supervision of assessments, and collection of property taxes. Also included in this category are the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. **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 and contractual costs for the Health Department and a reduction in IMRF contributions. The number of full-time equivalent employees decreased from 130 at the end of 2014 to 104 by the end of 2015. **Interest and fiscal charges** represents interest and fees paid on the County's long-term debt. The decrease was due to new debt certificates issued in 2015 and the proceeds were used to refund Series 2006A and 2007B debt certificates.

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 2015**



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.

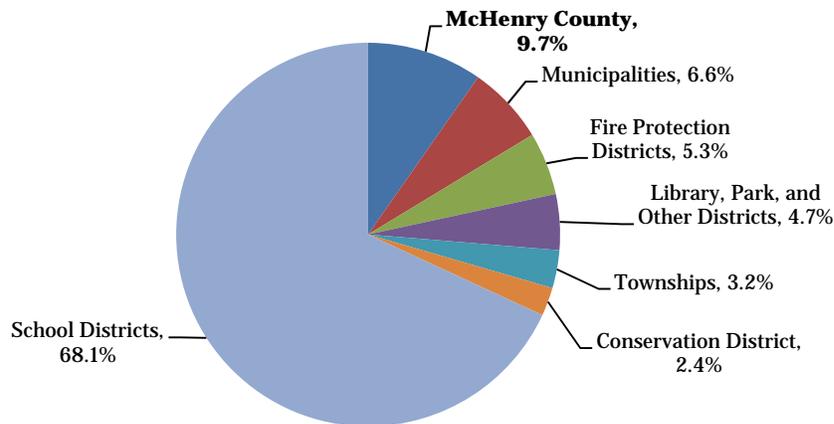
As mentioned above, some activities generate substantial program revenues, while other activities generate only a small amount or no program revenues. The function that has the highest percentage of self-financing for 2015 is transportation, with a percentage of 89.4%. Included in program revenues for transportation is \$8.9 million for motor fuel surcharges and \$0.5 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 14.0%. 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 \$1.3 million for fees on delinquent taxes, \$1.0 million for recording fees, \$0.7 million for geographic information systems fees, and \$0.7 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	\$ 681	68.1 %
McHenry County	97	9.7
Municipalities	66	6.6
Fire Protection Districts	53	5.3
Townships	32	3.2
Library Districts	26	2.6
Conservation District	24	2.4
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 2015

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 2015, the County issued \$15.75 million in General Obligation Limited Tax Debt certificates that refunded its Series 2006, and Series 2007B debt certificates and had the Aaa rating by Moody's affirmed. As of 2015, the County continues to hold the Aaa rating due to its financial strength, healthy reserves, and prudent fiscal management.



Aaa

McHenry County has earned, for a second year, a Government Finance Officers Association award for Distinguished Budget Presentation for its fiscal year 2015 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 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 17th consecutive year of being awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for their FY2014 Comprehensive Annual Financial Report (CAFR). In addition, a FY2014 Popular Annual Financial Report (PAFR) was completed for the 7th 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 McHenry County Purchasing Department and the McHenry County Division of Transportation (MCDOT) successfully coordinated an intergovernmental bid opening for bulk road salt. The County became responsible for submitting its bid for road salt, after it was notified by the Illinois Department of Transportation (IDOT) that its contract was not accepted. The Purchasing Department chose to pursue a combined purchase order with other McHenry County local governments. Nine municipalities collaborated with the County on the bid to increase competition and reduce costs. The bid price received was at a rate 30% lower than the previous year.



Major Accomplishments during Fiscal Year 2015 (Continued)

The McHenry County Facilities Management Department was recognized with an Achievement Award from the National Association of Counties (NACO). The award honors McHenry County for its innovative, sustainable practices to expand energy efficiency and reduce overall costs. In total, the County has realized an overall greenhouse gas emissions reduction of 12% and cost savings of 30%. This equates to the removal of 232 cars annually on County roads and \$640,000 (year to date in annual savings). Energy efficiency improvements have both reduced the County's carbon footprint and created value for taxpayers. Through a series of grants and rebates from the Department of Commerce and Economic Opportunity (DCEO), the County was able to offset much of the costs of implementing building energy efficiencies.



The McHenry County Department of Health (MCDH) has launched a new feature on its website (www.mcdh.info) that provides access to food establishment inspection reports for the public. Food inspection reports from 2010 to the present are available. The website also includes information regarding how food establishment inspections are conducted, how to interpret the inspection reports, and helps residents learn more about food safety. The Health Department's Food Protection Program is responsible for permitting and inspecting over 1,275 food facilities in McHenry County. The goal is to reduce the occurrence of foodborne illness and to promote safe food practices within the community.



The Senior Service Grant Commission met in September of 2015 to review applications and requests for proposals for the FY2016 program year. The County Board approved the allocations for 14 different programs by 11 agencies for a total of \$2,123,056, to be distributed during FY2016. 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) began work on the Charles J. Miller Road project in early fall 2014 with tree removal and storm sewer work. The roadway work began in early spring 2015 and is currently still under construction. The completed roadway will include two through lanes in each direction with double left turn lanes and separate right turn lanes at each leg of the Miller Road/Bull Valley and IL 31 intersection. The travel lanes will be separated by a grass/concrete median. This project is intended to alleviate present and future congestion in the City of McHenry and northeastern McHenry County.



Major Accomplishments during Fiscal Year 2015 (Continued)

In 2015, McHenry County held its annual delinquent tax sale using a computerized tax lien auction. The Real-Time Auction Management System (R.A.M.S.) processed bids to reduce the amount of time to complete the sale and mail tax certificates to successful bidders. The automated process improved efficiency for both the County and taxpayers. Not only was the tax sale reduced from a full-day to under a half-day event, but buyers were mailed tax certificates the following day, which previously took from four to six weeks after a live voice auction. Past County tax sale auctions required a significant amount of staff time from both the Treasurer's and County Clerk's Offices. Both Offices revamped the tax sale, in the spirit of automation, transparency, and efficiencies by using R.A.M.S to manage the event.



The Assessor's Office completed the 2015 assessment roll after processing 5,948 Board of Review instruments, of which 4,550 were taxpayer-generated assessment appeals, a number slightly above Tax Year 2014. In 2014 and 2013, appeals totaling 4,308 and 8,278, respectively, were heard by the County's Board of Review. The annual report prepared by Robert Ross, Chief County Assessment Officer, indicated that the 2015 assessment year was the first year since 2010 that the assessment base increased. However, as indicated by preliminary sales ratio results, the assessment base will likely increase in the 2016 assessment year. On a positive note, although the number of existing residential sales in McHenry County decreased from 2014 to 2015, the median sale price in early 2016 rose over the previous year, and new residential construction should increase from 2015 as subdivisions with vacant lots continue to be developed in the upcoming year.



McHenry County is working to update its 2010 Multi-jurisdictional Natural Hazard Mitigation Plan, which must be updated every five years per federal regulations. The purpose of this Plan is to identify and assess our community's natural hazard risks and determine how to best reduce or manage those risks. The Hazard Mitigation Committee will reexamine the natural hazards facing McHenry County, establish goals, evaluate existing activities throughout the County, and recommend additional mitigation steps that are appropriate to protect people, property, and other assets of McHenry County. The updated Plan will provide the County, its municipalities and townships, and other participating agencies and institutions with direction for enhancing current and future mitigation efforts. Jurisdictions who have adopted the Plan are eligible for hazard mitigation funds from FEMA programs.



Major Accomplishments during Fiscal Year 2015 (Continued)

After a year of work, the Twenty-Second Judicial Circuit Court, with the assistance of the Circuit Clerk and the McHenry County Information Technology Department went live in October 2015 with four judges using aiSmartBench. This system will further enhance the judges' available resources by enabling more efficient and reliable access to relevant data to conduct and monitor their individual caseload. aiSmartBench allows users to see case summary information, parties, attorneys, financial information and events on one screen, as well as access images of documents. It is anticipated that all judges will be trained on the use of the software in December 2015.



The McHenry County Workforce Network continued development and discussion on a Community Economic Development Strategy (CEDS) document with McHenry County, McHenry County Planning and Development, McHenry County Economic Development Corporation (MCEDC), McHenry County College, and the Illinois Small Business Development Center. The CEDS is a regional plan connecting three Northern Illinois counties on key initiatives to attract and retain businesses, improve workforce and infrastructure, and promote other economic development activities. A CEDS document would provide a common direction and voice within the County.



McHenry County is leading efforts to create a consortium of local governments to bring new high-speed internet fiber through the City of Crystal Lake up Route 14, and 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 System Board (ETSB), and McHenry County College. Fiber conduit installation began in August 2015 and will be close to completion and ready for testing in early 2016. The consortium is exploring opportunities to market the high-speed internet fiber to local businesses and industry.



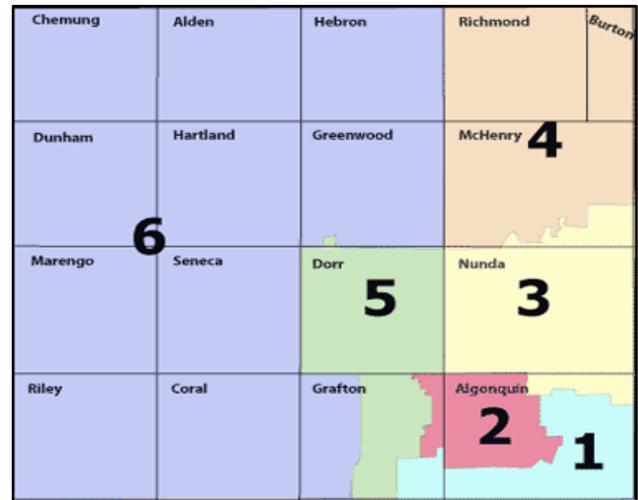
The 2015 Community Development Block Grant (CDBG) funding application hearings were held in April 2015. A total of approximately \$2.9 million was requested by all applicants after the presentations by the agencies applying for funding. In May 2015, the County Board approved allocations of approximately \$1,050,000 to twelve different agencies and municipalities for use in various construction and service projects throughout the County.



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 Jeffrey Thorsen 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->

