

# COUNTY OF McHENRY, ILLINOIS



**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**



**FOR THE FISCAL  
YEAR ENDED  
NOVEMBER 30, 2007**



[www.co.mchenry.il.us](http://www.co.mchenry.il.us)

# **County of McHenry, Illinois**

Comprehensive Annual Financial Report

For the Year Ended November 30, 2007

Prepared by the County Auditor's Office:  
Pamela Palmer, County Auditor  
Jim Bernier, CPA, Senior Accountant/Chief Deputy Auditor

# **INTRODUCTORY**

# County of McHenry, Illinois

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# County of McHenry, Illinois

## OFFICERS AND OFFICIALS

November 30, 2007

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### COUNTY BOARD MEMBERS

Kenneth Koehler, Chairman  
Yvonne M Barnes  
Marie Chmiel  
Randall Donley  
Mary L. Donner  
Sue Draffkorn  
Ed Dvorak  
John D. Hammerand  
James Heisler  
Tina Hill  
John Jung, Jr.  
James P. Kennedy

Mary T. McCann  
Peter J. Merkel  
Anna May Miller  
Marc J. Munaretto  
Lyn A. Orphal  
Virginia Peschke  
Nick Provenzano  
Daniel P. Ryan  
Sandra Fay Salgado  
Dan Shea  
Barbara Wheeler  
Mary Lou Zierer

### ELECTED OFFICIALS

Pamela Palmer  
Vernon W. Kays, Jr.  
Marlene A. Lantz  
Katherine C. Schultz  
Phyllis K. Walters  
Keith Nygren  
Louis A. Bianchi  
Gene Goeglein  
  
William LeFew

Auditor  
Clerk of the Circuit Court  
Coroner  
County Clerk  
Recorder  
Sheriff  
State's Attorney  
Superintendent of Educational  
Service Region  
Treasurer

### ADMINISTRATIVE

Peter Austin

County Administrator



PAM PALMER  
COUNTY AUDITOR

JIM BERNIER  
SENIOR ACCOUNTANT/  
CHIEF DEPUTY



PHONE: 815 334-4204  
FAX: 815 334-4621

May 14, 2008

To the Chairman of the Board,  
County Board Members, and the  
Citizens of McHenry County, Illinois:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended November 30, 2007 as prepared by the McHenry County Auditor's Office and audited by the independent certified public accounting firm of Virchow Krause, LLP. Illinois State Statutes require the County to produce a complete set of audited financial statements for each fiscal year. This CAFR is provided to fulfill that requirement for the fiscal year 2007. The financial statements included in the CAFR conform with generally accepted accounting principles in the United States of America (GAAP), as established by the Governmental Accounting Standards Board. The County is responsible for the accuracy and fairness of the financial statements and information presented in this report. I believe that the data presented conforms with that responsibility and enables readers of the report to gain an understanding of McHenry County's operations.

The Management of the County has the responsibility to establish and maintain accounting policies and procedures and other internal controls for the preparation of complete and accurate County financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designated to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. This CAFR is intended to be used as a source of financial information and data for the citizens of the County, board members and other elected officials, investors, creditors, and other readers. The Auditor's Office can be contacted with any questions concerning the CAFR, which can also be viewed (along with prior year CAFRs) via the Auditor's webpage at <http://www.co.mchenry.il.us/common/CountyDpt/auditor/default.asp>.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the listing of elected and appointed County officials, the table of contents, the organizational chart, and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The financial section includes the independent auditors' report on the financial statements, the Management's Discussion and Analysis (MD&A), the basic financial statements and the combining and individual fund financial statements and schedules. The statistical section includes selected financial, economic, and demographic information, generally presented on a multi-year basis. MD&A provides a narrative introduction and an overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it.

The remainder of this transmittal letter will provide an overview of the county's profile and history, economical conditions, demographic information, future initiatives, and accomplishments during fiscal year 2007.

## **Profile and History of McHenry County, Illinois**



McHenry County is located in the northeastern part of Illinois. The county covers a total area of 611 square miles consisting of 603 square miles of land and 8 square miles of water. The estimated population for 2007 is 315,943 and is discussed in more detail later in this letter. Over 30 communities cover the County with residential growth covering the eastern half and rolling countryside to the west. McHenry County is approximately 50 miles northwest of Chicago and has access to I-90 in the southwest corner of the County. Several state highway routes transect the County, making it accessible to areas in northern Illinois or 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 early beginning of the County resulted from people who moved out from the Chicago area in search of land and farm sites. They petitioned the Illinois legislature in 1836 to form a new local county. The new area was named after Major William McHenry, an Indian fighter who died in Vandalia in 1835. Originally, McHenry County stretched to Lake Michigan on the east until 1839, when voters were granted the right to form a new county called Lake County. As the Fox River ran through the center of the County, the village of McHenry was named the County seat. However, a more central location was desired and the county seat was relocated to Centerville in 1844. Centerville was renamed Woodstock in 1845 and remains as the County seat. 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.

Besides the 17 townships that McHenry County is organized under, the county is divided into 6 County Board districts with 4 representatives elected from each district. Every two years, the County Board elects one of the members as Chairman of the County Board, along with a Vice-Chairman. There are also 9 other officials elected by the citizens of the County. The County Board appoints the departmental directors. A 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.

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, social service programs, judicial functions, health services, animal services, emergency disaster and response planning, stormwater management, environmental protection, and the administrative functions to support all of these functions.

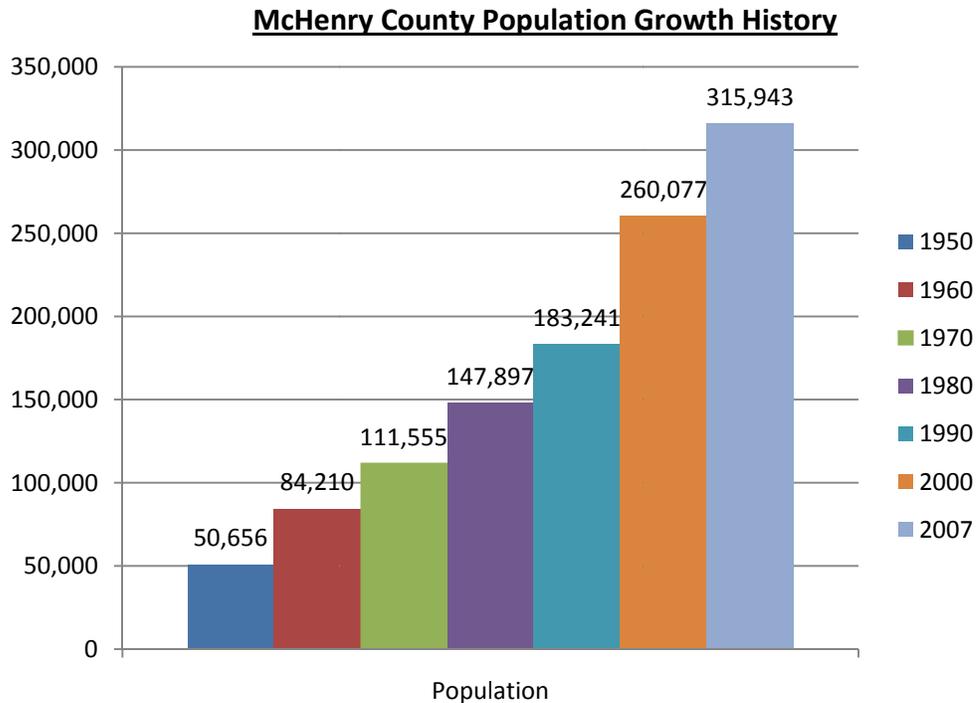
The County Board is required by Illinois state statute to adopt an operating budget before the start of a new fiscal year. The annual budget serves as the foundation for the County's financial planning and control. The budget is maintained on an object code basis (personnel services, contractual, commodities, etc.) by department. Transfers of budgeted amounts between funds or any amendments to the originally approved budget by means of an emergency appropriation require approval by the County Board.

The CAFR also includes the activities of two component units, the McHenry County Public Building Commission and the McHenry County Conservation District. For a detailed description of the County's component units, see note 1-A of the Notes to Financial Statements on page 19.

**Economic Condition of McHenry County, Illinois**

***Population Growth***

As of 2007, the U.S. Census Bureau published the County's estimated population at 315,943, placing McHenry County as the sixth largest county in Illinois. For the population change from 2000 to 2007, the County experienced a 21.5% increase and ranked fourth in the state with a population change of 55,850 residents for the seven year period. The following chart shows the population growth each 10 years starting with 1950 and includes the 2007 estimate:

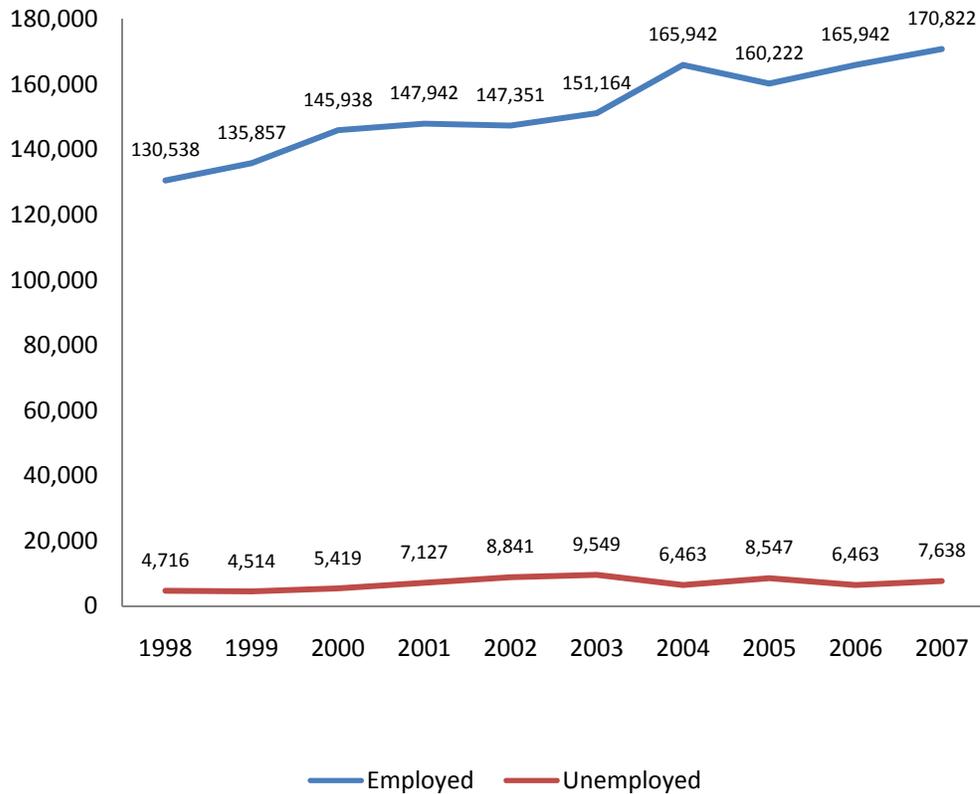


The County's population growth was significant in the 1990's with an overall increase of 41.9% from 1990 to 2000, but the rate has slowed down during the 2000's. The Northeastern Illinois Planning Commission revised their future population estimates in September 2006 and predicted that the McHenry County would have a population of 457,594 in the year 2030.

## Employment

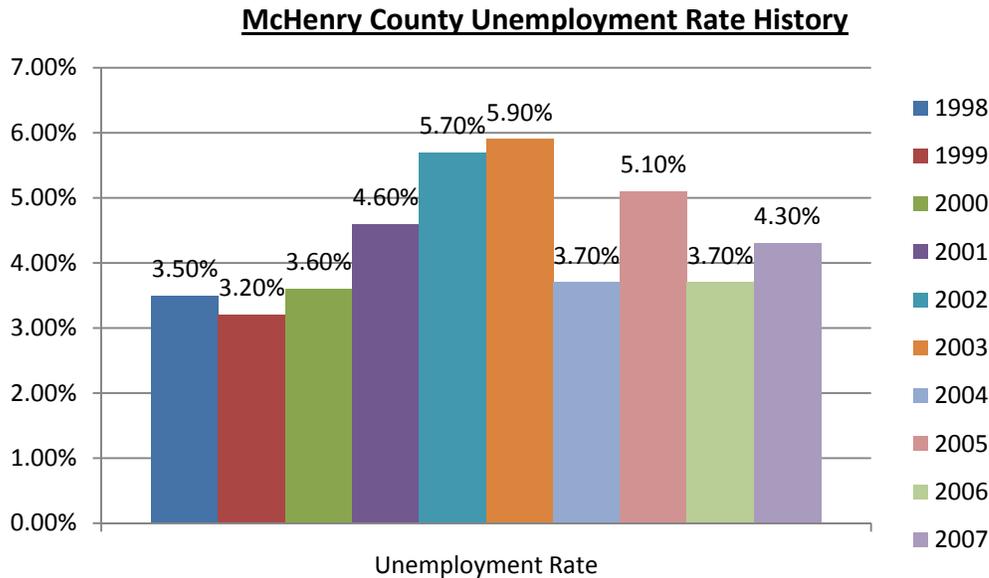
According to *The State of Working Illinois* publication (produced collaboratively by two applied research groups within Northern Illinois University - the Center for Governmental Studies and the Office for Social Policy Research) and the independent, bipartisan, non-profit Center for Tax and Budget Accountability, the Northeastern Illinois region (comprised of Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry and Will counties) is projected to be the state's principal source of new job growth. For the annual average labor force estimate by the Illinois Department of Employment Security, McHenry County's employed number stood at 170,822 at November 2007. The following graph shows both the employed and unemployed data for the past 10 years:

**McHenry County Employment Data**



## ***Unemployment***

The County's average unemployment rate at November 2007 was 4.3% as compared to 3.7% average rate at November 2006. McHenry County's rate of 4.3% also ranked 12<sup>th</sup> lowest of the 102 Illinois counties at November 2007 for annual averages, as reflected by the Illinois Department of Employment Security (IDES). There was 7,638 people facing unemployment at November 2007 out of the total 178,460 labor force. The chart below represents that average unemployment rate over the past ten years:



## **Long-term Financial Planning and Relevant Financial Policies**

### ***Financial Model***

A Financial Model was developed in fiscal year 2002 and has been used as a tool to assist with making decisions regarding capital outlay or other large expenditures or possible new revenues. This model is also used to project the general fund balance out for the next five years. County Board policy is to maintain a five month unrestricted fund balances at all times for cash flow purposes.

### ***Budgetary Controls***

McHenry County has operated on a "no growth" budget for the past several years, which means that each department starts out with the same appropriated budget from the prior year. This could vary depending on any one time only supplemental requests or expiring grant programs. Supplemental requests are reviewed during the budget process by County Administration, the Committee of the Whole, and the Finance and Audit Committee and ranked by priority based upon overall department needs and the importance. The purpose of the supplemental request in meeting the strategic and financial goals of the County is also considered and the decision to fund the request is based upon the amount of supplemental funds available. The County's Financial Model (discussed in the paragraph above) is also used utilized to determine the supplemental funds that are available.

## ***Cash Management***

McHenry County's Investment Policy contains cash management and investment guidelines for the County Treasurer, who is responsible for the stewardship of all County funds, and the County Auditor, who is responsible for the accounting of said funds. The specific objectives of the policy include: 1) the safety and preservation of the principal, 2) sufficient liquidity to meet the County's operating requirements, 3) maximization of interest income consistent with safety and liquidity, 4) diversification of account holdings in financial institutions with respect to the policy objectives of safety, liquidity, and income, 5) diversification of the types of depository and investments accounts with respect to the objectives of the policy, and 6) compliance with all applicable laws and regulations by which the Treasurer is bound.

## ***Capital Plan***

A five-year capital plan is prepared for building improvements and building construction projects, technology, vehicles, and equipment. These capital plans attributed to General Funds are made a part of the Financial Model in order to determine their impact on the fund balance.

## ***Strategic Planning***

McHenry County adopted its first Strategic Plan in November 1999, but implemented a new formalized strategic planning process in January 2007 by enlisting Greg Kuhn, Ph.D. from The Center for Governmental Studies at Northern Illinois University. Dr. Kuhn led the planning and goal setting sessions that established priorities by categorizing goals by complexity and time. The County Board Members, Elected Officials, and Department Directors were involved in these processes. Nine specific goal themes were established by the County Board, who ranked the 94 goals that resulted from the process, which included: Transportation, Growth Management/Land Use, Economic Development, Quality of Life, Criminal Justice, Fiscal Stability, Public Services, Operations, and Facilities. The matrix ranking of goals is continually reviewed and updates are noted. The County Board will continue to review the progress made on the short and long-term goals throughout 2008.

## **Major Initiatives**

In fiscal year 2007, McHenry County continued to demonstrate their fiscal conservatism, while still addressing the needs for services and infrastructure improvements as a result of the continued growth in the County. Projects and programs are continually assessed to determine the effect financially on the County via the Financial Model used for planning. As a result of this prudent planning, the County was able in 2007 to accomplish many previously planned building projects or programs as follows:

### ***Animal Control***

Renovation of a 16,500 sq. ft. existing facility located in Crystal Lake was begun to replace the old and cramped animal control facility located in Woodstock. In addition, 4,500 sq. ft. of the new facility will be used to house a women's health low-cost breast-and-cervical-cancer testing clinic for low-income women. The project was completed and opened in February 2008.

### ***Courthouse Remodeling Project***

This last phase of this project was completed during 2007. Previously, renovations were completed in Annex A to expand upon Health Department and Coroner's Office space gained when Planning and Development was moved into the new Administration Building. The last phase included renovation and remodeling in the Sheriff's Office Divisions, the State's Attorney, Public Defender, Information Technology, Court Services, Circuit Clerk, Facility Management, four additional courtrooms, and public corridor areas.

### ***Valley Hi Nursing Home Facility***

In January 2007, the long awaited move was made to transfer the residents of Valley Hi Nursing Home to their new facility that was constructed adjacent to the old nursing home. The ground-breaking occurred in October 2004, but some delays in the construction phase resulted in pushing the move-in date to 2007. The new 71,000 sq. ft. 127-bed, 2-story health care facility was designed for efficiency of care. The \$14.2 million project was funded by a referendum passed in 2002.

### ***Campus Plan***

A County facility master plan began in May 2007 in order to assess space needs by departments and to more effectively plan for the future. This project is scheduled to be completed during a series of meetings throughout 2008, in which various possibilities will be presented based upon the input received.

### ***Highway Improvement Program***

McHenry County had a change of philosophy of how to fund road projects by borrowing \$50 million instead of continuing on with pay-as-you-go. This change enabled the County's Division of Transportation to move ahead on some road projects in their 5-Year Road Construction Plan, rather than waiting to accumulate the necessary funds. The borrowing will be repaid over a ten-year period.

### ***22<sup>nd</sup> Judicial Circuit***

On December 4, 2006, McHenry County became the 22<sup>nd</sup> Judicial Circuit after splitting off of the 19<sup>th</sup> Judicial Circuit. Previously, McHenry and Lake Counties shared the 19<sup>th</sup> Circuit. The establishment of the new circuit was by action of the Illinois General Assembly in 2005. Judge Michael Sullivan was named Chief Judge.

### ***Debt Rating***

Moody's Investor Service assigned an Aa1 rating to the \$50 million General Obligation Limited Tax (GOLT) Debt Certificates, Series 2007B that were previously discussed under the Highway Improvement Program. This upgraded rating was also applied to the County's other GOLT debt. This rating reflects *"the strong credit fundamentals inherent in the County's overall credit profile including solid financial operations with growing reserve levels; a large, diverse and rapidly expanding tax base featuring above-average income levels; and modest amount of rapidly retired debt."*

## **McHenry County 2030 Plan**

The McHenry County Regional Planning Commission first met on November 9, 2006 to begin planning on the 2030 Land Use Plan. During fiscal year 2007, considerable progress was made through the identification of goals & objectives, establishment and work by eight subcommittees (*Agriculture, Water Resources, Communications, Infrastructure, Community Character, Intergovernmental Coordination, Economic Development and Open Space, and Environmental/Natural Resources*), information gathering, planning for a website, and updates to the County Board on the progress to date.

## **Federal Legislative Program**

The County gathers suggestions and recommendations from County offices and departments in order to develop a Federal Legislative Program each year. For fiscal year 2007 federal legislative session, the program included seeking Federal assistance for: 1) Stormwater Management, Ground Water Protection, and Flood Plain Mapping, 2) Transportation projects for Miller Road, the Algonquin Rd. Extension (Rt. 47 to Harmony Rd.) and the Western Algonquin Bypass, 3) Public Safety Communication – for a new 800 MHz public safety radio system, 4) funds to begin a new Mental Health Court, 5) funds to complete a multi-year technology plan for the Integrated Criminal Justice Information System, and 6) funds over a three year period for a Latino youth job readiness program. The program also supported initiatives for other associations or agencies and stated McHenry County's position on some significant national issues. Besides working with the County's Representatives and Senators, the County also utilizes the services of a lobbying firm to assist with this Federal Legislative Program.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McHenry County for its CAFR for the fiscal year ended November 30, 2006. This was the ninth consecutive year that the county has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a period of one year. I believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to thank the entire Auditor's Office staff for their contributions to both the financial accounting process and their related work on the audit, especially Senior Accountant Jim Bernier, who has made valuable contributions to the issuance of this report. We have received support from our independent auditors, Virchow, Krause & Company, LLP, and appreciate their professional efforts. Also, the cooperation received from the elected officials and department directors and their supervisory staff with audit information requests is an integral part to the preparation and completion of this report.

Sincerely,



Pamela Palmer  
McHenry County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of McHenry  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
November 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

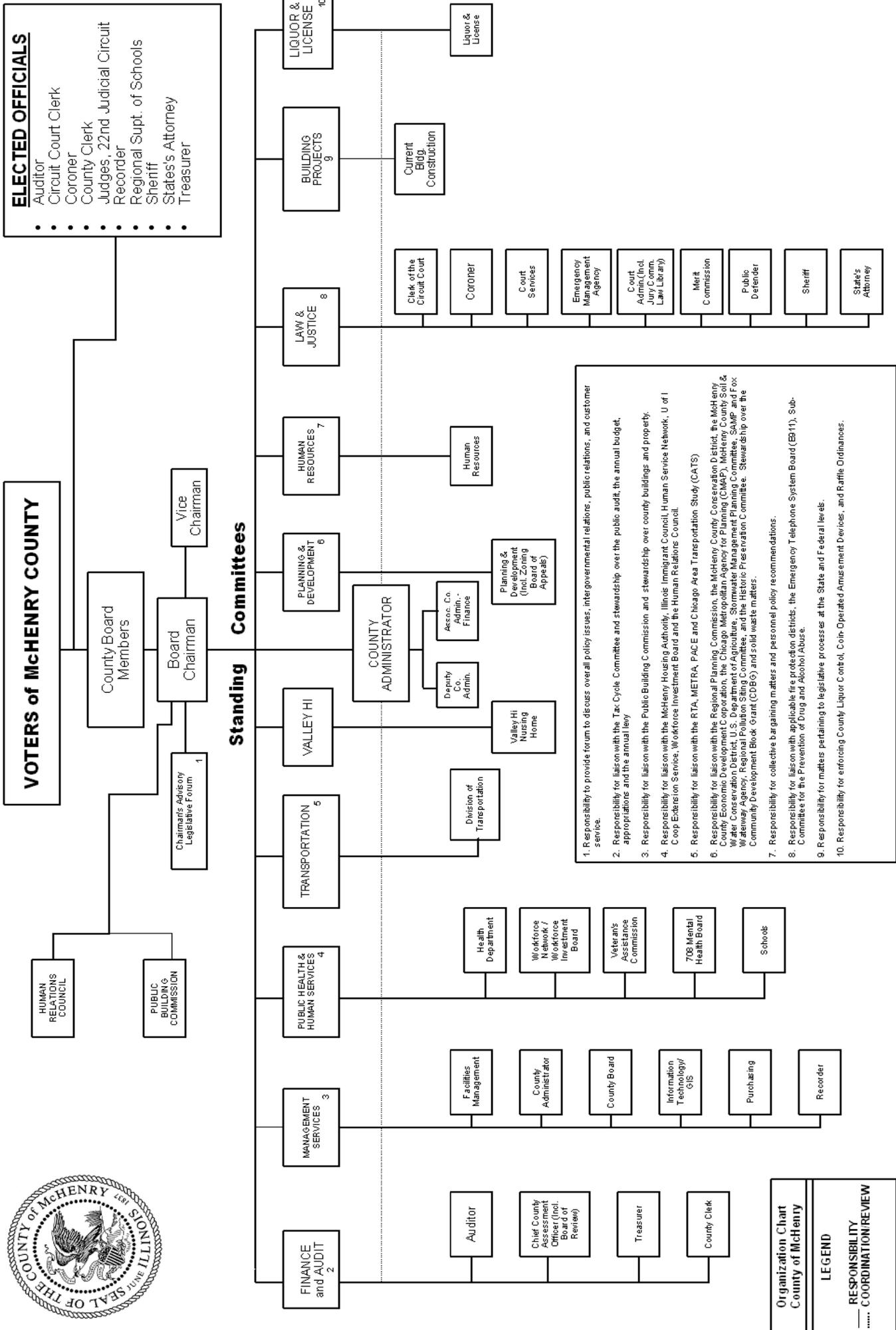


*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



# **FINANCIAL**

## **INDEPENDENT AUDITORS' REPORT**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and  
Members of the County Board  
County of McHenry, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of McHenry, Illinois as of and for the year ended November 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of McHenry, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Building Commission's Debt Service Fund (Blended Component Unit), which represent .1 percent, .2 percent and .03 percent, respectively, of the assets, fund balances, and revenues of the other governmental funds. We also did not audit the financial statements of the Conservation District (Discretely Presented Component Unit), which represent 100 percent of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Building Commission's Debt Service Fund (Blended Component Unit) and the Conservation District (Discretely Presented Component Unit), is based on the reports of the other auditors. The prior year summarized comparative information has been derived from the County's 2006 financial statements and, in our report dated March 9, 2007, we and other auditors expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions. The financial statements of the Public Building Commission, a blended component unit of the County, reported as a Debt Service Fund of the County, were not audited in accordance with *Government Auditing Standards*.

To the Honorable Chairman and  
Members of the County Board  
County of McHenry, Illinois

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of McHenry, Illinois, as of November 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County of McHenry, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management discussion and analysis (pages III - XVII), budgetary comparison information (pages 55 - 57), and pension-related information (pages 58 - 59) are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of McHenry, Illinois' basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of McHenry, Illinois. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

*Virchow, Krause & Company, LLP*

Madison, Wisconsin  
May 14, 2008



**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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This section of the County of McHenry, Illinois' (the "County") financial statements presents management's discussion and analysis (MD&A) of the financial activities of the County during the fiscal year ended November 30, 2007. Please read it in conjunction with the Transmittal Letter, located at the front of this report, and the basic financial statements, including the accompanying notes to financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- Total assets of the County exceeded its liabilities by \$324.0 million, as of November 30, 2007. Of this amount, \$172.6 million represents net assets invested in capital assets, net of related debt, \$84.3 million represents net assets restricted for specific activities, and \$67.1 million represent unrestricted net assets. \$302.0 million represents net assets for governmental activities and \$22.0 million represents net assets for business-type activities.
- Net assets increased by \$30.7 million for governmental activities and increased by \$3.1 million for business-type activities, for the fiscal year ended November 30, 2007.
- The County's governmental funds reported combined ending fund balances of \$159.2 million, as of November 30, 2007. \$20.5 million represents reserved fund balance (legal restrictions on spending and resources not available for spending) and \$138.7 million represents unreserved fund balance (resources available for spending at the County's discretion).
- Unreserved fund balance for the General Fund was \$42.5 million, as of November 30, 2007, compared to \$39.7 million at November 30, 2006, which represents an increase of \$2.8 million or 7.1%. The unreserved fund balance represents 60.7% of total General Fund expenditures of \$70.0 million for the fiscal year ended November 30, 2007.
- Governmental activities long-term obligations (excluding compensated absences and claims and judgments) totaled \$82.9 million, as of November 30, 2007, compared to \$29.6 as of November 30, 2006, which represents an increase of \$53.3 million or 180.1%. The most significant event contributing to the increase was the issuance of \$50.0 million Series 2007B debt certificates. Proceeds from the issuance are being used to fund highway engineering, construction, and maintenance costs. Business-type activities long-term obligations (excluding compensated absences) totaled \$11.6 million as of November 30, 2007, compared to \$12.2 as of November 30, 2006, which represents a decrease of \$0.6 million or 4.9%. The County is \$216 million below its authorized debt limit as of November 30, 2007.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

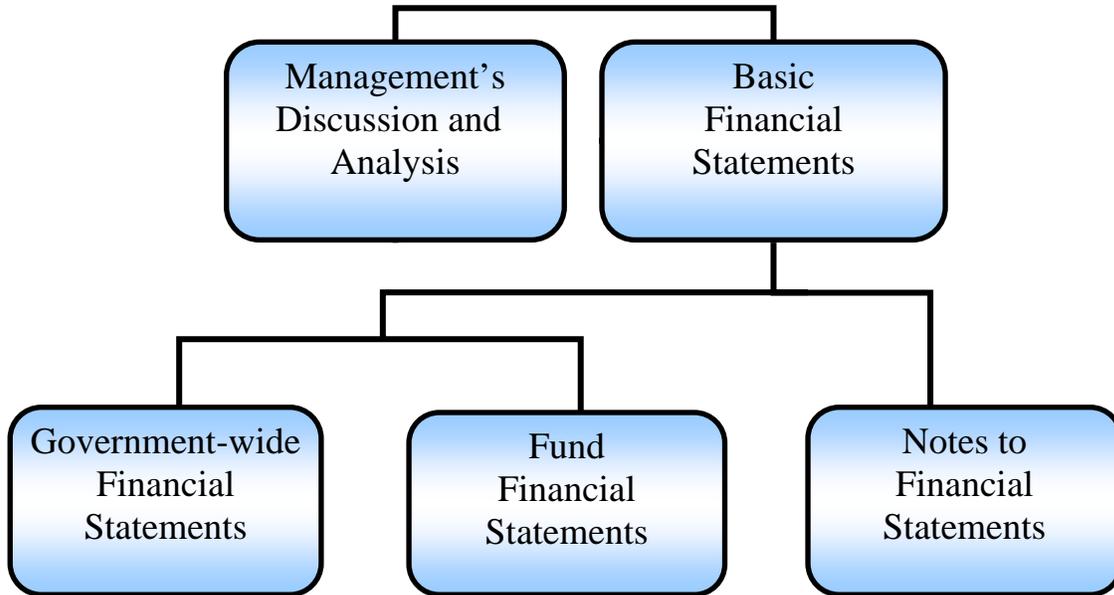
This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements (see figure on following page). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements.

In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial position of the County.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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**Required Components of the Comprehensive Annual Financial Report**



**Basic Financial Statements (BFS)**

The **BFS** include two kinds of statements and notes that present different perspectives of the County's financial activities.

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's overall financial status, in a manner similar to a private-sector business.

The next statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government and provide more detail than the government-wide financial statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to Financial Statements**. The notes to financial statements explain in detail some of the data contained in those statements.

After the notes are the following sections: **Required supplementary information** contains the budgetary comparison schedules for the general fund and major special revenue funds, as well as funding information about the County's pension plans. **Supplementary information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are aggregated in a single column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the comprehensive annual financial report. The **Statistical Section** presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information indicate about the County's overall financial health.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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**Government-wide Financial Statements (GWFS)**

The GWFS are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The GWFS contains the *statement of net assets* and the *statement of activities*, described below:

The *Statement of Net Assets* presents information using the accrual basis of accounting, on all of the County's assets and liabilities (including capital assets and short-term and long-term liabilities), with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each of the County's functions/programs (hereafter referred to as activities). Direct expenses are those that are specifically associated with an activity and are clearly identified with that activity. Program revenues are from charges for services paid by recipients or operating/capital grants and contributions. The comparison of direct expenses with program revenues identifies the extent to which each activity is self-financing or draws from the general revenues of the County. General revenues include property taxes, sales taxes, state income taxes, other taxes, and investment income. The governmental activities of the County include general and administrative, community development, transportation, public safety, judiciary and court related, and public health and welfare. The business-type activities of the County include the Valley Hi Nursing Home (public health and welfare) and the Emergency Telephone 911 operation (public safety). The government-wide financial statements also include legally separate component units – the Public Building Commission (a blended component unit) for which the County is financially accountable and the McHenry County Conservation District (a discretely presented component unit). Financial information for the discretely presented component unit is reported separately from financial information presented for the primary government itself.

The GWFS can be found on pages 1 - 4 of this report.

**Fund Financial Statements (FFS)**

A fund is a fiscal and accounting entity that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental FFS are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can be readily converted into cash, and what funds remain at year-end that will be available to expend in the next fiscal year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method has a current financial resources focus. As a result, the governmental fund financial statements give a detailed short-term view to assist the reader in determining if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for funds that are considered to be major funds. Governmental funds considered to be major for fiscal year 2007 are the General Fund, the Motor Fuel Tax Fund, the County Mental Health Fund, and the Road Improvement Project Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section.

The governmental FFS can be found on pages 5 - 10 of this report.

Proprietary FFS The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Valley Hi nursing home and for the Emergency Telephone 911 system operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for risk management, employee healthcare, and retiree healthcare benefits. Services are allocated to governmental activities and business-type activities on the government-wide financial statements based upon the actual level of services provided to these functions.

Proprietary FFS provide more detailed information than the business-type activities on the government-wide financial statements. The proprietary fund financial statements provide separate information for enterprise funds that are considered to be major funds. The Enterprise fund considered to be major for fiscal year 2007 is the Valley Hi Fund. Data for the other enterprise fund, the E911 Fund, is considered to be nonmajor. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements in the supplemental information section.

The proprietary FFS can be found on pages 11 - 15 of this report.

Fiduciary FFS Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary FFS can be found on page 16 of this report.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS.

The notes to the financial statements can be found on pages 17 - 54 of this report.

### **Other information**

The County adopts an annual appropriation budget for its general, special revenue, debt service, and capital projects funds. Budgets are adopted on a basis consistent with generally accepted accounting principles and the budgetary comparison schedules are presented using the same format, language, and classifications as the legal budget document.

**County of McHenry, Illinois**  
 Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances; and 4) the difference or variance between the final budget and the actual resources and charges.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI), which consists of budgetary comparison schedules for the general fund and major special revenue funds, as well as funding information about the County's pension plans. Following the RSI is the supplementary information section, which includes the combining statements, individual fund schedules, and budgetary comparison schedules for non-major governmental funds.

The RSI and supplementary information section can be found on pages 55 - 154 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of whether the financial position of the County is improving or deteriorating.

Total assets of the County exceeded its liabilities by \$324.0 million, as of November 30, 2007, as compared to net assets of \$290.2 million as of November 30, 2006; an increase of \$33.8 million or 11.6%. Of this amount, \$172.6 million represents net assets invested in capital assets, net of related debt. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. \$84.3 million represents restricted net assets, which are resources that are subject to external restrictions on how they may be used. Finally, \$67.1 million represents unrestricted net assets. \$302.0 million represents net assets for governmental activities and \$22.0 million represents net assets for business-type activities.

The following table reflects the condensed Statement of Net Assets as of November 30, 2007:

**Statement of Net Assets**  
**November 30, 2007**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and other assets	\$ 254,710,260	\$ 202,539,542	\$ 24,353,150	\$ 22,363,704	\$ 279,063,410	\$ 224,903,246
Capital assets	215,651,055	181,247,439	16,066,583	17,246,542	231,717,638	198,493,981
Total assets	<u>470,361,315</u>	<u>383,786,981</u>	<u>40,419,733</u>	<u>39,610,246</u>	<u>510,781,048</u>	<u>423,397,227</u>
<b>Liabilities</b>						
Current liabilities	86,231,243	75,955,678	7,263,617	9,061,299	93,494,860	85,016,977
Noncurrent liabilities	82,107,957	36,463,378	11,216,439	11,717,150	93,324,396	48,180,528
Total liabilities	<u>168,339,200</u>	<u>112,419,056</u>	<u>18,480,056</u>	<u>20,778,449</u>	<u>186,819,256</u>	<u>133,197,505</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	168,077,235	154,597,466	4,531,583	5,061,542	172,608,818	159,659,008
Restricted	83,884,874	72,186,833	411,176	-	84,296,050	72,186,833
Unrestricted	50,060,006	44,583,626	16,996,918	13,770,255	67,056,924	58,353,881
Total net assets	<u>\$ 302,022,115</u>	<u>\$ 271,367,925</u>	<u>\$ 21,939,677</u>	<u>\$ 18,831,797</u>	<u>\$ 323,961,792</u>	<u>\$ 290,199,722</u>

**County of McHenry, Illinois**  
**Management's Discussion and Analysis (MD&A)**  
**For the Year Ended November 30, 2007**

For more detailed information on the County's net assets, please refer to the Statement of Net Assets, found on pages 1 - 2.

The following table reflects the operations of governmental and business-type activities for the fiscal year ended November 30, 2007:

**Changes in Net Assets**  
**For the Fiscal Year Ended November 30, 2007**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 29,036,555	\$ 27,715,724	\$ 8,912,042	\$ 7,507,404	\$ 37,948,597	\$ 35,223,128
Operating grants and contributions	23,600,690	23,044,239	-	-	23,600,690	23,044,239
Capital grants and contributions	3,800,048	2,223,295	-	-	3,800,048	2,223,295
General Revenues						
Property taxes	60,175,903	56,249,505	5,998,876	5,996,097	66,174,779	62,245,602
Sales taxes	9,533,202	9,580,333	-	-	9,533,202	9,580,333
State income taxes	5,875,908	5,465,713	-	-	5,875,908	5,465,713
Other taxes	5,068,768	6,667,750	-	-	5,068,768	6,667,750
Investment income	6,713,449	5,006,956	745,846	479,999	7,459,295	5,486,955
Gain on sale of capital assets	71,889	115,317	-	-	71,889	115,317
Other	610,444	792,329	-	-	610,444	792,329
Transfers	831,233	-	(831,233)	-	-	-
Total Revenues	<u>145,318,089</u>	<u>136,861,161</u>	<u>14,825,531</u>	<u>13,983,500</u>	<u>160,143,620</u>	<u>150,844,661</u>
<b>Expenses</b>						
General and administrative	28,649,900	33,304,143	-	-	28,649,900	33,304,143
Community development	3,449,524	2,678,785	-	-	3,449,524	2,678,785
Transportation	12,260,312	10,997,498	-	-	12,260,312	10,997,498
Public safety	30,956,789	28,854,125	1,979,992	1,652,536	32,936,781	30,506,661
Judiciary and court related	12,829,189	10,916,010	-	-	12,829,189	10,916,010
Public health and welfare	24,368,771	23,454,095	9,737,659	7,515,927	34,106,430	30,970,022
Interest and fiscal charges	2,149,414	1,257,230	-	-	2,149,414	1,257,230
Total expenses	<u>114,663,899</u>	<u>111,461,886</u>	<u>11,717,651</u>	<u>9,168,463</u>	<u>126,381,550</u>	<u>120,630,349</u>
Changes in net assets	30,654,190	25,399,275	3,107,880	4,815,037	33,762,070	30,214,312
Net assets at beginning year	271,367,925	245,968,650	18,831,797	13,892,313	290,199,722	259,860,963
Prior period adjustment	-	-	-	124,447	-	124,447
Net assets at end of year	<u>\$ 302,022,115</u>	<u>\$ 271,367,925</u>	<u>\$ 21,939,677</u>	<u>\$ 18,831,797</u>	<u>\$ 323,961,792</u>	<u>\$ 290,199,722</u>

For more detailed information on the operations of governmental and business-type activities, please refer to the Statement of Activities, found on pages 3 - 4.

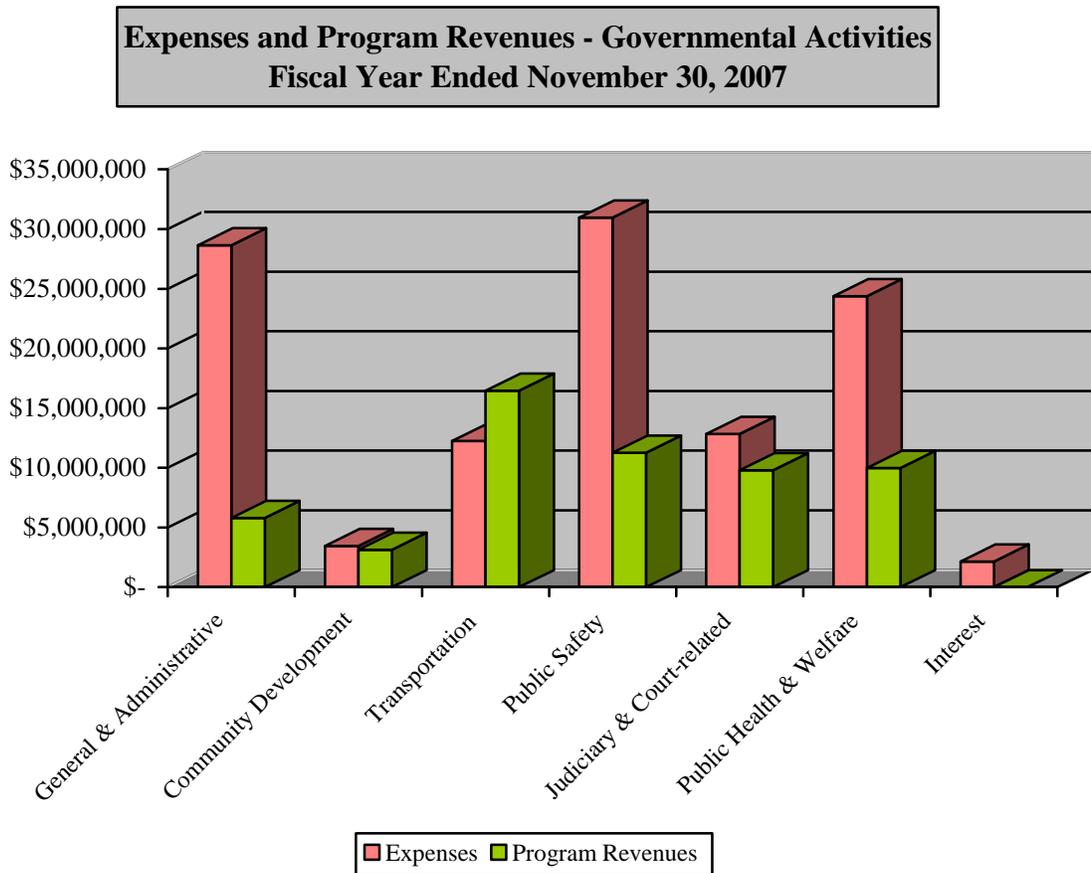
**Governmental activities:**

Net assets for governmental activities increased by \$30.7 million during fiscal year 2007. In total, revenues increased \$8.4 million or 6.1%, from \$136.9 million for fiscal year 2006 to \$145.3 million for fiscal year 2007. Key increases in revenues were as follows: 1) Capital grants and contributions increased by \$1.6 million or 70.9%, 2) Property tax revenues increased by \$4.0 million or 7.1%, and 3) Investment income increased by \$1.7 million or 34.0%. Key elements of these noted increases are as follows:

**County of McHenry, Illinois**  
 Management's Discussion and Analysis (MD&A)  
 For the Year Ended November 30, 2007

- Capital grants and contributions represent donations of land, highways, and other capital assets, primarily from developers. Significant contributions include \$1.5 million for the Ackman Road extension project, \$0.7 million for new access and roadway improvements to County Club Road near Hillside Road, and \$0.5 million for new access and roadway improvements to Crystal Lake Road near Bull Valley Road.
- The County's total assessed valuation increased to \$9,432,490,174 for tax year 2006 from \$8,564,661,998 for tax year 2005, with corresponding tax levy rates of .706 and .728, per \$100 of assessed value.
- Investment income increased from \$5.0 million for fiscal year 2006 to \$6.7 million for fiscal year 2007; an increase of \$1.7 million or 34.0%. The reason for the increase is an increase in the balance of cash and investments; \$172.8 million as of November 30, 2007, compared to \$126.8 million as of November 30, 2006, an increase of \$46.0 million or 36.3%. A significant event contributing to the increase in the balance of cash and investments was the issuance of Series 2007B debt certificates in the amount of \$50.0 million.

The following graph depicts the expenses and related program revenues by function for the County's governmental activities for the fiscal year ended November 30, 2007:

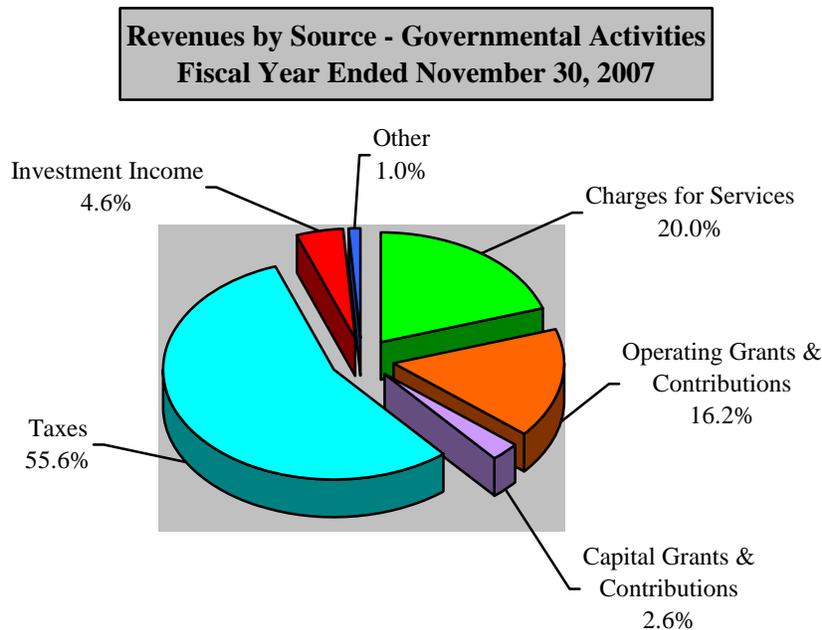


See analysis of governmental activities expenses on page XI.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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The following graph reflects revenues by source for governmental activities for the fiscal year ended November 30, 2007:



As previously mentioned, revenues from governmental activities totaled \$145.3 million for the fiscal year ended November 30, 2007. Tax revenues (\$80.7 million, or 55.6%) represent the largest revenue source. The fiscal year 2007 collection of the current property tax levy continued the positive collection trend, as evidenced by a 99.9% collection rate.

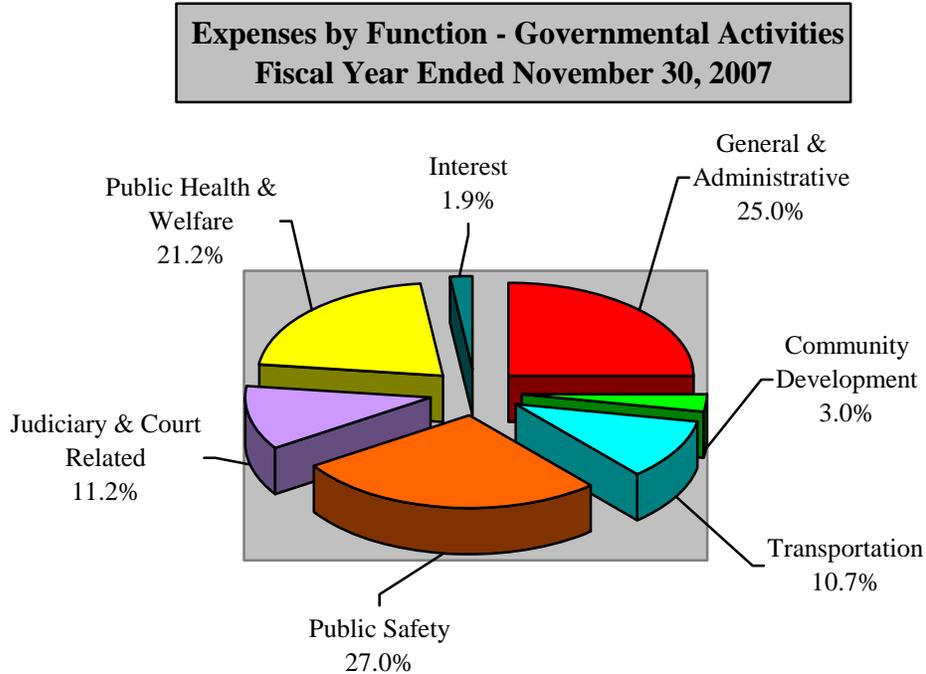
Charges for services (\$29.0 million, or 20.0%) represents the second largest revenue source. Charges for services are derived mainly from recording fees, jail space rental, Circuit Clerk fees, penalties on delinquent taxes, cable franchise fees, court security fees, sale of animal control tags, and various fees collected for automation and document storage within the Recorder's Office and the Clerk of the Circuit Court Office.

Operating grants and contributions (\$23.6 million, or 16.2%) represents the third largest revenue source. Operating grants and contributions consist of grants obtained by the following departments: Health Department, Mental Health Department, Workforce Network, Planning and Development, and the Sheriff's Office. In addition, the Motor Fuel Tax Fund and County Option Motor Fuel Tax Fund receive funds for highway maintenance and improvements.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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The following graph reflects expenses by function for governmental activities for the fiscal year ended November 30, 2007:



General and administrative expenses totaled \$28.6 million, or 25.0%, of total governmental activities expenses. These expenses are used for the operations of departments that perform the following functions: administrative, finance and accounting, human resources, computer services, facility operations, elections, document recording and retrieval, assessments of property, and monitoring and administration of schools throughout the County.

Community development functions fall under the County's Planning and Development Department and accounted for \$3.4 million, or 3.0%, of total governmental activities expenses.

Transportation accounted for \$12.3 million, or 10.7%, of total governmental activities expenses. Several funds, including the Motor Fuel Tax Fund (major fund), under the management of the Division of Transportation, account for these expenses.

Public safety accounted for \$31.0 million, or 27.0%, of total governmental activities expenses. The greatest percentage of public safety relates to the operations of the Sheriff's Office. Also under the public safety activity are the Coroner's Office and the Emergency Management Office.

Judiciary and court related expenses totaled \$12.8 million, or 11.2%, of total governmental activities expenses. Expenses related to this activity include the operations of the Clerk of the Circuit Court, Court Administration, Court Services, Public Defender, and the State's Attorney.

Public health and welfare accounted for \$24.4 million, or 21.2%, of total governmental activities expenses. The Health Department and the Mental Health Department comprise the majority of the expenses within the public health and welfare activity. Workforce Network and Veterans Assistance Commission are also included as part of this function.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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**Business-type Activities:**

For the fiscal year ended November 30, 2007, net assets for business-type activities increased by \$3.1 million, which represents 9.2% of the total increase in the County's net assets. Overall, revenues from business-type activities increased \$0.8 million, or 5.7%, from \$14.0 million in fiscal year 2006 to \$14.8 million in fiscal year 2007. The majority of the increase resulted from an increase in charges for services, which rose with the opening of the new Valley Hi facility in January 2007, which has approximately 10 more beds than the old facility. Overall, expenses for business-type activities increased \$2.5 million or 27.2%, from \$9.2 million in fiscal year 2006 to \$11.7 million in fiscal year 2007. The increase in total expenses is also related to the opening on the new Valley Hi facility, which incurred higher than usual outside nursing agency fees. Also, depreciation expense increased \$0.5 million from fiscal year 2006 to fiscal year 2007.

For more detailed information, please refer to the Statement of Activities on pages 3 – 4.

**MAJOR FUNDS FINANCIAL ANALYSIS**

**Governmental Funds**

The General Fund is the primary operating fund of the County. The fund experienced an increase in fund balance of \$4.4 million in fiscal year 2007. The largest increases in revenue are for charges for services and property taxes. Charges for services increased \$1.9 million or 9.4%, from \$20.3 million for fiscal year 2006 to \$22.2 million for fiscal year 2007. The most significant individual increase under charges for services is for jail space rental, which increased \$1.2 million or 15.8%, from \$7.6 million for fiscal year 2006 to \$8.8 million for fiscal year 2007. The reason for the increase is that fiscal year 2007 was the first full year that the jail expansion was operational. Property taxes increase \$2.0 million or 9.3%, from \$21.4 million for fiscal year 2006 to \$23.4 million for fiscal year 2007. For additional information, see general fund budgetary variances section below.

The Motor Fuel Tax Fund accounts for expenditures for highway maintenance and construction, which is funded by a tax on vehicle fuel purchases. The fund experienced an increase in fund balance of \$3.2 million in fiscal year 2007. Expenditures increased by \$10.0 million or 333.3%, from \$3.0 million for fiscal year 2006 to \$13.0 million for fiscal year 2007. The reason for the increase in expenditures was the availability of additional funding, as the fund received transfer in of \$9.6 million from the Road Improvement Project Fund. See paragraph of the Road Improvement Project Fund below.

The County Mental Health Fund accounts for expenditures for administering approved mental health programs. The fund experienced an increase in fund balance of \$1.5 million in fiscal year 2007. The primary reason for the increase is an increase in property tax revenue. Property tax revenue increased \$0.7 million or 6.8%, from \$10.3 million for fiscal year 2006 to \$11.0 million for fiscal year 2007.

The Road Improvement Project Fund was established during fiscal year 2007 to provide funding for highway engineering, construction, and maintenance costs. Resources for the fund were provided by proceeds from Series 2007 B debt certificates, which were issued in the amount of \$50 million. Because of the availability of the funding from the debt certificate issuance, several significant road projects were able to proceed during the year. The fund incurred transfers out of \$18.6 million to provide funding for road projects to the following funds: Motor Fuel Tax Fund, County Option Motor Fuel Tax Fund, Matching Fund, and Bridge Fund. Since the previous four funds will be used to service the principal and interest payments for the Series 2007B debt certificates, the expenditures for road construction are being recorded within those four funds.

**County of McHenry, Illinois**  
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**Proprietary Funds**

The Valley Hi Fund accounts for the activities of the Valley Hi nursing home. The fund experienced an increase in net assets of \$2.7 million for fiscal year 2007. The major reason for the increase in net assets is nonoperating revenues, specifically property taxes. The fund has an operating loss of \$2.4 million for fiscal year 2007. Property tax revenue was \$6.0 million for fiscal year 2007, which was more than sufficient to offset the operating loss. Therefore, the excess property tax revenue represented an increase to ending net assets. The new Valley Hi facility was placed into service in January 2007. Control of the old facility was transferred to governmental activities, which is now being used as a disaster recovery site and additional archive space.

**GENERAL FUND BUDGETARY VARIANCES**

**Revenue Budget:** The original revenue budget for the general fund was increased through budget amendments by \$1.0 million during fiscal year 2007; from \$72.5 million to \$73.5 million. A significant increase was for additional grant funding for various programs received by the Health Department for approximately \$330,000. Another increase was \$300,000 for additional tax transfer stamps, which had an original budget of \$4.0 million and a final budget of \$4.3 million. The reason for this increase was higher than anticipated document recordings by the Recorder's Office. Another increase was for a grant award for the Criminal Alien Assistance Program received by the Sheriff's Office for approximately \$260,000.

**Appropriation Budget:** The original appropriation budget for the general fund was increased through budget amendments by \$4.4 million during fiscal year 2007, from \$70.3 million to \$74.7 million. A significant increase was \$1.7 million for the recording of capital outlay for a capital lease issuance for computer equipment. Another increase was \$1.5 million for open encumbrances that rolled from fiscal year 2006 into fiscal year 2007. The amount of the encumbrance roll is equal to the amount of fund balance reserved for encumbrances as of November 30, 2006. Other increases to the appropriation budget include adjustments related to the items noted in the revenue budget section above: Health Department grants for approximately \$330,000, tax transfer stamp purchases of \$300,000, and a grant in the Sheriff's Office for approximately \$260,000.

**Budget to Actual – Revenue:** Total revenues for the general fund were \$76.7 million, while the final budget totaled \$73.5 million, which is a variance of \$3.2 million. One significant individual variance was for investment income, which had a final budget of \$1.5 million and actual revenues of \$2.5 million, which is a variance of \$1.0 million. Investment income for fiscal year 2006 was \$2.0 million. The budgeted amount for fiscal year 2007 was projected using a conservative expected rate of return. As previously described, the increase in investment income is attributable to an increase in the balance of cash and equivalents. Another significant variance is for charges for services, which had a final budget of \$20.1 million and actual revenues of \$22.2 million, which is a variance of \$2.1 million. The key reason for this variance is jail rental space, which had a final budget of \$7.8 million and actual revenues of \$8.8 million, which is a variance of \$1.0 million. As stated previously, fiscal year 2007 was the first full year that the jail expansion was operational, and the revenue budget was estimated using limited historical data.

**Budget to Actual – Expenditures:** Overall, actual expenditures for the general fund totaled \$70.0 million, while the final budget totaled \$74.7 million, which is a variance of \$4.7 million. The individual activity that had the most significant variance was general and administrative. General and administrative had expenditures of \$23.6 million compared to a final budget of \$26.3 million, which is a variance of \$2.7 million. Significant factors related to this variance is health insurance premiums for general fund employees, for which actual expenditures were \$8.0 million, while the final budgeted amount was \$8.5 million, which is a variance of \$0.5 million. Additionally, there was approximately \$900,000 in unspent budget related to open positions, as well as approximately \$240,000 in unspent contingency budget.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

**Capital Assets** – As of November 30, 2007, capital assets, net of accumulated depreciation, totaled \$215.7 million for governmental activities and \$16.0 million for business-type activities, for a total of \$231.7 million for the County.

**Capital Assets**  
**(net of accumulated depreciation)**  
**November 30, 2007**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	\$ 42,991,332	\$ 40,603,857	\$ 6,000	\$ 6,000	\$ 42,997,332	\$ 40,609,857
Construction in Progress	34,299,688	17,026,233	-	13,758,362	34,299,688	30,784,595
Buildings and Improvements	62,300,920	55,812,967	13,354,756	1,333,320	75,655,676	57,146,287
Land improvements	-	-	238,016	-	238,016	-
Furniture and Fixtures	943,444	576,048	-	-	943,444	576,048
Machinery and Equipment	7,488,563	6,071,839	2,467,811	2,148,860	9,956,374	8,220,699
Transportation Equipment	1,010,283	899,562	-	-	1,010,283	899,562
Infrastructure	66,616,825	60,256,933	-	-	66,616,825	60,256,933
	<u>\$ 215,651,055</u>	<u>\$ 181,247,439</u>	<u>\$ 16,066,583</u>	<u>\$ 17,246,542</u>	<u>\$ 231,717,638</u>	<u>\$ 198,493,981</u>
Total capital assets	\$ 215,651,055	\$ 181,247,439	\$ 16,066,583	\$ 17,246,542	\$ 231,717,638	\$ 198,493,981

Capital assets, net of accumulated depreciation, for governmental activities increased from \$181.2 million at November 30, 2006 to \$215.7 million at November 30, 2007; a net increase of \$34.5 million, or 19.0%. Capital asset additions totaled \$44.1 million and depreciation expense was \$6.9 million. Significant additions include \$21.6 million for the road construction projects, of which \$16.3 million was for the Algonquin Road widening project, from Randall Road to Route 47. As noted previously, the County issued Series 2007B debt certificates in the amount of \$50 million for highway engineering, construction, and maintenance costs. Other significant additions include \$3.8 million in capital grants and contributions of land and highways from developers, \$2.8 million for the courthouse remodeling project, \$1.0 million for the animal control facility project, \$1.2 million for energy savings renovations at the government center, and \$4.2 million for the Sheriff radio system project. During fiscal year 2007, the courthouse remodeling project was placed in service and taken out of construction in progress in the final amount of \$8.1 million. Additionally, \$6.2 million of road projects were placed in service and taken out of construction in progress.

Capital assets, net of accumulated depreciation, for business-type activities decreased from \$17.3 million at November 30, 2006 to \$16.1 million at November 30, 2007; a net decrease of \$1.2 million, or 6.9%. The new Valley Hi facility was placed into service during January 2007 at a final cost of \$14.3 million. Capital assets had a net decrease because the old Valley Hi facility, which had remaining net book value of approximately \$830,000, was transferred to governmental activities. Additionally, equipment from the old facility, which had remaining net book value of approximately \$230,000, was disposed of. Also, nearly a full year of depreciation expense was taken on the new facility, which was previously in construction in progress.

For more detailed information on the County's capital assets, see Note 5 of the Notes to Financial Statements on pages 33 – 35.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

**Long-term Debt** – As of November 30, 2007, Long-term debt outstanding (excluding compensated absences and claims and judgments) totaled \$82.9 million for governmental activities and \$11.6 million for business-type activities, for a total of \$94.5 million.

**Long-term Debt**  
**November 30, 2007**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Capital Leases	\$ 1,348,872	\$ 785,929	\$ 39,586	\$ 52,774	\$ 1,388,458	\$ 838,703
Debt Certificates	81,460,136	28,840,473	11,535,000	12,185,000	92,995,136	41,025,473
Add: Deferred Debt Certificate						
Issuance Premium	132,061	-	-	-	132,061	-
<b>Total long-term debt</b>	<b>\$ 82,941,069</b>	<b>\$ 29,626,402</b>	<b>\$ 11,574,586</b>	<b>\$ 12,237,774</b>	<b>\$ 94,515,655</b>	<b>\$ 41,864,176</b>

Current year debt issuances for governmental activities were as follows: Series 2007 A debt certificates were issued in the amount of \$4.9 million for the purchase and implementation of a new radio system for the Sheriff's Office. Series 2007 B debt certificates were issued in the amount of \$50.0 million to provide funding for highway engineering, construction, and maintenance costs. A capital lease in the amount of \$1.5 million was issued for computer equipment.

There were no current year debt issuance for business-type activities.

State Statute (Local Government Debt Limitation Act) limits the County's debt obligations to 2.875% of the equalized assessed value (EAV). As of November 30, 2007, the County' debt obligations were under the limitation by \$216 million.

The County's bond rating by Moody's Investors Service was upgraded during fiscal year 2007 to Aa1. This high-grade rating reduces the cost of raising capital for County projects, resulting in substantial savings for taxpayers.

For more detailed information on the County's long-term obligations, see Note 6 of the Notes to Financial Statements on pages 36 – 45.

**OTHER MATTERS**

The following events have occurred subsequent to year-end:

In January 2008, the State of Illinois passed an increase in the sales tax, primarily to provide new funding for Chicago-area mass-transit. Under the new plan, the sales tax rate in the County will increase by 0.5%, of which the County will receive 0.25%. Use of the County portion is restricted for transportation and public safety programs. The County estimates this new revenue source will provide funding of approximately \$6,000,000 in fiscal year 2008, and approximately \$9,000,000 annually thereafter.

**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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In January 2008, the County issued approximately \$1,850,000 in two capital leases to finance the acquisition of laptop and desktop computers for a period of 3 - 5 years, respectively. Interest on the leases is at 4.6% and the maturity date is January 2011 and January 2013, respectively.

In December 2007, the County was awarded a grant award from the State of Illinois in the amount of \$5,100,000, to enhance emergency communications through the acquisition and deployment of interoperable radio equipment. The County will act as the lead agency for the program. The County's share of the award is estimated at \$500,000. The remaining portion of the award will be passed through to regional units of government.

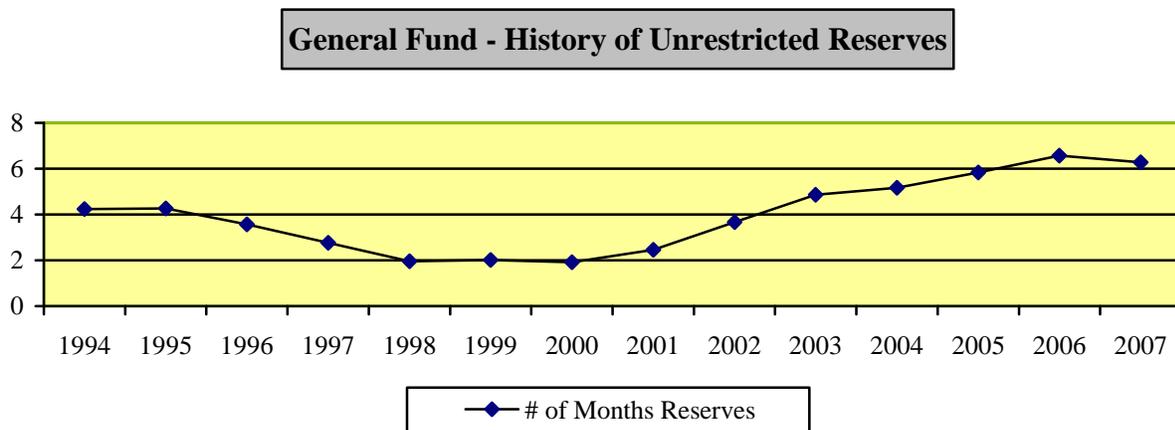
**OVERALL ANALYSIS**

The County continues to operate in an expanding economic environment, as evidenced by continued growth in population, assessed valuations, and various other indicators. The schedules in the statistical section of this annual report present information that is useful in understanding the broader economic condition of the County.

Considering the economic conditions stated above and the results of financial operations for the past fiscal year, the County's overall financial position has improved. Besides the external economic conditions, a key factor in the quality of the County's current financial position is prudent financial management. A prime application that exemplifies the fiscal discipline the County strives to maintain is described in the following paragraph.

An important tool developed by the County's administration is the financial model for the General Fund, which is used to assess the County's condition and to assist in making financial decisions. This model allows the County to manage the budget and conduct long-range planning based upon certain assumptions that are incorporated. The County Board has instructed Administration to maintain a five month unrestricted cash reserve as a benchmark. The County achieved this benchmark in fiscal year 2004 and has further strengthened the position through fiscal year 2007. Historically, the County dipped to under two months of unrestricted general fund cash reserves in the late 1990s and department heads were asked to make major cuts in their budgets. Through prudent financial operations, a maintenance budget for contractual services and commodities, and producing "what if" scenarios on the financial model for the evaluation of potential major expenditures or programs; the reserves have been built to a conservative level that prudently serves the taxpayers and residents of the County.

The following chart reflects the General Fund's unrestricted reserves from 1994 through 2007:



**County of McHenry, Illinois**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended November 30, 2007

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**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County of McHenry, Illinois, Auditor's Office, 2200 North Seminary Avenue, Woodstock, Illinois, 60098. This report can also be found on the Auditor's County website at [www.co.mchenry.il.us/common/countyDpt/auditor/AudRpts.asp](http://www.co.mchenry.il.us/common/countyDpt/auditor/AudRpts.asp)

## **BASIC FINANCIAL STATEMENTS**

**County of McHenry, Illinois**

STATEMENT OF NET ASSETS

November 30, 2007

(With Comparative Totals - Primary Government for November 30, 2006)

	Primary Government				Component Unit
	Governmental Activities	Business- Type Activities	Totals		
			2007	2006	
<b>ASSETS</b>					
<b>Current</b>					
Cash and equivalents	\$ 154,440,706	\$ 16,264,829	\$ 170,705,535	\$ 141,554,741	\$ 17,317,009
Cash restricted	-	411,176	411,176	201,855	-
Investments	18,349,000	-	18,349,000	72,864	-
Receivables					
Property taxes	64,220,730	6,000,222	70,220,952	67,006,739	13,242,952
Accounts	-	1,611,166	1,611,166	1,309,349	-
Other	1,528,462	544,327	2,072,789	1,512,621	131,835
Deferred charges	339,331	186,648	525,979	437,130	498,700
Due from other governments	14,381,375	-	14,381,375	12,065,935	975,117
Internal balances	922,775	(922,775)	-	-	-
Prepaid expenses	-	257,557	257,557	206,677	-
Inventory	527,881	-	527,881	535,335	-
<b>Total current assets</b>	<u>254,710,260</u>	<u>24,353,150</u>	<u>279,063,410</u>	<u>224,903,246</u>	<u>32,165,613</u>
<b>Noncurrent</b>					
<b>Capital Assets</b>					
Land	42,991,332	6,000	42,997,332	40,609,857	132,567,039
Construction in progress	34,299,688	-	34,299,688	30,784,595	762,671
Capital assets, net of depreciation	<u>138,360,035</u>	<u>16,060,583</u>	<u>154,420,618</u>	<u>127,099,529</u>	<u>14,082,302</u>
<b>Total noncurrent assets</b>	<u>215,651,055</u>	<u>16,066,583</u>	<u>231,717,638</u>	<u>198,493,981</u>	<u>147,412,012</u>
<b>Total Assets</b>	<u>470,361,315</u>	<u>40,419,733</u>	<u>510,781,048</u>	<u>423,397,227</u>	<u>179,577,625</u>

	Primary Government				Component Unit
	Governmental Activities	Business- Type Activities	Totals		
			2007	2006	
<b>LIABILITIES</b>					
Current					
Accounts payable	\$ 7,706,975	\$ 256,693	\$ 7,963,668	\$ 6,638,641	\$ 523,812
Accrued expenses	3,455,028	262,828	3,717,856	4,493,151	981,534
Unearned revenue	64,652,336	6,000,000	70,652,336	67,368,020	15,242,952
Due to grantees	482,963	-	482,963	467,152	-
Other liabilities	316,504	152,786	469,290	822,969	-
Current portion of long-term obligations	<u>9,617,437</u>	<u>591,310</u>	<u>10,208,747</u>	<u>5,227,044</u>	<u>3,362,575</u>
Total current liabilities	86,231,243	7,263,617	93,494,860	85,016,977	20,110,873
Noncurrent					
Noncurrent portion of long-term obligations	<u>82,107,957</u>	<u>11,216,439</u>	<u>93,324,396</u>	<u>48,180,528</u>	<u>86,121,925</u>
Total Liabilities	<u>168,339,200</u>	<u>18,480,056</u>	<u>186,819,256</u>	<u>133,197,505</u>	<u>106,232,798</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	168,077,235	4,531,583	172,608,818	159,659,008	59,217,210
Restricted for					
Grant programs	5,831,255	-	5,831,255	5,864,323	-
Transportation systems	49,458,225	-	49,458,225	40,513,495	-
Public welfare programs	10,237,358	-	10,237,358	8,560,313	-
Employee benefits	12,784,503	-	12,784,503	11,267,913	-
Technology improvements	2,204,781	-	2,204,781	2,916,415	-
Judiciary and court related	2,444,768	-	2,444,768	2,258,020	-
Debt service	55,275	411,176	466,451	-	701,969
Capital projects	-	-	-	-	-
Tort liability	-	-	-	-	156,563
Working cash - permanently restricted	800,568	-	800,568	791,681	-
Other	68,141	-	68,141	14,673	13,023
Unrestricted	<u>50,060,006</u>	<u>16,996,918</u>	<u>67,056,924</u>	<u>58,353,881</u>	<u>13,256,062</u>
Total Net Assets	<u>\$ 302,022,115</u>	<u>\$ 21,939,677</u>	<u>\$ 323,961,792</u>	<u>\$ 290,199,722</u>	<u>\$ 73,344,827</u>

See accompanying notes to financial statements.

**County of McHenry, Illinois**

STATEMENT OF ACTIVITIES

For the Year Ended November 30, 2007

(With Comparative Totals - Primary Government for The Year Ended November 30, 2006)

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General and administrative	\$ 28,649,900	\$ 5,778,519	\$ 17,825	\$ -
Community development	3,449,524	1,075,295	2,054,928	-
Transportation	12,260,312	135,169	12,536,465	3,800,048
Public safety	30,956,789	10,488,124	768,795	-
Judiciary and court related	12,829,189	9,595,094	197,925	-
Public health and welfare	24,368,771	1,964,354	8,024,752	-
Interest and fiscal charges	2,149,414	-	-	-
<b>Total Governmental Activities</b>	<b>114,663,899</b>	<b>29,036,555</b>	<b>23,600,690</b>	<b>3,800,048</b>
Business-Type Activities				
Public health and welfare	9,737,659	6,702,116	-	-
Public safety	1,979,992	2,209,926	-	-
<b>Total Business-Type Activities</b>	<b>11,717,651</b>	<b>8,912,042</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 126,381,550</b>	<b>\$ 37,948,597</b>	<b>\$ 23,600,690</b>	<b>\$ 3,800,048</b>
<b>Component Unit</b>				
Conservation District	\$ 11,841,427	\$ 824,678	\$ 20,397	\$ 1,738,724
<b>General Revenues</b>				
Taxes				
Property taxes				
Sales taxes				
State income taxes				
Other taxes				
Investment income				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
<b>Total General Revenues and Transfers</b>				
Change in Net Assets				
Net Assets - Beginning of Year (as previously stated)				
Prior period adjustment (see Note 19)				
Net Assets - Beginning of Year (as restated)				
Net Assets - End of Year				

See accompanying notes to financial statements.

Net (Expenses) Revenues and  
Changes in Net Assets  
Primary Government

Governmental Activities	Business-Type Activities	Totals		Component Unit
		2007	2006	
\$ (22,853,556)	\$ -	\$ (22,853,556)	\$ (25,337,965)	\$ -
(319,301)	-	(319,301)	189,707	-
4,211,370	-	4,211,370	1,815,890	-
(19,699,870)	-	(19,699,870)	(18,544,875)	-
(3,036,170)	-	(3,036,170)	(2,390,634)	-
(14,379,665)	-	(14,379,665)	(12,953,521)	-
(2,149,414)	-	(2,149,414)	(1,257,230)	-
<u>(58,226,606)</u>	<u>-</u>	<u>(58,226,606)</u>	<u>(58,478,628)</u>	<u>-</u>
-	(3,035,543)	(3,035,543)	(2,040,801)	-
-	229,934	229,934	379,742	-
<u>-</u>	<u>(2,805,609)</u>	<u>(2,805,609)</u>	<u>(1,661,059)</u>	<u>-</u>
<u>(58,226,606)</u>	<u>(2,805,609)</u>	<u>(61,032,215)</u>	<u>(60,139,687)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,257,628)</u>
60,175,903	5,998,876	66,174,779	62,245,602	12,743,793
9,533,202	-	9,533,202	9,580,333	-
5,875,908	-	5,875,908	5,465,713	-
5,068,768	-	5,068,768	6,667,750	191,451
6,713,449	745,846	7,459,295	5,486,955	1,115,607
610,444	-	610,444	792,329	80,192
71,889	-	71,889	115,317	13,996
831,233	(831,233)	-	-	-
<u>88,880,796</u>	<u>5,913,489</u>	<u>94,794,285</u>	<u>90,353,999</u>	<u>14,145,039</u>
<u>30,654,190</u>	<u>3,107,880</u>	<u>33,762,070</u>	<u>30,214,312</u>	<u>4,887,411</u>
271,367,925	18,831,797	290,199,722	259,860,963	67,707,416
-	-	-	124,447	750,000
<u>271,367,925</u>	<u>18,831,797</u>	<u>290,199,722</u>	<u>259,985,410</u>	<u>68,457,416</u>
<u>\$ 302,022,115</u>	<u>\$ 21,939,677</u>	<u>\$ 323,961,792</u>	<u>\$ 290,199,722</u>	<u>\$ 73,344,827</u>

**County of McHenry, Illinois**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
November 30, 2007

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>County Mental Health Fund</u>	<u>Road Improvement Project Fund</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 42,722,667	\$ 24,290,696	\$ 7,023,027	\$ 13,553,401
Investments	-	-	-	18,349,000
Receivables				
Property taxes	29,300,866	-	11,628,915	-
Other	295,201	44,213	63,777	275,075
Due from other governments	7,451,621	1,459,614	-	-
Due from other funds	59,614	-	53,792	-
Inventory	181,788	309,657	1,853	-
Advance to other funds	750,000	-	-	-
	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ <u>80,761,757</u></b>	<b>\$ <u>26,104,180</u></b>	<b>\$ <u>18,771,364</u></b>	<b>\$ <u>32,177,476</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,441,069	\$ 2,202,262	\$ 737,932	\$ 48,539
Accrued payroll	798,540	-	20,686	-
Deferred revenues	31,479,462	1,097,834	11,628,507	275,075
Due to other funds	817,406	-	12,682	-
Advance from other funds	15,165	-	-	-
Due to grantees	-	-	-	-
Other liabilities	316,504	-	-	-
	<u>316,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>34,868,146</u></b>	<b><u>3,300,096</u></b>	<b><u>12,399,807</u></b>	<b><u>323,614</u></b>
 <b>Fund Balances</b>				
<b>Reserved for</b>				
Encumbrances	1,899,612	5,139,324	-	-
Inventory	181,788	309,657	1,853	-
Non-current receivables	750,000	-	-	-
Future grant programs	209,654	-	-	-
Sheriff's Office	51,064	-	-	-
State's Attorney	9,365	-	-	-
Mental Health Court	266,207	-	-	-
Debt service	-	-	-	-
Working cash	-	-	-	-
<b>Unreserved</b>				
General fund	42,525,921	-	-	-
Special revenue funds	-	17,355,103	6,369,704	-
Capital project funds	-	-	-	31,853,862
	<u>42,525,921</u>	<u>17,355,103</u>	<u>6,369,704</u>	<u>31,853,862</u>
<b>Total Fund Balances</b>	<b><u>45,893,611</u></b>	<b><u>22,804,084</u></b>	<b><u>6,371,557</u></b>	<b><u>31,853,862</u></b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ <u>80,761,757</u></b>	 <b>\$ <u>26,104,180</u></b>	 <b>\$ <u>18,771,364</u></b>	 <b>\$ <u>32,177,476</u></b>

See accompanying notes to financial statements.

Other Governmental Funds	Totals
\$ 55,450,610	\$ 143,040,401
-	18,349,000
18,790,744	59,720,525
811,765	1,490,031
5,470,140	14,381,375
33,578	146,984
34,583	527,881
-	750,000
\$ 80,591,420	\$ 238,406,197

\$ 3,247,818	\$ 7,677,620
1,204,461	2,023,687
22,283,094	66,763,972
330,357	1,160,445
750,000	765,165
482,963	482,963
-	316,504
28,298,693	79,190,356

9,527,058	16,565,994
34,583	527,881
749,962	1,499,962
393,167	602,821
-	51,064
-	9,365
-	266,207
147,946	147,946
800,568	800,568
-	42,525,921
40,394,894	64,119,701
244,549	32,098,411
52,292,727	159,215,841

\$ 80,591,420	\$ 238,406,197
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**County of McHenry, Illinois**  
RECONCILIATION OF BALANCE SHEET- GOVERNMENTAL FUNDS  
TO STATEMENT OF NET ASSETS  
November 30, 2007

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Total Fund Balances - Governmental Funds	\$ 159,215,841
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	215,651,055
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	6,611,636
Issuance costs, premiums, and discounts associated with the issuance of long-term debt represent expenditures or other financing sources (uses) in governmental funds in the year that the debt is issued. In the Statement of Net Assets, these costs are deferred and amortized over the life of the debt. This is the amount of unamortized issuance costs, premiums, and discounts included in governmental activities in the Statement of Net Assets.	207,270
Internal service funds are used by management to charge insurance costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.	8,223,380
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:	
Accrued interest	(1,416,204)
Compensated absences	(3,661,855)
Capital leases	(1,348,872)
Debt certificates	<u>(81,460,136)</u>
Total Net Assets - Governmental Activities	\$ <u><u>302,022,115</u></u>

See accompanying notes to financial statements.

**County of McHenry, Illinois**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended November 30, 2007

	General Fund	Motor Fuel Tax Fund	County Mental Health Fund	Road Improvement Project Fund
<b>REVENUES</b>				
Charges for services	\$ 22,201,641	\$ -	\$ -	\$ -
Licenses and permits	1,638,505	-	-	-
Fines and forfeitures	1,618,012	-	-	-
Grants, contributions, and intergovernmental	4,224,619	5,694,405	15,978	-
Property taxes	23,432,952	-	11,032,262	-
Sales taxes	9,533,202	-	-	-
State income taxes	5,875,908	-	-	-
Other taxes	5,267,641	-	-	-
Investment income	2,488,301	936,654	213,128	479,759
Miscellaneous	441,613	-	17,924	-
<b>Total Revenues</b>	<b>76,722,394</b>	<b>6,631,059</b>	<b>11,279,292</b>	<b>479,759</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General and administrative	23,599,424	-	-	96,278
Community development	1,237,722	-	-	-
Transportation	-	3,728,190	-	-
Public safety	26,005,556	-	-	-
Judiciary and court related	9,584,462	-	-	-
Public health and welfare	5,717,933	-	8,966,348	-
Capital outlay	2,870,012	9,241,572	8,080	-
<b>Debt service</b>				
Principal retirement	949,342	-	-	-
Interest and fiscal charges	9,347	-	-	-
<b>Total Expenditures</b>	<b>69,973,798</b>	<b>12,969,762</b>	<b>8,974,428</b>	<b>96,278</b>
Excess (deficiency) of revenues over expenditures	6,748,596	(6,338,703)	2,304,864	383,481
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	49,247	9,580,995	-	-
Transfers out	(3,972,021)	-	(834,313)	(18,629,969)
Debt certificates issued	-	-	-	50,000,000
Premium on debt certificates issued	-	-	-	100,350
Capital leases issued	1,546,358	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,376,416)</b>	<b>9,580,995</b>	<b>(834,313)</b>	<b>31,470,381</b>
<b>Net Change in Fund Balances</b>	<b>4,372,180</b>	<b>3,242,292</b>	<b>1,470,551</b>	<b>31,853,862</b>
Fund Balance - Beginning of Year	41,521,431	19,561,792	4,901,006	-
Fund Balance - End of Year	<u>\$ 45,893,611</u>	<u>\$ 22,804,084</u>	<u>\$ 6,371,557</u>	<u>\$ 31,853,862</u>

See accompanying notes to financial statements.

Other			
Governmental		Totals	
Funds			
\$ 3,903,938	\$ 26,105,579		
124,151	1,762,656		
11,970	1,629,982		
13,237,330	23,172,332		
20,161,735	54,626,949		
-	9,533,202		
-	5,875,908		
140,127	5,407,768		
2,289,543	6,407,385		
190,495	650,032		
<u>40,059,289</u>	<u>135,171,793</u>		
3,288,679	26,984,381		
2,190,606	3,428,328		
8,871,387	12,599,577		
3,907,017	29,912,573		
3,913,469	13,497,931		
9,995,126	24,679,407		
20,355,136	32,474,800		
2,270,864	3,220,206		
<u>1,080,965</u>	<u>1,090,312</u>		
<u>55,873,249</u>	<u>147,887,515</u>		
<u>(15,813,960)</u>	<u>(12,715,722)</u>		
14,891,221	24,521,463		
(1,085,160)	(24,521,463)		
4,885,000	54,885,000		
37,571	137,921		
-	1,546,358		
<u>18,728,632</u>	<u>56,569,279</u>		
2,914,672	43,853,557		
<u>49,378,055</u>	<u>115,362,284</u>		
<u>\$ 52,292,727</u>	<u>\$ 159,215,841</u>		

**County of McHenry, Illinois**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO STATEMENT OF ACTIVITIES**  
For the Year Ended November 30, 2007

Net Change in Fund Balances - Governmental Funds \$ 43,853,557

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements.	32,474,800
Some items reported as capital outlay are not capitalized in the government-wide financial statements.	(639,861)
Some items that are capitalized are reported as functional expenses in the fund financial statements.	4,848,455
Some items that are capitalized represent contributed assets.	3,800,048
Some items that are capitalized represent transfers from an enterprise fund.	831,233
Depreciation is reported in the government-wide financial statements.	(6,899,814)
In the government-wide financial statements, the gain on sale of capital assets is reduced by the remaining net book value of disposed assets.	(11,245)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (or were reported in the prior year), as follows:

Charges for services	(461,662)
Operating grants and contributions	833,521
Other taxes	(339,000)
Investment income	275,641

Internal service funds are used by management to charge insurance costs to individual funds. 6,601,959

Repayment of principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets. 3,220,206

A decrease in the amount of the final scheduled payment for a capital leases does not appear in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets. 28,546

Debt issued is an other financing source in the governmental funds, but is recorded as a liability in the Statement of Net Assets. (56,431,358)

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (25,012)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(240,862)
Increase in accrued interest	(1,064,962)

Change in Net Assets - Governmental Activities \$ 30,654,190

See accompanying notes to financial statements.

**County of McHenry, Illinois**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
November 30, 2007

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Funds <u></u>
<b>ASSETS</b>				
Current Assets				
Cash and equivalents	\$ 13,486,988	\$ 2,777,841	\$ 16,264,829	\$ 11,400,305
Cash and equivalents - restricted	411,176	-	411,176	-
Property taxes receivable	6,000,222	-	6,000,222	4,500,205
Accounts receivable	1,611,166	-	1,611,166	-
Other receivable	27,882	516,445	544,327	38,431
Due from other funds	-	231	231	1,164,020
Prepaid expenses	-	257,557	257,557	-
	<u>21,537,434</u>	<u>3,552,074</u>	<u>25,089,508</u>	<u>17,102,961</u>
Total Current Assets				
Noncurrent Assets				
Capital Assets				
Land	6,000	-	6,000	-
Buildings and improvements	14,529,570	-	14,529,570	-
Land improvements	250,543	-	250,543	-
Equipment	808,072	3,955,286	4,763,358	-
Less: accumulated depreciation	<u>(1,373,079)</u>	<u>(2,109,809)</u>	<u>(3,482,888)</u>	<u>-</u>
Net Capital Assets	14,221,106	1,845,477	16,066,583	-
Deferred charges	186,648	-	186,648	-
Advance to other funds	-	15,165	15,165	-
	<u>14,407,754</u>	<u>1,860,642</u>	<u>16,268,396</u>	<u>-</u>
Total Noncurrent Assets	<u>14,407,754</u>	<u>1,860,642</u>	<u>16,268,396</u>	<u>-</u>
	<u>\$ 35,945,188</u>	<u>\$ 5,412,716</u>	<u>\$ 41,357,904</u>	<u>\$ 17,102,961</u>
Total Assets	<u>\$ 35,945,188</u>	<u>\$ 5,412,716</u>	<u>\$ 41,357,904</u>	<u>\$ 17,102,961</u>

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Funds <u></u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 188,508	\$ 68,185	\$ 256,693	\$ 29,355
Accrued payroll	91,784	4,313	96,097	15,137
Unearned revenue	6,000,000	-	6,000,000	4,500,000
Interest payable	166,731	-	166,731	-
Due to other funds	141,235	2,954	144,189	6,601
Other liabilities	152,786	-	152,786	-
Compensated absences	73,058	4,663	77,721	5,958
Claims and judgments	-	-	-	2,871,412
Capital leases payable	13,589	-	13,589	-
Debt certificates payable	500,000	-	500,000	-
Total Current Liabilities	<u>7,327,691</u>	<u>80,115</u>	<u>7,407,806</u>	<u>7,428,463</u>
Noncurrent Liabilities				
Compensated absences	146,115	9,327	155,442	11,916
Claims and judgments	-	-	-	2,233,184
Capital leases payable	25,997	-	25,997	-
Debt certificates payable	11,035,000	-	11,035,000	-
Total Noncurrent Liabilities	<u>11,207,112</u>	<u>9,327</u>	<u>11,216,439</u>	<u>2,245,100</u>
Total Liabilities	<u>18,534,803</u>	<u>89,442</u>	<u>18,624,245</u>	<u>9,673,563</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,686,106	1,845,477	4,531,583	-
Restricted for debt service	411,176	-	411,176	-
Unrestricted	14,313,103	3,477,797	17,790,900	7,429,398
Total Net Assets	<u>\$ 17,410,385</u>	<u>\$ 5,323,274</u>	22,733,659	<u>\$ 7,429,398</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(793,982)</u>	
Net Assets of Business-Type Activities			<u>\$ 21,939,677</u>	

See accompanying notes to financial statements.

**County of McHenry, Illinois**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - PROPRIETARY FUNDS**  
For the Year Ended November 30, 2007

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,693,429	\$ 2,209,926	\$ 8,903,355	\$ 13,188,166
Insurance recoveries	-	-	-	73,948
Other	<u>8,687</u>	<u>-</u>	<u>8,687</u>	<u>-</u>
Total Operating Revenues	<u>6,702,116</u>	<u>2,209,926</u>	<u>8,912,042</u>	<u>13,262,114</u>
<b>OPERATING EXPENSES</b>				
Personnel services	5,390,717	235,329	5,626,046	822,305
Contractual services	2,439,658	1,232,973	3,672,631	11,368,815
Commodities	793,904	49,611	843,515	7,825
Depreciation	495,392	461,779	957,171	-
Amortization	<u>18,200</u>	<u>-</u>	<u>18,200</u>	<u>-</u>
Total Operating Expenses	<u>9,137,871</u>	<u>1,979,692</u>	<u>11,117,563</u>	<u>12,198,945</u>
Operating Income (Loss)	<u>(2,435,755)</u>	<u>230,234</u>	<u>(2,205,521)</u>	<u>1,063,169</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes	5,998,876	-	5,998,876	5,548,954
Investment income	610,288	135,558	745,846	30,423
Interest expense	(409,762)	(300)	(410,062)	-
Loss on disposal of capital assets	(230,613)	-	(230,613)	-
Transfers out	<u>(831,233)</u>	<u>-</u>	<u>(831,233)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>5,137,556</u>	<u>135,258</u>	<u>5,272,814</u>	<u>5,579,377</u>
Increase in Net Assets	2,701,801	365,492	3,067,293	6,642,546
Net Assets - Beginning of Year	<u>14,708,584</u>	<u>4,957,782</u>		<u>786,852</u>
Net Assets - End of Year	<u>\$ 17,410,385</u>	<u>\$ 5,323,274</u>		<u>\$ 7,429,398</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>40,587</u>	
Change in Net Assets of Business-Type Activities			<u>\$ 3,107,880</u>	

See accompanying notes to financial statements.

**County of McHenry, Illinois**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended November 30, 2007

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	<u>Internal Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 6,020,595	\$ 2,147,301	\$ 8,167,896	\$ 12,166,881
Cash received from insurance recoveries	-	-	-	73,948
Payments to employees	(5,528,954)	(237,927)	(5,766,881)	(838,501)
Payments to third party administrator	-	-	-	(12,413,781)
Payments to suppliers	<u>(4,382,639)</u>	<u>(1,291,834)</u>	<u>(5,674,473)</u>	<u>(1,781,913)</u>
Net Cash Flows From Operating Activities	<u>(3,890,998)</u>	<u>617,540</u>	<u>(3,273,458)</u>	<u>(2,793,366)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property taxes received	5,999,352	-	5,999,352	5,549,389
Interfund payments	<u>57,184</u>	<u>43,830</u>	<u>101,014</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>6,056,536</u>	<u>43,830</u>	<u>6,100,366</u>	<u>5,549,389</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(492,860)	(313,562)	(806,422)	-
Principal payments - capital leases	(13,188)	-	(13,188)	-
Principal payments - debt certificates	(485,000)	(165,000)	(650,000)	-
Interest paid	<u>(451,703)</u>	<u>(3,518)</u>	<u>(455,221)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,442,751)</u>	<u>(482,080)</u>	<u>(1,924,831)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	-	72,864	72,864	-
Cash receipts from interest income	<u>587,710</u>	<u>135,558</u>	<u>723,268</u>	<u>30,423</u>
Net Cash Flows From Investing Activities	<u>587,710</u>	<u>208,422</u>	<u>796,132</u>	<u>30,423</u>
Net Increase in Cash and Equivalents	1,310,497	387,712	1,698,209	2,786,446
Cash and Equivalents - Beginning of Year	<u>12,587,667</u>	<u>2,390,129</u>	<u>14,977,796</u>	<u>8,613,859</u>
Cash and Equivalents - End of Year	<u>\$ 13,898,164</u>	<u>\$ 2,777,841</u>	<u>\$ 16,676,005</u>	<u>\$ 11,400,305</u>
<b>RECONCILIATION OF CASH AND EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>				
Cash and Equivalents	\$ 13,486,988	\$ 2,777,841	\$ 16,264,829	\$ 11,400,305
Cash and Equivalents - Restricted	<u>411,176</u>	<u>-</u>	<u>411,176</u>	<u>-</u>
Cash and Equivalents - End of Year	<u>\$ 13,898,164</u>	<u>\$ 2,777,841</u>	<u>\$ 16,676,005</u>	<u>\$ 11,400,305</u>

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	<u>Internal Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (2,435,755)	\$ 230,234	\$ (2,205,521)	\$ 1,063,169
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	495,392	461,779	957,171	-
Amortization	18,200	-	18,200	-
Change in assets and liabilities				
Accounts receivable	(301,817)	(62,625)	(364,442)	-
Other receivable	-	-	-	(2,066)
Due from other funds	-	-	-	(1,025,820)
Prepaid expenses	-	(50,880)	(50,880)	-
Accounts payable	(1,149,077)	41,630	(1,107,447)	(28,570)
Accrued payroll	(156,139)	(4,014)	(160,153)	(20,592)
Due to other funds	-	-	-	6,601
Other liabilities	(379,704)	-	(379,704)	-
Compensated absences	17,902	1,416	19,318	4,396
Claims and judgments	-	-	-	(2,790,484)
Net Cash Flows From Operating Activities	<u>\$ (3,890,998)</u>	<u>\$ 617,540</u>	<u>\$ (3,273,458)</u>	<u>\$ (2,793,366)</u>
<b>NON-CASH CAPITAL, INVESTING, AND FINANCING ACTIVITIES:</b>				
Capitalized interest on capital related debt	<u>\$ 32,636</u>			

See accompanying notes to financial statements.

**County of McHenry, Illinois**  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
November 30, 2007

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ASSETS	
Cash and equivalents	\$ 9,738,972
Due from other governments	85,561
Other receivable	<u>9,600,313</u>
Total Assets	<u>19,424,846</u>
LIABILITIES	
Accounts payable	161,410
Due to residents	59,007
Bond escrow	3,338,647
Due to other governments	14,454,574
Other liabilities	<u>1,411,208</u>
Total Liabilities	<u>19,424,846</u>
NET ASSETS	<u>\$ -</u>

See accompanying notes to financial statements.

**County of McHenry, Illinois**  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
November 30, 2007

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**County of McHenry, Illinois**  
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November 30, 2007

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**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of the County of McHenry, Illinois (County) conform to accounting principles generally accepted in the United States of America, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of significant accounting policies:

A. Reporting Entity

The reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The accompanying financial statements present the County (the primary government) and its component units. The financial data of the component units are included in the County's reporting entity because of their operational significance or financial relationships with the County. The governing bodies of these component units are appointed by the County Board.

Blended Component Unit

Although the Public Building Commission (Commission) is a legally separate entity from the County, the Commission is blended as if it were part of the County because its sole purpose is to manage the County's building activities. The County Board has the ability to significantly influence operations and the Commission is fiscally dependent on the County. Accordingly, the Commission is included as a blended component unit of the County and is reported as a Debt Service Fund. The Commission has a fiscal year that ends on November 30, the same as the County. Separately audited financial statements for the Commission may be obtained from the Public Building Commission, 2200 N. Seminary Avenue, Woodstock, Illinois, 60098-2367.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Unit

The McHenry County Conservation District (District) is a legally separate entity from the County, and the County Board appoints all of the District's Board. The District acquires and maintains land as open space for preservation, education and recreation within McHenry County. The County began approving the District's annual operating budget during fiscal year 2000, in accordance with state statute 70/ILCS 410/13. Accordingly, the County is financially accountable for the District and the District is reported as a discretely presented component unit within the County's report. The District has a fiscal year that ends on March 31. The latest financial statements as reflected in this report are for the year ended March 31, 2007. Separately audited financial statements may be obtained from the McHenry County Conservation District, 18410 U.S. Highway 14, Woodstock, Illinois, 60098.

Related Organizations

Certain organizations have their board members appointed by the County Board. However, the County is not financially accountable for these organizations. Accordingly, these organizations are not part of the financial reporting entity. Such organizations include the following:

Fire Protection Districts	Crystal Lake Drainage District
McHenry County Housing Authority	Hebron Drainage District
Lake in the Hills Sanitary District	Marengo Rescue Squad
Greenwood Drainage District	Human Relations Council

B. Government-Wide and Fund Financial Statements

**Government-wide Financial Statements:** The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the County. Eliminations have been made to minimize the double-counting of internal activities of the County. The financial activities of the County consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the discretely presented component unit.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general and administrative, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to the functions in the statement of activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees) and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

**Fund Financial Statements:** Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund balance, revenues, and expenses/expenditures. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary fund statements. An emphasis is placed on major funds within the governmental and proprietary fund statements. A fund is considered major if it is the primary operating fund of the County or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County administers the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. Services which are administered by various departments and accounted for in the general fund include general and administrative, community development, public safety, judiciary and court related, and public health and welfare.

Motor Fuel Tax Fund – This fund accounts for allotments received from the State of Illinois and expenditures for highway construction and maintenance.

County Mental Health Fund – This fund accounts for expenditures for administering approved mental health programs. Revenue is primarily from property taxes.

Road Improvement Project Fund – This fund provides funding for highway engineering, construction, and maintenance costs. Resources for the fund were provided by proceeds from Series 2007 B debt certificates.

The County administers the following major enterprise fund:

Valley Hi Fund – This fund accounts for the activities of the Valley Hi nursing home.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. The County administers the following internal service funds:

Insurance Loss Fund – This fund accounts for general liability, property, worker’s compensation, and unemployment compensation insurance premiums and claims.

Health Insurance Fund – This fund accounts for employee medical, dental, and prescription insurance premiums and claims.

Additionally, the County administers fiduciary (agency) funds for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the discretely presented component unit. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Agency funds also follow the accrual basis of accounting, but do not have a measurement focus.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, State shared revenues, and various State, Federal, and local grants. On an accrual basis, revenues from taxes are recognized when the County has a legal claim to the resources. Grants, entitlements, State shared revenues, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures are recorded when the related liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The County has elected not to follow private sector standards issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Equivalents

For purposes of the statement of cash flows, the County's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are reported at fair value. Fair value is based on quoted market prices.

F. Inventory

Inventories are valued at cost, using the first-in, first-out method. Inventories are accounted for under the consumption method, whereby acquisitions are recorded in inventory accounts initially and charged as expenditures when used.

G. Restricted Assets

Restricted cash represents resources accumulated for future debt service payments on the Series 2003B debt certificates. The balance of restricted cash totaled \$411,176 as of November 30, 2007.

H. Capital Assets

Capital assets, which include land, land improvements, roads and bridges, traffic signals and lighting projects, buildings and improvements, furniture and fixtures, machinery and equipment, and transportation equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$250,000 for infrastructure assets, \$1 for land, \$5,000 for other capital assets, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are presented as capital outlay expenditures in the governmental funds.

Assets which are acquired and held for the County's use are stated at historical cost. Donated capital assets are recorded at their fair market value at the date of donation.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

For proprietary funds, interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The total applicable interest expense incurred by the proprietary funds during the year was \$37,940. The net amount capitalized in construction in progress was \$32,636.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the statement of net assets and is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Roads and bridges	40
Traffic signals and lighting projects	10
Buildings and improvements	10 – 40
Furniture and fixtures	8 – 10
Machinery and equipment	5 – 20
Transportation equipment	4

Gains or losses from sales or retirements of capital assets are included in the Statement of Activities.

I. Deferred Revenue

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received before all eligibility requirements imposed by the provider have been met. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for the deferred revenue is removed from the balance sheet and revenue is recognized. Proprietary funds only report deferred revenue for resources that have been received, but not yet earned. Therefore, deferred revenue in proprietary funds is reported as unearned revenue.

J. Compensated Absences

County employees accumulate vacation, sick pay, and compensatory time off for subsequent use or for payment upon termination, death, or retirement. Employees are allowed to accrue up to 150% of their annual vacation accrual, and at no time shall their balance exceed the 150% maximum limit. Employees may not receive vacation pay in lieu of time off unless the department head requests that the employee waive vacation to avoid a hardship on the department. Accrued compensatory time off, earned for hours worked in excess of the employee's regular work schedule, may accumulate up to a maximum of 240 hours, with any excess paid out by the County. Accumulated sick leave is not paid out at termination of employment.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

J. Compensated Absences (Continued)

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation leave balances and unused compensatory time balances for County employees and is determined using current salary rates and includes salary related payments.

A liability for compensated absences is reported in the individual governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is typically used to liquidate these liabilities. Vested or accumulated vacation leave and accumulated compensatory time of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

District (component unit) employees earned vacation pay to a maximum of 30 working days and a percentage (based on length of employment) of sick leave may be paid upon termination of employment.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net assets. Premiums and discounts from long-term debt issuances are deferred and amortized over the life of the issuance using the effective interest method. Issuance costs are reported as deferred charges and amortized over the term of the related debt. The County had two debt certificate issuances during the current year (Series 2007A and Series 2007B), which resulted in capitalized premiums of \$137,921 and capitalized issuance costs of \$133,573.

In the fund financial statements, governmental funds recognize issuance premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Debt service funds are used to account for and service the long-term obligations issued for governmental funds. Enterprise funds individually account for and service the applicable debt that benefits those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed with available financial resources is reported as a liability of a governmental fund.

L. Capital Contributions

Capital contributions in the government-wide financial statements represent donations of land, highways, and other capital assets, primarily from developers. Capital contributions reported in the enterprise funds, if any, represent transfers of equipment from governmental funds and capital contributions from outside parties.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

M. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized in governmental fund types to reserve fund balance for outstanding amounts under purchase orders, contracts, and other commitments. Encumbrances outstanding at year-end are reported as reserved fund balance and do not constitute expenditures or liabilities. Outstanding encumbrances at the end of the fiscal year generally result in an increase to the budget for the subsequent year.

N. Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

O. Interfund Transactions

The County has the following types of transactions between funds:

Loans and Advances – amounts provided with a requirement for repayment. In the fund financial statements, interfund loans are reported as due from other funds and due to other funds, when repayment is expected within one year. When repayment is not expected within one year, interfund loans are reported as advances to other funds and advances from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported as internal balances in the government-wide statement of net assets.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the governmental fund balance sheets or proprietary fund statements of net assets.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as nonoperating revenues and expenses. Transfers between governmental activities and business-type activities are presented as offsetting transfers, under general revenues and transfers, in the government-wide statement of activities.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 1 – Summary of Significant Accounting Policies (Continued)

P. Claims and Judgments

Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note 10 on risk management.

Q. Equity Classifications

*Government-Wide Financial Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of related bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

*Fund Financial Statements*

Governmental funds classify equity as fund balance. Fund balance is further classified as either reserved or unreserved. Unreserved fund balance includes funds set aside by management for specific users, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide financial statements.

R. Prior Period Information

Comparative total data for the prior year have been presented for the government-wide statements in order to provide an understanding of the changes in the financial position and operations of the County, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended November 30, 2006. Comparative data by fund has not been presented in all statements, since its inclusion would make the statements unduly complex and difficult to read. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**County of McHenry, Illinois**  
 NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 2 – Legal Compliance – Budgets

The County adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

In October, the County Administrator, Associate County Administrator of Finance, and Finance Committee Chairman submit to the County Board a proposed operating budget for the fiscal year commencing on December 1. The operating budget includes proposed expenditures and the means of financing them.

The operating budget is then posted in the Office of the County Clerk for a period of 15 days for public inspection. Prior to November 30, the budget is adopted by passage of a resolution by the County Board.

Budgetary control over expenditures is maintained on an object code basis (personnel services, contractual, commodities, etc.) by department. Transfers of budgeted amounts between funds or any amendments to the originally approved budget by means of an emergency appropriation require approval by the County Board members. During the year, several emergency appropriations were made. Expenditures may not legally exceed appropriations within each fund. Appropriations lapse at year-end.

Budgets for governmental fund types and internal service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Enterprise funds are adopted on a modified basis in that depreciation is not budgeted and capital outlay, and debt principal retirements, are budgeted. Budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, Permanent, Enterprise, and Internal Service Funds.

*Excess of Expenditure/Expenses Over Budget*

The following fund has an excess of expenditures over budget for the year ended November 30, 2007:

Fund	Excess
Debt Service Fund - Public Building Commission Debt Fund (blended component unit)	\$ (13,504)

Note 3 – Deposits and Investments

A. Primary Government and Fiduciary Funds

**Permitted Deposits and Investments** - The County's investment policy, which is more restrictive than State Statutes, authorizes the County to make deposits/invest in commercial banks, obligations of the U.S. Treasury or other securities guaranteed by the full faith and credit of the United States of America, savings and loan institutions, and the Illinois Funds Investment Pool.

The County's deposits and investments are categorized to show exposure to applicable risk categories as of November 30, 2007.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 3 – Deposits and Investments (Continued)

A. Primary Government and Fiduciary Funds (Continued)

As of November 30, 2007, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>		<u>Weighted Average Maturity (Months)</u>
	<u>Primary Government</u>	<u>Fiduciary Funds</u>	
Illinois Funds	\$ <u>141,765</u>	\$ <u>2,029</u>	<u>0.16</u>

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer. Oversight is provided by the Auditor General of the State of Illinois. Illinois Funds is not registered with the SEC. The fair value of the position in the Pool is the same as the value of the Pool shares.

**Interest rate risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy states that the Treasurer shall determine the maturity of investments, so as to enable sufficient cash for all County operating purposes. Investments may be purchased with maturities to match cash flow needs, future projects, or liability requirements.

**Credit risk.** As stated above, the County's investment policy is more restrictive than State Statutes. In addition, the policy requires the Treasurer to maintain current statements of condition for each financial institution holding County funds to review for any evidence of deterioration. If deterioration is noted, the policy permits the County to withdraw its funds and remove said institutions from the list of approved financial institutions. This policy ensures that the County's investments are only maintained with the most creditworthy issuers. As of November 30, 2007, the County's investment in Illinois Funds was rated AAAM by Standard and Poor's.

**Custodial credit risk.** As of November 30, 2007, none of the County's investments were exposed to custodial credit risk. The County's investment policy manages custodial credit risk for investments by not permitting any investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

As of November 30, 2007, the County (primary government) had deposits with a book balance of \$189,312,966 and a bank balance of \$188,046,370 and the fiduciary funds had deposits with a book balance of \$9,735,343 and a bank balance of \$12,899,325. As of November 30, 2007, none of the above deposits were exposed to custodial credit risk. The County's investment policy manages custodial credit risk for deposits by requiring that all funds in excess of FDIC insurance be secured by collateral held in the County's name.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 3 – Deposits and Investments (Continued)

A. Primary Government and Fiduciary Funds (Continued)

A reconciliation of cash and investments as shown on the Statement of Net Assets and the Statement of Fiduciary Net Assets is as follows:

Cash and investments, as disclosed in Note 3:

	Primary Government	Fiduciary Funds
Cash on hand	\$ 10,980	\$ 1,600
Carrying amount of deposits	189,312,966	9,735,343
Carrying amount of investments	141,765	2,029
 Total cash and investments, as disclosed in Note 3	 \$ 189,465,711	 \$ 9,738,972

Cash and investments, as reported in the financial statements:

	Primary Government	Fiduciary Funds
Cash and equivalents	\$ 170,705,535	\$ 9,738,972
Cash restricted	411,176	-
Investments	18,349,000	-
 Total cash and investments, as reported in the financial statements	 \$ 189,465,711	 \$ 9,738,972

B. District (Component Unit)

The District's investment policy authorizes the District to invest in obligations issued by the United States Government, investments constituting direct obligations of any bank, short-term commercial paper of U.S. corporations with assets exceeding \$500 million, short-term obligations issued by the Federal National Mortgage Association, shares or other securities issued by saving and loan associations, share accounts of credit unions chartered in the United States with its principal office located in Illinois, and securities issued by Illinois Funds.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, which is the price for which the investment could be sold.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 3 – Deposits and Investments (Continued)

B. District (Component Unit) (Continued)

It is the policy of the District to invest its funds in a manner consistent which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy, in order of priority are; legality, safety (preservation of capital and protection of investment principal), liquidity, and yield. The Board of Trustee’s policy requires collateralization at 105% of the aggregate balance of principal and accrued interest on deposits in financial institutions. At March 31, 2007, the District had \$156,548 in uncollateralized deposits.

1. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District’s deposits may not be returned to it. The District’s investment policy requires pledging of collateral in the name of the District.

2. Investments

The District had no investments in debt securities as of March 31, 2007. The District’s investment in Illinois Funds at March 31, 2007 totaled \$14,470,975.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio of provide liquidity for operating funds and maximizing yields for funds not needed with a budgetary or economic cycle. The investment policy does not strictly limit the maximum maturity lengths of investments.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The District limits its exposure to credit risk by primarily investing in Illinois Funds, which is rated AAAM by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investment that are in possession of an outside party. Illinois Funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that the District has a high percentage of its investments invested in one type of investment. The District’s investment policy requires diversification of investments to avoid unreasonable risk. At March 31, 2007, the District has greater than five percent of its overall portfolio invested in the Illinois Funds. This is in accordance with the District’s investment policy.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 4 – Property Taxes/Receivables

The County’s property tax is levied each calendar year on all taxable real property located in the County. Since the 2007 property tax levy is levied to finance the operations of fiscal year 2008, the 2007 property tax levy is recorded as a receivable and deferred revenue as of November 30, 2007. The 2006 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2007. The County must file its tax levy by the last Tuesday of December each year.

The township assessors are responsible for assessment of all taxable real property within McHenry County, except for certain railroad and pollution control property which is assessed directly by the State. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Collector/Treasurer, who remits to the units their respective share of the collections. The 2006 property tax levy became due and payable in two installments in June 2007 and September 2007. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Revenues of the County are reported net of uncollectible amounts. The reserve for uncollectible amounts related to revenues of the current period is as follows:

Reserve for uncollectable amounts - business-type activities: \$ 130,000

Governmental funds report deferred revenue in connections with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes	\$ -	\$ 59,718,507	\$ 59,718,507
Other receivables	3,501,784	433,829	3,935,613
Grants receivable	<u>3,109,852</u>	-	<u>3,109,852</u>
Total deferred/unearned revenue - governmental funds	<u>\$ 6,611,636</u>	60,152,336	<u>\$ 66,763,972</u>
Add: Internal service funds - property taxes		<u>4,500,000</u>	
Total unearned revenue - governmental activities		<u>\$ 64,652,336</u>	

**County of McHenry, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2007

Note 5 – Capital Assets

A summary of changes in capital assets for governmental activities of the County (primary government) is as follows:

	<u>Balance</u> <u>December 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>November 30</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 40,603,857	\$ 2,387,475	\$ -	\$ 42,991,332
Construction in progress	<u>17,026,233</u>	<u>31,540,656</u>	<u>(14,267,201)</u>	<u>34,299,688</u>
Total Capital Assets Not Being Depreciated	<u>57,630,090</u>	<u>33,928,131</u>	<u>(14,267,201)</u>	<u>77,291,020</u>
Other Capital Assets				
Roads and bridges	75,402,820	8,529,040	-	83,931,860
Traffic signals and lighting projects	708,512	-	-	708,512
Buildings and improvements	77,869,270	11,566,575	-	89,435,845
Furniture and fixtures	2,221,038	544,803	-	2,765,841
Machinery and equipment	21,305,973	3,203,015	(132,400)	24,376,588
Transportation equipment	<u>4,751,298</u>	<u>641,287</u>	<u>(397,620)</u>	<u>4,994,965</u>
Total Other Capital Assets	<u>182,258,911</u>	<u>24,484,720</u>	<u>(530,020)</u>	<u>206,213,611</u>
Less Accumulated Depreciation for:				
Roads and bridges	(15,358,920)	(2,098,297)	-	(17,457,217)
Traffic signals and lighting projects	(495,479)	(70,851)	-	(566,330)
Buildings and improvements	(22,056,303)	(5,078,622)	-	(27,134,925)
Furniture and fixtures	(1,644,990)	(177,407)	-	(1,822,397)
Machinery and equipment	(15,234,134)	(1,786,291)	132,400	(16,888,025)
Transportation equipment	<u>(3,851,736)</u>	<u>(519,321)</u>	<u>386,375</u>	<u>(3,984,682)</u>
Total Accumulated Depreciation	<u>(58,641,562)</u>	<u>(9,730,789)</u>	<u>518,775</u>	<u>(67,853,576)</u>
Other Capital Assets, Net	<u>123,617,349</u>	<u>14,753,931</u>	<u>(11,245)</u>	<u>138,360,035</u>
Governmental Activities Capital Assets, Net	<u>\$ 181,247,439</u>	<u>\$ 48,682,062</u>	<u>\$ (14,278,446)</u>	<u>\$ 215,651,055</u>

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 5 – Capital Assets (Continued)

Depreciation expense for governmental activities was charged to functions as follows:

General and administrative	\$ 2,755,048
Community development	14,523
Transportation	2,786,227
Public safety	1,062,821
Judiciary and court related	107,620
Public health and welfare	<u>173,575</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 6,899,814</u>

Various capital assets, primarily building and improvements, were transferred from the Valley Hi Fund to Governmental Activities during 2007. The transferred capital assets had a cost of \$3,662,208 and accumulated depreciation of \$2,830,975, which are included in the additions column in the previous table. The net book value of \$831,233 is presented as a transfer out in the Valley Hi Fund and for Business-Type Activities on the Statement of Activities and a transfer in for Governmental Activities on the Statement of Activities.

A summary of changes in capital assets for business-type activities of the County (primary government) is as follows:

	Balance December 1	Additions	Deletions	Balance November 30
<b>Business-Type Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in progress	<u>13,758,362</u>	<u>519,738</u>	<u>(14,278,100)</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>13,764,362</u>	<u>519,738</u>	<u>(14,278,100)</u>	<u>6,000</u>
<b>Other Capital Assets</b>				
Buildings and improvements	5,440,030	13,396,376	(4,306,836)	14,529,570
Land improvements	-	250,543	-	250,543
Equipment	<u>4,808,322</u>	<u>950,501</u>	<u>(995,465)</u>	<u>4,763,358</u>
Total Other Capital Assets	<u>10,248,352</u>	<u>14,597,420</u>	<u>(5,302,301)</u>	<u>19,543,471</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and improvements	(4,106,710)	(401,688)	3,333,584	(1,174,814)
Land improvements	-	(12,527)	-	(12,527)
Equipment	<u>(2,659,462)</u>	<u>(542,956)</u>	<u>906,871</u>	<u>(2,295,547)</u>
Total Accumulated Depreciation	<u>(6,766,172)</u>	<u>(957,171)</u>	<u>4,240,455</u>	<u>(3,482,888)</u>
<b>Other Capital Assets, Net</b>	<u>3,482,180</u>	<u>13,640,249</u>	<u>(1,061,846)</u>	<u>16,060,583</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,246,542</u>	<u>\$ 14,159,987</u>	<u>\$ (15,339,946)</u>	<u>\$ 16,066,583</u>

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 5 – Capital Assets (Continued)

Depreciation expense for business-type activities was charged to functions as follows:

Public health and welfare	\$	495,392
Public safety		<u>461,779</u>
 Total Depreciation Expense – Business-Type Activities	 \$	 <u><u>957,171</u></u>

A summary of changes in capital assets of the District (component unit) is as follows:

	<u>Balance</u> <u>April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 119,201,183	\$ 13,365,856	\$ -	\$ 132,567,039
Construction in progress	<u>1,096,979</u>	<u>1,102,728</u>	<u>(1,437,036)</u>	<u>762,671</u>
Total Capital Assets Not Being Depreciated	<u>120,298,162</u>	<u>14,468,584</u>	<u>(1,437,036)</u>	<u>133,329,710</u>
Other Capital Assets				
Land improvements and roads	12,589,836	1,000,403	-	13,590,239
Buildings and improvements	6,642,940	2,182,066	-	8,825,006
Furniture and equipment	1,051,466	154,479	(6,150)	1,199,795
Office equipment	105,175	9,999	-	115,174
Vehicles	<u>1,354,066</u>	<u>90,021</u>	<u>(103,266)</u>	<u>1,340,821</u>
Total Other Capital Assets	<u>21,743,483</u>	<u>3,436,968</u>	<u>(109,416)</u>	<u>25,071,035</u>
Less accumulated depreciation for:				
Land improvements and roads	(5,653,541)	(578,589)	-	(6,232,130)
Buildings and improvements	(2,499,957)	(331,340)	-	(2,831,297)
Furniture and equipment	(686,498)	(90,024)	6,150	(770,372)
Office equipment	(33,008)	(20,435)	-	(53,443)
Vehicles	<u>(1,097,476)</u>	<u>(102,625)</u>	<u>98,610</u>	<u>(1,101,491)</u>
Total Accumulated Depreciation	<u>(9,970,480)</u>	<u>(1,123,013)</u>	<u>104,760</u>	<u>(10,988,733)</u>
Other Capital Assets, Net	<u>11,773,003</u>	<u>2,313,955</u>	<u>(4,656)</u>	<u>14,082,302</u>
Governmental Activities Capital Assets, Net	<u>\$ 132,071,165</u>	<u>\$ 16,782,539</u>	<u>\$ (1,441,692)</u>	<u>\$ 147,412,012</u>

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations

The following is a summary of long-term obligation activity for the County (primary government) associated with governmental activities for the year:

	Balance December 1	Issuances	Retirements	Balance November 30	Due Within One Year
Compensated absences	\$ 3,434,471	\$ 2,864,829	\$ 2,619,571	\$ 3,679,729	\$ 1,226,576
Capital leases	785,929	1,546,358	983,415	1,348,872	457,898
Debt certificates	28,840,473	54,885,000	2,265,337	81,460,136	6,732,377
Add: deferred debt certificate issuance premiums	-	137,921	5,860	132,061	13,764
Claims and judgments	7,895,080	2,936,829	5,727,313	5,104,596	1,186,822
	<u>\$ 40,955,953</u>	<u>\$ 62,370,937</u>	<u>\$ 11,601,496</u>	<u>\$ 91,725,394</u>	<u>\$ 9,617,437</u>

Compensated absences of governmental activities will be liquidated primarily by the general fund. Claims and judgments will be liquidated by the insurance loss internal service fund.

The following is a summary of long-term obligation activities for the County (primary government) associated with business-type activities for the year:

	Balance December 1	Issuances	Retirements	Balance November 30	Due Within One Year
Compensated absences	\$ 213,845	\$ 171,905	\$ 152,587	\$ 233,163	\$ 77,721
Capital leases	52,774	-	13,188	39,586	13,589
Debt certificates	12,185,000	-	650,000	11,535,000	500,000
	<u>\$ 12,451,619</u>	<u>\$ 171,905</u>	<u>\$ 815,775</u>	<u>\$ 11,807,749</u>	<u>\$ 591,310</u>

The following is a summary of long-term obligation transactions for the District (component unit):

	Balance April 1	Issuances	Retirements	Balance March 31	Due Within One Year
Compensated absences	\$ 459,398	\$ 505,485	\$ 459,398	\$ 505,485	\$ 505,485
General obligation bonds	85,890,000	-	2,615,000	83,275,000	2,935,000
Less: deferred charge on refunding	(674,007)	-	(78,022)	(595,985)	(77,910)
Installment contract	-	6,300,000	-	6,300,000	-
	<u>\$ 85,675,391</u>	<u>\$ 6,805,485</u>	<u>\$ 2,996,376</u>	<u>\$ 89,484,500</u>	<u>\$ 3,362,575</u>

**County of McHenry, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

Long-term obligations outstanding (excluding compensated absences and claims and judgments) of the County (primary government) are as follows:

<u>Description</u>	<u>Fund Debt Retired By</u>	<u>Balance December 1</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance November 30</u>
<b>Capital Leases – Governmental Activities</b>					
Fifth Third Bank SANS Lease (2)					
\$300,000 capital lease due in semi-annual installments plus interest at 3.69% through January 8, 2008					
	General	\$ 95,826	\$ -	\$ 63,298	\$ 32,528
HP Server Lease (2)					
\$362,768 capital lease due in annual installments plus interest at 4.49% through December 15, 2006					
	General	145,167	-	145,167	-
Dell Workstation II (2)					
\$896,984 capital lease due in annual installments of \$298,994; interest at 0% through May 15, 2007					
	General	298,995	-	298,995	-
Dell Workstation III (2)					
\$16,579 capital lease due in annual installments of \$5,526; interest at 0% through May 15, 2007					
	Job Training	5,527	-	5,527	-
Avaya Lease (2)					
\$250,254 capital lease; monthly principal and interest payments of \$5,539 through September 2010; interest imputed at 3%					
	General	240,414	-	60,080	180,334
HP Server Lease II (2)					
\$1,546,358 capital lease due in annual installments of \$410,348; interest at 4.13% through October 15, 2010					
	General	-	1,546,358	410,348	1,136,010
Total Capital Leases		\$ 785,929	\$ 1,546,358	\$ 983,415	\$ 1,348,872

Capital leases have resulted in the acquisition of \$3,830,286 of capital assets (equipment) which have accumulated depreciation of \$2,124,754.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

Description	Fund Debt Retired By	Balance December 1	Issuances	Retirements	Balance November 30
<b>Debt Certificates – Governmental Activities</b>					
McHenry County General Obligation (3) \$4,250,000 Limited Tax Debt Certificate Series 2001, due in annual installments of \$350,000 to \$510,000; interest at 4.235% to 4.65% through May 1, 2011	Debt Service	\$ 2,350,000	\$ -	\$ 430,000	\$ 1,920,000
McHenry County General Obligation (4) \$1,575,000 Limited Tax Debt Certificate Series 2001-A, due in semi-annual installments of \$28,700 to \$36,100; interest at 2.25% to 4.89%, balloon payment due December 30, 2011	Debt Service	1,305,473	-	515,337	790,136
McHenry County General Obligation (5) \$6,085,000 McHenry County Debt Certificates Series 2002A, due in annual installments of \$145,000 to \$560,000; interest at 2.5% to 4.3% through January 2018	Debt Service	5,315,000	-	335,000	4,980,000
McHenry County General Obligation (6) \$5,000,000 McHenry County Debt Certificate Series 2003A, due in annual installments of \$185,000 to \$765,000; interest at 2.5% to 4.75% through January 2022	Debt Service	4,600,000	-	220,000	4,380,000
McHenry County General Obligation (7) \$4,600,000 McHenry County Debt Certificate Series 2003C, due in annual installments of \$440,000 to \$610,000, Interest at 4% to 5.5% through January 2014	Debt Service	4,160,000	-	450,000	3,710,000

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

Description	Fund Debt Retired By	Balance December 1	Issuances	Retirements	Balance November 30
<b>Debt Certificates – Governmental Activities (Continued)</b>					
McHenry County General Obligation (7) \$1,895,000 McHenry County Debt Certificate Series 2005A, due in annual installments of \$230,000 to \$355,000, Interest at 3.5% to 3.65% through January 2015	Debt Service	\$ 1,895,000	\$ -	\$ -	\$ 1,895,000
McHenry County General Obligation (7) \$1,205,000 McHenry County Debt Certificate Series 2005B, due in annual installments of \$75,000 to \$300,000; Interest at 3.4% to 4.65% through January 2010	Debt Service	935,000	-	275,000	660,000
McHenry County General Obligation (9) \$8,280,000 McHenry County Debt Certificate Series 2006A, due in annual installments of \$40,000 to \$1,400,000; Interest at 3.85% to 4.0% through January 2022	Debt Service	8,280,000	-	40,000	8,240,000
McHenry County General Obligation (10) \$4,885,000 McHenry County Debt Certificate Series 2007A, due in annual installments of \$440,000 to \$575,000; Interest at 3.85% to 4.15% through January 2017	Debt Service	-	4,885,000	-	4,885,000
McHenry County General Obligation (11) \$50,000,000 McHenry County Debt Certificate Series 2007B, due in annual installments of \$4,060,000 to \$6,060,000; Interest at 4.0% to 4.5% through January 2017	Debt Service	-	50,000,000	-	50,000,000
Total Debt Certificates		\$ 28,840,473	\$ 54,885,000	\$ 2,265,337	\$ 81,460,136

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

Description	Fund Debt Retired By	Balance December 1	Issuances	Retirements	Balance November 30
<b>Capital Leases – Business-Type Activities</b>					
Avaya Lease (2)					
\$59,934 capital lease; monthly principal and interest payments of \$1,216 through September 2010; interest imputed at 3%	Valley Hi	\$ <u>52,774</u>	\$ <u>-</u>	\$ <u>13,188</u>	\$ <u>39,586</u>
Capital leases have resulted in the acquisition of \$54,934 of capital assets (equipment) which accumulated depreciation of \$13,734.					
<b>Debt Certificates – Business-Type Activities</b>					
McHenry County 911(1)					
\$1,160,000 Emergency Telephone System Series 1998, due in annual installments of \$130,000 to \$165,000; Interest at 3.25% to 3.9% through December 1, 2006	911 Fund	\$ 165,000	\$ -	\$ 165,000	\$ -
Valley Hi (8)					
\$10,000,000 Valley Hi Series 2003B, due in annual installments of \$445,000 to \$995,000; Interest at 3.05% to 4.35% through January 2022	Valley Hi	10,000,000	-	-	10,000,000
Valley Hi (8)					
\$2,500,000 Series 2004, due in annual installments of \$480,000 to \$525,000; Interest at 1.8% to 3.1% through January 2006	Valley Hi	<u>2,020,000</u>	<u>-</u>	<u>485,000</u>	<u>1,535,000</u>
<b>Total Debt Certificates</b>		<u>\$ 12,185,000</u>	<u>\$ -</u>	<u>\$ 650,000</u>	<u>\$ 11,535,000</u>

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

Description	Fund Debt Retired By	Balance December 1	Issuances	Retirements	Balance November 30
Long-term obligations outstanding of the District (component unit) are as follows:					
<b>General Obligation Bonds – Governmental Activities</b>					
McHenry County Conservation District \$20,330,000 General Obligation Limited Bonds Series 1998A, due in annual installments; interest at 4.7% to 5.25% through February 1, 2018	District Debt Service	\$ 7,720,000	\$ -	\$ 115,000	\$ 7,605,000
McHenry County Conservation District \$68,500,000 General Obligation Bonds Series 2001A, due in annual installments; interest at 4.25% to 5.625% Through February 1, 2021	District Debt Service	9,290,000	-	1,285,000	8,005,000
McHenry County Conservation District \$12,235,000 General Obligation Limited Refunding Bonds Series 2001B, due in Annual installments; interest at 4.25% to 5.0% through February 1, 2016	District Debt Service	9,185,000	-	1,080,000	8,105,000
McHenry County Conservation District \$58,825,000 General Obligation Refunding Bonds Series 2005A, due in annual installments; interest at 3.0% to 5.0% through February 1, 2021	District Debt Service	58,395,000	-	135,000	58,260,000
McHenry County Conservation District \$1,315,000 General Obligation Refunding Tax Bonds Series 2005B, due in annual installments; interest at 3.0% to 4.0% through February 1, 2014	District Debt Service	1,300,000	-	-	1,300,000
<b>Total General Obligation Bonds</b>		<b>\$ 85,890,000</b>	<b>\$ -</b>	<b>\$ 2,615,000</b>	<b>\$ 83,275,000</b>

**County of McHenry, Illinois**  
 NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

Description	Fund Debt Retired By	Balance December 1	Issuances	Retirements	Balance November 30
<b>Installment Contract – Governmental Activities</b>					
McHenry County Conservation District \$6,300,000 Installment Contract, dated November 16, 2006, interest at 2.5% due in semi-annual installments; balloon payment of principal and interest due November 1, 2016	District Debt Service	\$ <u>          -</u>	\$ <u>  6,300,000  </u>	\$ <u>          -</u>	\$ <u>  6,300,000  </u>

**Notes for Long-Term Obligations**

- (1) The proceeds were used to fund the construction and equipping of an emergency telephone 911 system to serve all areas of McHenry County. The bonds are to be repaid from the collection of monthly telephone line surcharges paid by McHenry County residents through their telephone companies.
- (2) The proceeds from capital leases were used for the purchase and implementation of computer software and hardware for various projects. The capital leases will be repaid from the General fund, Job Training fund, and Valley Hi fund.
- (3) The proceeds were used for the construction of a new County highway facility. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the County Highway fund and the County Option Motor Fuel Tax fund.
- (4) The proceeds were used for the construction of a new mental health facility. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the County Mental Health fund.
- (5) The proceeds were used for the construction of a new administration building. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General fund.
- (6) The proceeds will be used for the judicial center conversion project and existing former government center including the remodeling of Annex "A." Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General fund.
- (7) The proceeds were used for renovating the County jail. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General fund.
- (8) The proceeds will be used for the construction of the Valley Hi building project. The bonds are to be repaid from the collection of fees from the nursing home residents and other governmental aid.
- (9) The proceeds were used to advance refund Series 2002B debt certificates. In addition, proceeds will be used for the purchase and construction of a new animal control facility and for energy saving renovations at the government center.
- (10) The proceeds are for the purchase and implementation of a new radio system for the Sheriff's Office. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General
- (11) The proceeds are for highway engineering, construction, and maintenance costs. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the Motor Fuel Tax fund, County Option Motor Fuel Tax fund, Matching fund, and Bridge fund.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the County (primary government) for capital leases and debt certificates are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>			
	<u>Capital Leases</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	
2008	\$ 457,898	\$ 52,048	\$ 509,946	
2009	442,254	34,564	476,818	
2010	448,720	17,018	465,738	
	<u>\$ 1,348,872</u>	<u>\$ 103,630</u>	<u>\$ 1,452,502</u>	
<u>Fiscal Year</u>	<u>Business-Type Activities</u>			
	<u>Capital Leases</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	
2008	\$ 13,589	\$ 1,002	\$ 14,591	
2009	14,003	588	14,591	
2010	11,994	166	12,160	
	<u>\$ 39,586</u>	<u>\$ 1,756</u>	<u>\$ 41,342</u>	
<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Debt Certificates</u>		<u>Debt Certificates</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,732,377	\$ 3,454,647	\$ 500,000	\$ 438,365
2009	7,014,832	3,074,806	510,000	424,975
2010	7,312,355	2,772,821	970,000	402,912
2011	7,610,047	2,467,879	640,000	377,588
2012	7,870,525	2,136,749	660,000	353,987
2013-2017	39,290,000	5,498,723	3,700,000	1,345,956
2018-2022	5,630,000	669,484	4,555,000	505,918
	<u>\$ 81,460,136</u>	<u>\$ 20,075,109</u>	<u>\$ 11,535,000</u>	<u>\$ 3,849,701</u>

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 6 – Long-Term Obligations (Continued)

**Debt Service Requirements to Maturity (Continued)**

Annual debt service requirements to maturity for the District (component unit) for general obligation bonds and installment contracts for governmental type activities are as follows:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,935,000	\$ 4,020,988
2009	3,285,000	3,890,773
2010	3,655,000	3,744,135
2011	4,045,000	3,580,485
2012	4,470,000	3,389,935
2013-2017	29,890,000	13,262,775
2018-2021	<u>34,995,000</u>	<u>4,558,713</u>
	<u>\$ 83,275,000</u>	<u>\$ 36,447,804</u>

<u>Fiscal Year</u>	<u>Installment Contract</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 157,500
2009	-	157,500
2010	-	157,500
2011	-	157,500
2012	-	157,500
2013-2017	<u>6,300,000</u>	<u>722,342</u>
	<u>\$ 6,300,000</u>	<u>\$ 1,509,842</u>

There are a number of limitations and restrictions contained in various bond indentures and loan agreements. The County believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

**Advance Refunding of Debt**

In prior years, The County advance refunded debt certificates, by placing funds in an irrevocable trust with an escrow agent for the purpose of paying all future debt service payments. As a result, the advance refunded debt certificates are considered to be defeased and the liability is not included in the statement of net assets.

As of November 30, 2007, \$3,315,000 of defeased debt is still outstanding.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 6 – Long-Term Obligations (Continued)

**Advance Refunding of Debt - District (Component Unit)**

In prior years, the District advanced refunded bonded debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on previously refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements.

As of March 31, 2007, a total of \$65,080,000 of defeased debt is still outstanding.

**Industrial Revenue Bonds (Conduit Debt)**

The County has participated in the issuance of Industrial Revenue Bonds in the amount of \$2,675,000. These bonds were issued for the purpose of constructing privately operated manufacturing and other related facilities within the County. These bonds are not direct or contingent liabilities of the County. Revenue from lease agreements and property purchased with the bond proceeds is pledged for the total payment of principal and interest on the bonds, and the bondholders can look only to these sources for repayment. Outstanding bonds are scheduled to mature in 2013.

Note 7 – Defined Benefit Pension Plan

A. Plan Description

The County and District's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), operates as an agent multi-employer plan and provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan, which can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

B. Funding Policy

Employees participating in the Regular Plan and the Sheriff's Law Enforcement Personnel Plan (SLEP) are required to contribute 4.5% and 7.5% of their annual covered salary, respectively. The member rates are established by state statute. The County and the District are required to contribute at an actuarially determined rate. The County's rates for calendar year 2006 were 9.26% and 19.27%, of payroll for the Regular Plan and SLEP plan, respectively. The District's rate for calendar year 2006 was 11.00% of payroll. The County and District contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2006 was 26 years for the Regular Plan, 26 years for the SLEP plan, and 30 years for the District plan.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 7 – Defined Benefit Pension Plan (Continued)

C. Annual Pension Cost and Actuarial Assumptions

For December 31, 2006, the County’s annual pension costs of \$3,489,750 for the Regular Plan and \$1,950,068 for the SLEP plan were equal to the County’s required and actual contributions, and the District's annual pension cost of \$334,259 was equal to the District's required and actual contribution. The required contributions were determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

D. Trend Information

	<u>Actuarial Valuation Date</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
Regular Plan	12/31/06	\$	3,489,750	100 %	\$	-
	12/31/05		2,869,491	100		-
	12/31/04		2,247,587	100		-
	12/31/03		1,243,807	100		-
	12/31/02		972,609	100		-
	12/31/01		1,502,351	100		-
	12/31/00		1,716,141	100		-
	12/31/99		2,018,973	100		-
	12/31/98		1,870,410	100		-
	12/31/97		1,773,164	100		-
SLEP	12/31/06	\$	1,950,068	100 %	\$	-
	12/31/05		1,645,180	100		-
	12/31/04		1,689,114	100		-
	12/31/03		1,868,138	100		-
	12/31/02		1,750,352	100		-
	12/31/01		1,574,320	100		-
	12/31/00		1,463,519	100		-
	12/31/99		1,377,988	100		-
	12/31/98		1,046,318	100		-
	12/31/97		816,325	100		-

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 7 – Defined Benefit Pension Plan (Continued)

D. Trend Information (Continued)

	Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
District	12/31/06	\$ 334,259	100 %	\$ -
	12/31/05	314,640	100	-
	12/31/04	270,793	100	-
	12/31/03	245,697	100	-
	12/31/02	222,546	100	-
	12/31/01	211,775	100	-
	12/31/00	199,177	100	-
	12/31/99	174,584	100	-
	12/31/98	158,658	100	-
	12/31/97	135,321	100	-

Note 8 – Contingent Liabilities

The County (primary government) is a defendant in various lawsuits, wherein substantial amounts are claimed. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters could have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The Valley Hi Fund receives Medicaid payments from the Illinois Department of Healthcare and Family Services (HFS). HFS began using a new payment method in October 2006. The new method requires Valley Hi to repay HFS approximately 40% of the monthly payment amount. Net amounts received from HFS under the new method, including initial amounts received during the transition to the new method, are subject to audit and adjustment, which may constitute a liability of funds received. The amount, if any, of revenue that may be adjusted by HFS cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Note 9 – Other Post Employment Benefits

In addition to the pension benefits described in Note 7, the County provides postretirement health insurance to the employees who retire and elect same. To be eligible for coverage, an employee must be qualified as a Sheriff's Law Enforcement Personnel deferred pensioner who has at least 20 years of service credit and is under age 50; a Sheriff's Law Enforcement Personnel retiree who has at least 20 years of service credit and is at least 50 years old; or an Illinois Municipal Retirement Fund retiree who has at least eight years of service credit and is at least 55 years old.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 9 – Other Post Employment Benefits (Continued)

Currently, 99 former employees meet the above stated eligibility requirements and are enrolled for coverage under the current plan. The insurer pays the amount of validated medical claims incurred by retirees and their dependents according to the Schedule of Benefits in the current plan. Expenditures for postretirement insurance are recognized on a pay-as-you-go basis. During the year, expenditures of \$993,726 were recognized for postretirement insurance paid on behalf of the retirees and their dependents. The County received \$781,182 in premiums from former employees.

Note 10 – Risk Management

The County and District are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; health care and injuries to employees; and natural disasters. The County accounts for its risk financing in the Health Insurance and Insurance Loss Funds (internal service funds).

The Insurance Loss Fund provides coverage for up to a maximum of \$450,000 for each worker's compensation claim, \$50,000 for each general liability claim, and \$25,000 for each liability or property damage claim. The County purchases commercial insurance for claims in excess of coverage provided and for other risks of loss. All funds of the County are covered by the Insurance Loss Fund.

The County is self-insured for health and dental claims, which are accounted for in the Health Insurance Fund. The County has \$150,000 stop-loss coverage for individual health claims with an aggregate stop-loss of 125% of total expected annual claims. The County utilizes a third-party administrator to process the claims. The County reimburses the third-party administrator for the claims plus a processing fee. The Health Insurance Fund is supported by payments from other County funds, those that account for personnel costs, based on estimated premium-equivalent amounts.

The claims and judgments liability of \$5,104,596 reported in the Internal Service Funds is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability for claims and judgments also includes an estimate of the claims incurred but not reported. The County does not allocate overhead costs or other nonincremental costs to the claims liability.

The Insurance Loss Fund experienced a favorable arbitration outcome for a significant case during fiscal year 2007. At November 30, 2006, the claims and judgments liability included a reserve of \$5,000,000 for the case. Accordingly, the reserve had been adjusted during fiscal year 2007. As a result of the adjustment, the fund experienced negative operating expenses, which totaled \$850,927 for the year ended November 30, 2007.

Settled claims have not exceeded the excess commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the previous year.

The District (component unit) accounts for its risk of loss in its General Fund. The District purchases commercial insurance to handle these risks of loss. The policies call for various levels of deductibles. Settled claims have not exceeded covered amounts in any of the past three years. There were no significant reductions in insurance coverage from the previous year.

**County of McHenry, Illinois**  
 NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 10 – Risk Management (Continued)

Changes in claims and judgments liability in fiscal year 2007 and 2006 were:

		<u>Balance</u> <u>December 1</u>		<u>Incurred</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>		<u>Claim</u> <u>Payments</u>		<u>Balance</u> <u>November 30</u>
2006 - 2007	\$	7,895,080	\$	2,936,829	\$	5,727,313	\$	5,104,596
2005 - 2006	\$	5,802,426	\$	3,253,148	\$	1,160,494	\$	7,895,080

Note 11 – Contractual Commitments

As of year-end, the County had entered into various contracts for road construction and repairs, building projects, and other projects, as shown below. No future financing is required.

		<u>Contract</u> <u>Amount</u>		<u>Remaining</u> <u>Balance</u>
Road construction and repairs	\$	42,609,370	\$	12,122,987
Building projects		3,131,870		1,396,957
Other projects		<u>8,522,670</u>		<u>3,164,303</u>
	\$	<u>54,263,910</u>	\$	<u>16,684,247</u>

Note 12 – Enterprise Funds – Segment Information

The County maintains one major enterprise fund which accounts for the activities of the Valley Hi Nursing Home. The fund is intended to be self-supporting through resident fees, intergovernmental revenues (mainly Medicare), and real estate taxes.

The other enterprise fund maintained by the County is the 911 fund which is supported by charges to participating members. Since the 911 fund is the only nonmajor Enterprise Fund, segment information was not presented. All the 911 fund information is included in the basic financial statements.

Note 13 – Fund Balance Reserved for Future Grant/Program Expenditure

The County receives grant funds from various government agencies. The funds are restricted until expended in accordance with the various restrictions imposed by the grantor.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 14 – Interfund Balances and Transfers

A. Interfund Balances

Individual interfund balances for the County (primary government) at November 30, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due From/To Other Funds Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Nonmajor Governmental Funds	\$ 58,302	\$ -
General Fund	Valley Hi Fund	1,312	-
County Mental Health Fund	Nonmajor Governmental Funds	53,792	-
Nonmajor Governmental Funds	General Fund	3,078	-
Nonmajor Governmental Funds	Other Nonmajor Governmental Funds	30,500	-
911 Fund	General Fund	231	-
Internal Service Funds	General Fund	814,097	-
Internal Service Funds	County Mental Health Fund	12,682	-
Internal Service Funds	Nonmajor Governmental Funds	187,763	-
Internal Service Funds	Other Internal Service Funds	6,601	-
Internal Service Funds	Valley Hi Fund	139,923	-
Internal Service Funds	911 Fund	2,954	-
		<hr/>	
Subtotal - Fund Financial Statements		1,311,235	\$ <hr/> <hr/>
Less: Fund eliminations		(1,947,607)	
Add: Internal service fund activities related to enterprise funds		793,982	
Add: Advance from general fund to nonmajor governmental funds		750,000	
Add: Advance from enterprise fund to governmental fund		15,165	
		<hr/>	
Total Internal Balances - Government-Wide Statement of Net Assets		\$ <hr/> <hr/>	

The principal purpose of these interfunds is loans for short-term cash needs. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The General Fund is advancing funds to two non-major special revenue funds, for the purchase and development of a judiciary and court related project. Under the agreement, the General Fund may advance up to \$3,500,000. The advances are non-interest bearing, with quarterly repayments of \$106,027 to \$107,143, beginning January 2008, through December, 2015. The amount of the advance outstanding at November 30, 2007 is \$750,000.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

Note 14 – Interfund Balances and Transfers (Continued)

A. Interfund Balances (Continued)

The 911 Fund is advancing funds to the general fund. Under the agreement, the 911 Fund may advance up to \$373,000. Also, interest is being charged equal to the actual interest that the 911 fund would have earned on funds advanced, which is a rate of approximately 4.25%. The amount of the advance outstanding at November 30, 2007 is \$15,165. The balance of the advance, along with approximately \$7,750 of accrued interest, will be repaid during fiscal year 2008.

B. Transfers

Interfund transfers for the year ended November 30, 2007 are as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 49,247	Administrative expenses
Motor Fuel Tax Fund	Road Improvement Project Fund	9,580,995	Funding of road improvements with debt certificate proceeds
Nonmajor Governmental Funds	Road Improvement Project Fund	9,048,974	Funding of road improvements with debt certificate proceeds
Nonmajor Governmental Funds	General Fund	3,972,021	County support of capital projects and debt service payments
Nonmajor Governmental Funds	County Mental Health Fund	834,313	County support of grant programs and debt service payments
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>1,035,913</u>	Debt service payments
Subtotal - Governmental Fund Financial Statements		24,521,463	
Less: Fund eliminations		(24,521,463)	
Add: Transfer of capital assets from Valley Hi Fund to Governmental Activities		<u>831,233</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 831,233</u></u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During fiscal year 2007, a new facility for the Valley Hi nursing home was placed in service. Control of the old Valley Hi facility was transferred to Governmental Activities. Accordingly, a transfer out, for the net book value of the transferred capital assets, was recorded in the Valley Hi Fund and a corresponding transfer in was recorded for governmental activities, in the government-wide statement of activities.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 15 – Net Assets

Net assets reported on the government-wide statement of net assets at November 30, 2007 includes the following:

**Governmental Activities**

Invested in capital assets, net of related debt	
Land	\$ 42,991,332
Construction in progress	34,299,688
Other capital assets, net of accumulated depreciation	138,360,035
Less: related long-term debt outstanding	<u>(47,573,820)</u>
Total invested in capital assets, net of related debt	<u>168,077,235</u>
Restricted	
Grant programs	5,831,255
Transportation systems	49,458,225
Public welfare programs	10,237,358
Employee benefits	12,784,503
Technology improvements	2,204,781
Judiciary and court related	2,444,768
Debt service	55,275
Working cash - permanently restricted	800,568
Other	<u>68,141</u>
Total restricted	<u>83,884,874</u>
Unrestricted	<u>50,060,006</u>
Total governmental activities net assets	<u>\$ 302,022,115</u>

**Business-Type Activities**

Invested in capital assets, net of related debt	
Land	\$ 6,000
Other capital assets, net of accumulated depreciation	16,060,583
Less: related long-term debt outstanding	<u>(11,535,000)</u>
Total invested in capital assets, net of related debt	4,531,583
Restricted	
Debt service	411,176
Unrestricted	<u>16,996,918</u>
Total business-type activities net assets	<u>\$ 21,939,677</u>

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 16 – Capital Contributions

Capital contributions of \$3,800,048 consist of land, roads, and equipment received from developers and other governmental agencies for the year ended November 30, 2007. These contributed assets have been recorded in the Statement of Activities as capital contributions.

Note 17 - Subsequent Events

In January 2008, the State of Illinois passed an increase in the sales tax, primarily to provide new funding for Chicago-area mass-transit. Under the new plan, the sales tax rate in the County will increase by 0.5%, of which the County will receive 0.25%. Use of the County portion is restricted for transportation and public safety programs. The County estimates this new revenue source will provide funding of approximately \$6,000,000 in fiscal year 2008, and approximately \$9,000,000 annually thereafter.

In January 2008, the County issued approximately \$1,850,000 in two capital leases to finance the acquisition of laptop and desktop computers for a period of 3 - 5 years, respectively. Interest on the leases is at 4.6% and the maturity date is January 2011 and January 2013, respectively.

In December 2007, the County was awarded a grant award from the State of Illinois in the amount of \$5,100,000, to enhance emergency communications through the acquisition and deployment of interoperable radio equipment. The County will act as the lead agency for the program. The County's share of the award is estimated at \$500,000. The remaining portion of the award will be passed through to regional units of government.

Subsequent to year-end, through a referendum, the District (component unit) was authorized to issue \$73,000,000 General Obligation Bonds, Series 2007.

Note 18 – New Governmental Accounting Standards

Following is a summary of select statements issued by the Governmental Accounting Standards Board (GASB), that the County will have to implement in upcoming fiscal years:

Statement No. 45 – “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.” This standard establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplementary information. Note 10 describes the OPEB that the County currently provides for employees and retirees. The County is required to implement this Statement for the year ending November 30, 2009.

Statement No. 51 - “Accounting and Financial Reporting for Intangible Assets.” Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This Statement requires that all intangible assets not specifically excluded by the standard be classified as capital assets. Accordingly, existing authoritative guidance for capital assets should be applied to these intangible assets. Additionally, this Statement establishes an approach to recognizing intangible assets that are internally generated. This Statement also establishes guidance for the amortization of intangible assets. The provisions of this Statement generally are required to be applied retroactively, except for those considered to have indefinite useful lives and those that are considered internally generated. The County is required to implement this statement for the year ending November 30, 2010.

**County of McHenry, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2007

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Note 19 – Prior Period Adjustment

The District (Component unit) has restated fund balance/net assets by \$750,000 at April 1, 2006 in order to record grant revenue in the proper period.

**REQUIRED SUPPLEMENTARY INFORMATION**

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Charges for services	\$ 20,062,222	\$ 20,050,222	\$ 22,201,641	\$ 2,151,419
Licenses and permits	2,029,200	2,029,200	1,638,505	(390,695)
Fines and forfeitures	1,596,000	1,596,000	1,618,012	22,012
Grants, contributions, and intergovernmental	3,115,691	3,811,629	4,224,619	412,990
Property taxes	23,750,000	23,750,000	23,432,952	(317,048)
Sales taxes	9,400,000	9,400,000	9,533,202	133,202
State income taxes	5,250,000	5,250,000	5,875,908	625,908
Other taxes	5,645,000	5,945,000	5,267,641	(677,359)
Investment income	1,462,500	1,462,500	2,488,301	1,025,801
Miscellaneous	185,000	185,000	441,613	256,613
<b>Total Revenues</b>	<u>72,495,613</u>	<u>73,479,551</u>	<u>76,722,394</u>	<u>3,242,843</u>
<b>EXPENDITURES</b>				
Current				
General and administrative	25,860,077	26,311,812	23,599,424	2,712,388
Community development	1,358,073	1,367,624	1,237,722	129,902
Public safety	25,792,717	26,934,240	26,005,556	928,684
Judiciary and court related	9,435,479	9,713,377	9,584,462	128,915
Public health and welfare	5,461,551	5,750,489	5,717,933	32,556
Capital outlay	1,711,410	3,623,080	2,870,012	753,068
Debt service				
Principal retirement	676,083	949,342	949,342	-
Interest and fiscal charges	9,349	9,349	9,347	2
<b>Total Expenditures</b>	<u>70,304,739</u>	<u>74,659,313</u>	<u>69,973,798</u>	<u>4,685,515</u>
Excess (deficiency) of revenues over expenditures	<u>2,190,874</u>	<u>(1,179,762)</u>	<u>6,748,596</u>	<u>7,928,358</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	62,000	62,000	49,247	(12,753)
Transfers out	(2,268,442)	(4,004,627)	(3,972,021)	32,606
Capital leases issued	-	1,680,000	1,546,358	(133,642)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,206,442)</u>	<u>(2,262,627)</u>	<u>(2,376,416)</u>	<u>(113,789)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (15,568)</u>	<u>\$ (3,442,389)</u>	4,372,180	<u>\$ 7,814,569</u>
Fund Balance - Beginning of Year			<u>41,521,431</u>	
Fund Balance - End of Year			<u>\$ 45,893,611</u>	

See accompanying notes to required supplementary information.

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MOTOR FUEL TAX FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 8,428,375	\$ 8,428,375	\$ 5,694,405	\$ (2,733,970)
Investment income	<u>400,000</u>	<u>400,000</u>	<u>936,654</u>	<u>536,654</u>
Total Revenues	<u>8,828,375</u>	<u>8,828,375</u>	<u>6,631,059</u>	<u>(2,197,316)</u>
<b>EXPENDITURES</b>				
Current				
Transportation				
Personnel services	117,875	117,875	115,358	2,517
Contractual services	3,860,000	7,148,180	3,148,536	3,999,644
Commodities	930,000	933,890	464,296	469,594
Capital outlay	<u>13,731,000</u>	<u>14,384,543</u>	<u>9,241,572</u>	<u>5,142,971</u>
Total Expenditures	<u>18,638,875</u>	<u>22,584,488</u>	<u>12,969,762</u>	<u>9,614,726</u>
Excess (deficiency) of revenues over expenditures	(9,810,500)	(13,756,113)	(6,338,703)	7,417,410
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>9,580,995</u>	<u>9,580,995</u>
Net Change in Fund Balance	<u>\$ (9,810,500)</u>	<u>\$ (13,756,113)</u>	3,242,292	<u>\$ 16,998,405</u>
Fund Balance - Beginning of Year			<u>19,561,792</u>	
Fund Balance - End of Year			<u>\$ 22,804,084</u>	

See accompanying notes to required supplementary information.

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY MENTAL HEALTH FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 100,000	\$ 100,000	\$ 15,978	\$ (84,022)
Property taxes	11,039,522	11,039,522	11,032,262	(7,260)
Investment income	20,000	20,000	213,128	193,128
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>17,924</u>	<u>(2,076)</u>
 Total Revenues	 <u>11,179,522</u>	 <u>11,179,522</u>	 <u>11,279,292</u>	 <u>99,770</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Personnel services	1,217,585	1,078,908	818,280	260,628
Contractual services	8,372,360	8,208,306	8,016,298	192,008
Commodities	202,080	178,935	131,770	47,165
Capital outlay	10,000	137,192	8,080	129,112
Debt service				
Interest and fiscal charges	<u>2,230</u>	<u>2,230</u>	<u>-</u>	<u>2,230</u>
 Total Expenditures	 <u>9,804,255</u>	 <u>9,605,571</u>	 <u>8,974,428</u>	 <u>631,143</u>
 Excess of revenues over expenditures	 1,375,267	 1,573,951	 2,304,864	 730,913
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,225,267)</u>	<u>(1,423,951)</u>	<u>(834,313)</u>	<u>589,638</u>
 Net Change in Fund Balance	 <u>\$ 150,000</u>	 <u>\$ 150,000</u>	 1,470,551	 <u>\$ 1,320,551</u>
 Fund Balance - Beginning of Year			 <u>4,901,006</u>	
 Fund Balance - End of Year			 <u>\$ 6,371,557</u>	

See accompanying notes to required supplementary information.

**County of McHenry, Illinois**  
**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
November 30, 2007

<b>Regular Plan</b>							UAAL as a
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	Percentage of Covered Payroll ((2-1)/3)	
12/31/2006	\$ 72,662,657	\$ 72,898,658	\$ 236,001	99.68 %	\$ 37,686,288	0.63 %	
12/31/2005	64,315,033	65,315,467	1,000,434	98.47	34,406,368	2.91	
12/31/2004	60,393,684	63,333,487	2,939,803	95.36	32,248,235	9.12	
12/31/2003	57,414,076	55,692,335	(1,721,741)	103.09	28,791,841	(5.98)	
12/31/2002	54,731,222	49,994,236	(4,736,986)	109.48	26,720,024	(17.73)	
12/31/2001	55,266,681	45,465,691	(9,800,990)	121.56	24,669,142	(39.73)	
12/31/2000	52,431,520	42,363,133	(10,068,387)	123.77	23,285,495	(43.24)	
12/31/1999	44,331,834	38,958,244	(5,373,590)	113.79	22,608,892	(23.77)	
12/31/1998	36,593,696	34,591,856	(2,001,840)	105.79	20,851,814	(9.60)	
12/31/1997	31,109,658	31,566,251	456,593	98.55	20,152,041	2.27	

**Sheriff's Law Enforcement Personnel Plan (SLEP)**

<b>Sheriff's Law Enforcement Personnel Plan (SLEP)</b>							UAAL as a
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	Percentage of Covered Payroll ((2-1)/3)	
12/31/2006	\$ 23,537,231	\$ 37,103,030	\$ 13,565,799	63.44 %	\$ 10,119,707	134.05 %	
12/31/2005	23,063,831	35,063,778	11,999,947	65.78	9,711,808	123.56	
12/31/2004	21,752,530	31,037,611	9,285,081	70.08	9,452,233	98.23	
12/31/2003	24,403,588	29,950,460	5,546,872	81.48	8,762,956	63.30	
12/31/2002	24,463,263	29,539,503	5,076,240	82.82	8,233,075	61.66	
12/31/2001	22,270,021	25,576,720	3,306,699	87.07	7,278,410	45.43	
12/31/2000	19,615,611	23,611,081	3,995,470	83.08	7,056,504	56.62	
12/31/1999	17,172,006	22,339,571	5,167,565	76.87	6,883,060	75.08	
12/31/1998	11,495,192	17,604,072	6,108,880	65.30	6,664,448	91.66	
12/31/1997	12,753,412	17,667,208	4,913,796	72.19	6,245,760	78.67	

**Component Unit's Plan - Conservation District**

<b>Component Unit's Plan - Conservation District</b>							UAAL as a
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	Percentage of Covered Payroll ((2-1)/3)	
12/31/2006	\$ 3,106,899	\$ 4,756,881	\$ 1,649,982	65.31 %	\$ 3,038,721	54.30 %	
12/31/2005	3,020,937	4,511,798	1,490,861	66.96	2,948,830	50.56	
12/31/2004	2,514,944	3,716,034	1,201,090	67.68	2,540,270	47.28	
12/31/2003	2,094,537	3,179,461	1,084,924	65.88	2,357,941	46.01	
12/31/2002	1,897,867	2,820,714	922,847	67.28	2,150,203	42.92	
12/31/2001	1,579,222	2,367,171	787,949	66.71	1,997,873	39.44	
12/31/2000	1,246,214	1,959,916	713,702	63.59	1,830,668	38.99	
12/31/1999	883,531	1,655,509	771,978	53.37	1,619,524	47.67	
12/31/1998	701,065	1,531,780	830,715	45.77	1,401,577	59.27	
12/31/1997	460,067	1,191,747	731,680	38.60	1,290,109	56.71	

See accompanying notes to required supplementary information.

**County of McHenry, Illinois**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
November 30, 2007

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Note 1 – Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. All unexpended annual appropriations lapse at fiscal year-end.

Note 2 – Excess of Expenditures Over Budget

No major funds had an excess of expenditures over budget for fiscal year 2007.

Note 3 – IMRF Information

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$78,082,201 for the Regular Plan, \$26,453,478 for the SLEP Plan, and \$3,379,216 for the District Plan. On a market basis, the funded ratio would be 107.11% for the Regular Plan, 71.30% for the SLEP Plan, and 71.04% for the District Plan.

*Digest of Changes*

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and more early retirements are expected to occur.

SLEP member contribution rate changed from 6.5% to 7.5% effective June 1, 2006.

## **SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>CHARGES FOR SERVICES</b>				
General and Administrative				
County clerk fees	\$ 175,000	\$ 175,000	\$ 173,327	\$ (1,673)
Tax redemption fees	130,000	130,000	103,377	(26,623)
Recording fees	1,890,000	1,890,000	1,736,877	(153,123)
Penalties/fees on delinquent taxes	1,200,000	1,200,000	1,602,482	402,482
Other fees and charges	17,300	17,300	6,724	(10,576)
Cable television franchise fees	380,000	380,000	490,604	110,604
Assessor's salary reimbursement	46,230	46,230	50,026	3,796
Employee association fee	6,500	6,500	7,071	571
Community Development				
Gravel pit fees	10,000	10,000	6,392	(3,608)
Subdivision review fees	16,000	16,000	27,546	11,546
Flood plain investigation fees	200,000	200,000	146,888	(53,112)
Maps and publications fees	12,000	12,000	8,452	(3,548)
Other fees and charges	1,500	1,500	1,110	(390)
Public Safety				
Coroner fees	9,000	9,000	10,219	1,219
Sheriff fees - circuit court	400,000	400,000	470,249	70,249
Prisoner healthcare co-pay	2,000	2,000	2,012	12
Sheriff fees - warrant docket	6,000	6,000	3,204	(2,796)
Sheriff fees - photocopies	10,000	10,000	10,492	492
Sheriff fees - foreign courts	65,000	65,000	66,014	1,014
Foreclosures	28,000	28,000	10,029	(17,971)
Court security fees	900,000	900,000	961,613	61,613
Jail space rental	7,754,885	7,754,885	8,847,217	1,092,332
Payphones	155,000	155,000	202,158	47,158
Dispatching fee	-	-	240,111	240,111
Squad car replacement fee	20,000	20,000	50,694	30,694
Other public safety services	13,000	13,000	18,111	5,111
Other fees and charges	26,292	36,292	29,636	(6,656)
Judiciary and Court Related				
10% bond earnings	365,000	365,000	364,955	(45)
Circuit clerk fees	3,145,000	3,105,000	3,447,184	342,184
County court fees	463,400	463,400	543,258	79,858
Court services salary reimbursements	875,000	875,000	843,864	(31,136)
State's attorney salary reimbursements	133,156	133,156	135,416	2,260
State's attorney fees	30,000	30,000	28,644	(1,356)
Public aid	90,000	90,000	131,367	41,367
Periodic imprisonment fees	25,000	25,000	17,766	(7,234)
Public defenders fees	30,000	30,000	35,698	5,698
Public defender salary reimbursement	92,985	92,985	108,502	15,517
Other fees and charges	35,700	35,700	23,167	(12,533)

(Continued)

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>CHARGES FOR SERVICES (Continued)</b>				
Public Health and Welfare				
Animal control tags	\$ 641,000	\$ 641,000	\$ 598,281	\$ (42,719)
Veterinary fees	46,350	46,350	58,169	11,819
Nursing fees	98,700	98,700	103,529	4,829
Health review fees	17,500	17,500	12,770	(4,730)
Septic evaluation fees	5,000	5,000	4,893	(107)
Health promotion	35,775	35,775	35,174	(601)
Vital record fees	35,000	35,000	35,642	642
Site evaluation fees	6,000	6,000	1,650	(4,350)
Subdivision review fees	18,000	18,000	23,778	5,778
Other fees and charges	169,625	187,625	166,142	(21,483)
Medicare	68,524	68,524	79,771	11,247
Public aid	128,800	128,800	101,001	(27,799)
Private pay	33,000	33,000	18,385	(14,615)
	<u>20,062,222</u>	<u>20,050,222</u>	<u>22,201,641</u>	<u>2,151,419</u>
Total Charges for Services				
<b>LICENSES AND PERMITS</b>				
General and Administrative				
Liquor licenses	140,000	140,000	127,375	(12,625)
Amusement licenses	16,000	16,000	13,645	(2,355)
Community Development				
Building permits	1,000,000	1,000,000	695,388	(304,612)
Zoning permits	175,000	175,000	166,253	(8,747)
Hauler license fees	8,200	8,200	8,459	259
Public Health and Welfare				
Septic and well permits	285,000	285,000	184,912	(100,088)
Health licenses	405,000	405,000	442,473	37,473
	<u>2,029,200</u>	<u>2,029,200</u>	<u>1,638,505</u>	<u>(390,695)</u>
Total Licenses and Permits				
<b>FINES AND FORFEITURES</b>				
Community Development				
Planning fines	16,500	16,500	14,807	(1,693)
Judiciary and Court Related				
Fines and bond forfeitures	1,343,000	1,343,000	1,425,760	82,760
County drug fines	190,000	190,000	139,569	(50,431)
Public Health and Welfare				
Veterinary fines	46,500	46,500	37,876	(8,624)
	<u>1,596,000</u>	<u>1,596,000</u>	<u>1,618,012</u>	<u>22,012</u>
Total Fines and Forfeitures				

(Continued)

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GRANTS, CONTRIBUTIONS, AND INTERGOVERNMENTAL</b>				
General and Administrative				
Election reimbursements	\$ -	\$ -	\$ 17,825	\$ 17,825
Public Safety				
Children's waiting room grant	-	-	25,000	25,000
LEAP grant	-	-	212,566	212,566
Criminal alien assistance program	-	258,978	258,978	-
Juvenile accountability grant	-	10,662	6,114	(4,548)
IMAGE grant	-	48,999	55,347	6,348
Speed enforcement grant	-	25,767	23,842	(1,925)
Snowmobile grant	-	-	20,233	20,233
Training reimbursement	101,015	101,015	101,015	-
County sheriff - other	85,985	109,130	18,326	(90,804)
Emergency management grant	64,542	64,542	62,248	(2,294)
Hazardous materials grant	-	-	3,612	3,612
Judiciary and Court Related				
Dependent children care reimbursements	27,000	27,000	28,752	1,752
Dependent children/parent reimbursements	50,000	50,000	58,404	8,404
Victim/Witness assistance grant	27,500	27,500	27,625	125
Public Health and Welfare				
Health department grants - nursing	2,401,336	2,668,560	2,772,143	103,583
Health department grants - environmental	154,788	215,951	217,355	1,404
Health department grants - administration	33,525	33,525	70,784	37,259
IDPH vaccines	170,000	170,000	244,450	74,450
	<u>3,115,691</u>	<u>3,811,629</u>	<u>4,224,619</u>	<u>412,990</u>
Total Grants, Contributions, and Intergovernmental				
PROPERTY TAXES	<u>23,750,000</u>	<u>23,750,000</u>	<u>23,432,952</u>	<u>(317,048)</u>
SALES TAXES	<u>9,400,000</u>	<u>9,400,000</u>	<u>9,533,202</u>	<u>133,202</u>
STATE INCOME TAXES	<u>5,250,000</u>	<u>5,250,000</u>	<u>5,875,908</u>	<u>625,908</u>

(Continued)

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OTHER TAXES</b>				
Local use tax	\$ 750,000	\$ 750,000	\$ 867,315	\$ 117,315
Personal property replacement tax	600,000	600,000	772,726	172,726
Inheritance tax	200,000	200,000	255,229	55,229
Off track betting	95,000	95,000	107,633	12,633
Tax transfer stamps	<u>4,000,000</u>	<u>4,300,000</u>	<u>3,264,738</u>	<u>(1,035,262)</u>
Total Other Taxes	<u>5,645,000</u>	<u>5,945,000</u>	<u>5,267,641</u>	<u>(677,359)</u>
<b>INVESTMENT INCOME</b>				
Interest	<u>1,462,500</u>	<u>1,462,500</u>	<u>2,488,301</u>	<u>1,025,801</u>
<b>MISCELLANEOUS</b>				
General and Administrative				
Tax sale indemnity proceeds	175,000	175,000	250,662	75,662
Proceeds from sale of capital assets	10,000	10,000	68,134	58,134
Other income	<u>-</u>	<u>-</u>	<u>122,817</u>	<u>122,817</u>
Total Miscellaneous	<u>185,000</u>	<u>185,000</u>	<u>441,613</u>	<u>256,613</u>
<b>TOTAL REVENUES</b>	<u>\$ 72,495,613</u>	<u>\$ 73,479,551</u>	<u>\$ 76,722,394</u>	<u>\$ 3,242,843</u>

(Concluded)

**County of McHenry, Illinois**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL AND ADMINISTRATIVE</b>				
County Auditor				
Personnel services	\$ 261,544	\$ 264,721	\$ 264,715	\$ 6
Contractual services	9,220	8,220	6,824	1,396
Commodities	<u>10,329</u>	<u>11,792</u>	<u>11,783</u>	<u>9</u>
Total County Auditor	<u>281,093</u>	<u>284,733</u>	<u>283,322</u>	<u>1,411</u>
County Board and Liquor Commission				
Personnel services	538,146	541,654	541,650	4
Contractual services	72,425	72,425	55,390	17,035
Commodities	<u>36,150</u>	<u>36,150</u>	<u>34,158</u>	<u>1,992</u>
Total County Board and Liquor Commission	<u>646,721</u>	<u>650,229</u>	<u>631,198</u>	<u>19,031</u>
General Operating				
Personnel services	1,443,263	946,115	32,672	913,443
Contractual services	10,025,344	10,178,765	9,158,708	1,020,057
Commodities	<u>200,350</u>	<u>42,090</u>	<u>300</u>	<u>41,790</u>
Total General Operating	<u>11,668,957</u>	<u>11,166,970</u>	<u>9,191,680</u>	<u>1,975,290</u>
Purchasing				
Personnel services	241,394	254,754	254,751	3
Contractual services	12,580	13,855	12,281	1,574
Commodities	<u>360,835</u>	<u>360,335</u>	<u>356,899</u>	<u>3,436</u>
Total Purchasing	<u>614,809</u>	<u>628,944</u>	<u>623,931</u>	<u>5,013</u>
County Clerk				
Personnel services	360,313	372,136	372,131	5
Contractual services	15,095	15,235	11,001	4,234
Commodities	<u>11,260</u>	<u>11,260</u>	<u>5,729</u>	<u>5,531</u>
Total County Clerk	<u>386,668</u>	<u>398,631</u>	<u>388,861</u>	<u>9,770</u>
Merit Commission				
Personnel services	5,100	5,100	3,637	1,463
Contractual services	54,000	65,350	65,346	4
Commodities	<u>900</u>	<u>935</u>	<u>932</u>	<u>3</u>
Total Merit Commission	<u>60,000</u>	<u>71,385</u>	<u>69,915</u>	<u>1,470</u>

(Continued)

**County of McHenry, Illinois**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL AND ADMINISTRATIVE (Continued)</b>				
County Clerk - Elections				
Personnel services	\$ 459,003	\$ 459,003	\$ 362,999	\$ 96,004
Contractual services	251,250	251,250	209,131	42,119
Commodities	<u>290,000</u>	<u>290,000</u>	<u>144,989</u>	<u>145,011</u>
Total County Clerk - Elections	<u>1,000,253</u>	<u>1,000,253</u>	<u>717,119</u>	<u>283,134</u>
Facilities Management				
Personnel services	852,247	949,334	949,329	5
Contractual services	1,642,053	2,031,225	1,910,911	120,314
Commodities	<u>114,853</u>	<u>134,953</u>	<u>124,457</u>	<u>10,496</u>
Total Facilities Management	<u>2,609,153</u>	<u>3,115,512</u>	<u>2,984,697</u>	<u>130,815</u>
County Recorder				
Personnel services	1,135,538	1,144,086	1,144,081	5
Contractual services	48,565	48,565	23,951	24,614
Commodities	<u>1,950,895</u>	<u>2,250,895</u>	<u>2,207,921</u>	<u>42,974</u>
Total County Recorder	<u>3,134,998</u>	<u>3,443,546</u>	<u>3,375,953</u>	<u>67,593</u>
County Treasurer				
Personnel services	422,612	422,612	410,089	12,523
Contractual services	105,057	105,057	85,325	19,732
Commodities	<u>8,900</u>	<u>8,900</u>	<u>8,900</u>	<u>-</u>
Total County Treasurer	<u>536,569</u>	<u>536,569</u>	<u>504,314</u>	<u>32,255</u>
Supervisor of Assessments				
Personnel services	727,304	730,434	730,429	5
Contractual services	264,429	294,194	244,958	49,236
Commodities	<u>24,925</u>	<u>25,040</u>	<u>18,701</u>	<u>6,339</u>
Total Supervisor of Assessments	<u>1,016,658</u>	<u>1,049,668</u>	<u>994,088</u>	<u>55,580</u>
County Administrator				
Personnel services	347,442	371,761	371,756	5
Contractual services	26,252	26,252	24,994	1,258
Commodities	<u>18,100</u>	<u>31,100</u>	<u>25,599</u>	<u>5,501</u>
Total County Administrator	<u>391,794</u>	<u>429,113</u>	<u>422,349</u>	<u>6,764</u>
Information Technology				
Personnel services	1,284,004	1,259,004	1,250,093	8,911
Contractual services	1,347,379	1,399,957	1,369,763	30,194
Commodities	<u>137,477</u>	<u>126,759</u>	<u>126,114</u>	<u>645</u>
Total Information Technology	<u>2,768,860</u>	<u>2,785,720</u>	<u>2,745,970</u>	<u>39,750</u>

(Continued)

**County of McHenry, Illinois**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL AND ADMINISTRATIVE (Continued)</b>				
Human Resources				
Personnel services	\$ 267,481	\$ 268,971	\$ 268,967	\$ 4
Contractual services	269,130	269,130	191,950	77,180
Commodities	<u>5,150</u>	<u>5,150</u>	<u>4,883</u>	<u>267</u>
Total Human Resources	<u>541,761</u>	<u>543,251</u>	<u>465,800</u>	<u>77,451</u>
Educational Service Region				
Personnel services	157,977	163,482	163,477	5
Contractual services	30,200	27,700	25,871	1,829
Commodities	<u>13,606</u>	<u>16,106</u>	<u>10,879</u>	<u>5,227</u>
Total Educational Service Region	<u>201,783</u>	<u>207,288</u>	<u>200,227</u>	<u>7,061</u>
Total General and Administrative	<u>25,860,077</u>	<u>26,311,812</u>	<u>23,599,424</u>	<u>2,712,388</u>
<b>COMMUNITY DEVELOPMENT</b>				
Planning and Development				
Personnel services	1,064,182	1,091,616	995,684	95,932
Contractual services	242,060	223,441	189,745	33,696
Commodities	<u>51,831</u>	<u>52,567</u>	<u>52,293</u>	<u>274</u>
Total Planning and Development	<u>1,358,073</u>	<u>1,367,624</u>	<u>1,237,722</u>	<u>129,902</u>
Total Community Development	<u>1,358,073</u>	<u>1,367,624</u>	<u>1,237,722</u>	<u>129,902</u>
<b>PUBLIC SAFETY</b>				
County Sheriff				
Personnel services	20,931,361	21,133,262	21,082,011	51,251
Contractual services	3,484,010	3,955,692	3,274,575	681,117
Commodities	<u>686,379</u>	<u>1,134,479</u>	<u>950,568</u>	<u>183,911</u>
Total County Sheriff	<u>25,101,750</u>	<u>26,223,433</u>	<u>25,307,154</u>	<u>916,279</u>
Emergency Management				
Personnel services	210,178	220,533	220,529	4
Contractual services	25,920	23,920	16,933	6,987
Commodities	<u>17,973</u>	<u>19,973</u>	<u>17,524</u>	<u>2,449</u>
Total Emergency Management	<u>254,071</u>	<u>264,426</u>	<u>254,986</u>	<u>9,440</u>

(Continued)

**County of McHenry, Illinois**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC SAFETY (Continued)</b>				
County Coroner				
Personnel services	\$ 285,589	\$ 295,074	\$ 295,068	\$ 6
Contractual services	137,575	135,575	133,185	2,390
Commodities	13,732	15,732	15,163	569
Total County Coroner	<u>436,896</u>	<u>446,381</u>	<u>443,416</u>	<u>2,965</u>
Total Public Safety	<u>25,792,717</u>	<u>26,934,240</u>	<u>26,005,556</u>	<u>928,684</u>
<b>JUDICIARY AND COURT RELATED</b>				
Clerk of the Circuit Court				
Personnel services	1,649,639	1,735,848	1,735,843	5
Contractual services	34,407	34,407	34,309	98
Commodities	41,328	41,328	19,863	21,465
Total Clerk of the Circuit Court	<u>1,725,374</u>	<u>1,811,583</u>	<u>1,790,015</u>	<u>21,568</u>
Court Administration				
Personnel services	463,056	463,056	452,786	10,270
Contractual services	712,048	680,215	660,734	19,481
Commodities	34,940	67,508	62,861	4,647
Total Court Administration	<u>1,210,044</u>	<u>1,210,779</u>	<u>1,176,381</u>	<u>34,398</u>
Court Services				
Personnel services	2,349,735	2,368,220	2,367,308	912
Contractual services	938,050	938,050	912,149	25,901
Commodities	26,250	26,250	24,398	1,852
Total Court Services	<u>3,314,035</u>	<u>3,332,520</u>	<u>3,303,855</u>	<u>28,665</u>
Public Defender				
Personnel services	716,550	749,680	749,674	6
Contractual services	8,870	8,370	6,573	1,797
Commodities	9,573	10,073	9,816	257
Total Public Defender	<u>734,993</u>	<u>768,123</u>	<u>766,063</u>	<u>2,060</u>
State's Attorney				
Personnel services	2,208,544	2,270,679	2,270,673	6
Contractual services	151,507	215,284	192,129	23,155
Commodities	90,982	88,242	81,630	6,612
Total State's Attorney	<u>2,451,033</u>	<u>2,574,205</u>	<u>2,544,432</u>	<u>29,773</u>

(Continued)

**County of McHenry, Illinois**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>JUDICIARY AND COURT RELATED (Continued)</b>				
Mental Health Court				
Contractual services	\$ -	\$ 5,867	\$ 3,239	\$ 2,628
Commodities	-	10,300	477	9,823
Total Mental Health Court	-	16,167	3,716	12,451
Total Judiciary and Court Related	9,435,479	9,713,377	9,584,462	128,915
<b>PUBLIC HEALTH AND WELFARE</b>				
Health Department				
Personnel services	4,385,829	4,451,092	4,451,081	11
Contractual services	437,662	506,209	442,949	63,260
Commodities	638,060	793,188	823,903	(30,715)
Total Health Department	5,461,551	5,750,489	5,717,933	32,556
Total Public Health and Welfare	5,461,551	5,750,489	5,717,933	32,556
Total Expenditures - Current	67,907,897	70,077,542	66,145,097	3,932,445
<b>CAPITAL OUTLAY</b>				
General operating	1,687,378	3,501,144	2,785,046	716,098
County sheriff	24,032	121,936	84,966	36,970
Total Capital Outlay	1,711,410	3,623,080	2,870,012	753,068
<b>DEBT SERVICE</b>				
Principal retirement	676,083	949,342	949,342	-
Interest and fiscal charges	9,349	9,349	9,347	2
Total Debt Service	685,432	958,691	958,689	2
<b>TOTAL EXPENDITURES</b>	<b>\$ 70,304,739</b>	<b>\$ 74,659,313</b>	<b>\$ 69,973,798</b>	<b>\$ 4,685,515</b>

(Concluded)

**NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING STATEMENTS**

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
November 30, 2007

	Special Revenue	Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$ 51,779,151	\$ 150,926	\$ 2,689,965	\$ 830,568	\$ 55,450,610
Property taxes receivable	18,790,744	-	-	-	18,790,744
Receivable - other	811,765	-	-	-	811,765
Due from other governments	5,470,140	-	-	-	5,470,140
Due from other funds	30,500	-	3,078	-	33,578
Inventory	34,583	-	-	-	34,583
<b>TOTAL ASSETS</b>	<b><u>\$ 76,916,883</u></b>	<b><u>\$ 150,926</u></b>	<b><u>\$ 2,693,043</u></b>	<b><u>\$ 830,568</u></b>	<b><u>\$ 80,591,420</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,567,363	\$ 2,980	\$ 677,475	\$ -	\$ 3,247,818
Accrued payroll	1,204,461	-	-	-	1,204,461
Deferred revenue	22,283,094	-	-	-	22,283,094
Due to other funds	300,357	-	-	30,000	330,357
Advance from other funds	750,000	-	-	-	750,000
Due to grantees	482,963	-	-	-	482,963
<b>Total Liabilities</b>	<b><u>27,588,238</u></b>	<b><u>2,980</u></b>	<b><u>677,475</u></b>	<b><u>30,000</u></b>	<b><u>28,298,693</u></b>
<b>Fund Balances</b>					
Reserved for encumbrances	7,756,039	-	1,771,019	-	9,527,058
Reserved for inventory	34,583	-	-	-	34,583
Reserved for non-current receivables	749,962	-	-	-	749,962
Reserved for future grant programs	393,167	-	-	-	393,167
Reserved for debt service	-	147,946	-	-	147,946
Reserved for working cash	-	-	-	800,568	800,568
Unreserved - undesignated	40,394,894	-	244,549	-	40,639,443
<b>Total Fund Balances</b>	<b><u>49,328,645</u></b>	<b><u>147,946</u></b>	<b><u>2,015,568</u></b>	<b><u>800,568</u></b>	<b><u>52,292,727</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 76,916,883</u></b>	<b><u>\$ 150,926</u></b>	<b><u>\$ 2,693,043</u></b>	<b><u>\$ 830,568</u></b>	<b><u>\$ 80,591,420</u></b>

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended November 30, 2007

	Special Revenue	Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Charges for services	\$ 3,903,938	\$ -	\$ -	\$ -	\$ 3,903,938
Licenses and permits	124,151	-	-	-	124,151
Fines and forfeitures	11,970	-	-	-	11,970
Grants, contributions, and intergovernmental	13,237,330	-	-	-	13,237,330
Property taxes	20,161,735	-	-	-	20,161,735
Other taxes	140,127	-	-	-	140,127
Investment income	1,993,695	11,093	245,868	38,887	2,289,543
Miscellaneous	187,417	-	3,078	-	190,495
<b>Total Revenues</b>	<b>39,760,363</b>	<b>11,093</b>	<b>248,946</b>	<b>38,887</b>	<b>40,059,289</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General and administrative	2,846,167	13,504	429,008	-	3,288,679
Community development	2,190,606	-	-	-	2,190,606
Transportation	8,871,387	-	-	-	8,871,387
Public safety	3,907,017	-	-	-	3,907,017
Judiciary and court related	3,913,469	-	-	-	3,913,469
Public health and welfare	9,995,126	-	-	-	9,995,126
Capital outlay	11,459,155	-	8,895,981	-	20,355,136
<b>Debt service</b>					
Principal retirement	5,527	2,265,337	-	-	2,270,864
Interest and fiscal charges	-	1,080,965	-	-	1,080,965
<b>Total Expenditures</b>	<b>43,188,454</b>	<b>3,359,806</b>	<b>9,324,989</b>	<b>-</b>	<b>55,873,249</b>
Excess (deficiency) of revenues over expenditures	<u>(3,428,091)</u>	<u>(3,348,713)</u>	<u>(9,076,043)</u>	<u>38,887</u>	<u>(15,813,960)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	9,776,989	3,401,577	1,712,655	-	14,891,221
Transfers out	(999,885)	-	(55,275)	(30,000)	(1,085,160)
Debt certificates issued	-	-	4,885,000	-	4,885,000
Premium on debt certificates issued	-	-	37,571	-	37,571
<b>Total Other Financing Sources (Uses)</b>	<b>8,777,104</b>	<b>3,401,577</b>	<b>6,579,951</b>	<b>(30,000)</b>	<b>18,728,632</b>
<b>Net Change in Fund Balances</b>	<b>5,349,013</b>	<b>52,864</b>	<b>(2,496,092)</b>	<b>8,887</b>	<b>2,914,672</b>
Fund Balances - Beginning of Year	<u>43,979,632</u>	<u>95,082</u>	<u>4,511,660</u>	<u>791,681</u>	<u>49,378,055</u>
Fund Balances - End of Year	<u>\$ 49,328,645</u>	<u>\$ 147,946</u>	<u>\$ 2,015,568</u>	<u>\$ 800,568</u>	<u>\$ 52,292,727</u>

## NONMAJOR SPECIAL REVENUE FUNDS

**Veterans' Assistance Commission Bus Fund** – to account for expenditures related to the purchase of buses used to transport veterans.

**Veterans' Assistance Commission Fund** – to account for expenditures to assist veterans. Revenue is from property taxes.

**Illinois Municipal Retirement Fund** – To account for expenditures for municipal retirement expenses for the County's employees. Revenue is primarily from property taxes.

**Social Security Fund** – to account for expenditures related to Social Security payments to the United States government. Revenue is from property taxes.

**Highway Department Relocation Fund** – to account for all expenditures and funds received on deposit for the sale of property and relocation of the Highway Department.

**County Highway Fund** – to account for expenditures for highway maintenance and construction. Revenues are from property taxes and charges for services.

**Matching Fund** – to account for expenditures for road construction. Revenue is from property taxes.

**County Bridge Fund** – to account for expenditures to construct and maintain County bridges. Revenue is from property taxes.

**County Option Motor Fuel Tax Fund** – To account for the collection of an optional gasoline tax to be used for road maintenance and repair.

**Tuberculosis Care and Treatment Fund** – to account for expenditures for the administration of the tuberculosis care program. Revenue is from property taxes.

**Maintenance and Child Support Collection Fund** – to account for fees charged to obligors to process child support payments.

**County Clerk Automation Fund** – to account for fees collected to be used for the automation of the County Clerk's Office.

**Recorder Automation Fund** – to account for Recorder's automation fees to be used to improve the capabilities of the Recorder's office through the application of new technology.

**Animal Shelter Fund** – to account for expenditures for the maintenance of the animal shelter. Revenue is from contracts with various municipalities.

**County Treasurer Automation Fund** – to account for the collection of a fee for the upgrading of equipment and programs necessary to assist in the collection and distribution of taxes. The funds are also used for advanced recordkeeping and to microfiche all office records.

**Job Training Fund** – to account for funds received under the Workforce Investment Act (WIA) used for various employment and training programs and services, which help eligible individuals become economically self-sufficient.

**Law Library Fund** – to account for the operations of the law library. Revenues are from a fee charged on civil court cases.

**Mental Health Capital Development Fund** – to account for a loan returned to the Department of Mental Health by Memorial Hospital.

**Mental Health Grant Fund** – to account for funds made available through the Title XX and Community Services Block Grant programs and various other grant programs through the Illinois Departments of Human Services and Children and Family Services.

**Circuit Court Document Storage Fund** – to account for the collection of document storage fees to be used to establish and maintain a document storage system in the office of the Clerk of the Circuit Court.

**Probation Service Fee Fund** – to account for probation service fees collected from persons sentenced to probation.

**CDBG/HOME Fund** – to account for funds received from the U.S. Department of Housing and Urban Development for Community Development Block Grants (CDBG) and Home Investment Partnership Program (HOME) funds to be used to assist communities in meeting their greatest economic and community development needs, with an emphasis upon persons with low to moderate income.

**Dental Care Clinic Fund** – to account for funds used in the operation of the County Dental Care Clinic.

**Circuit Court Automation Fund** – to account for the collection of court automation fees to be used to establish and maintain automated recordkeeping systems of the Clerk of the Circuit Court.

**Illinois Criminal Justice Authority Fund** – to account for funds used in the Multi-Jurisdictional Drug Prosecution Program. This program is designed to prosecute all felony narcotics cases, including any correlative forfeiture actions.

**Circuit Court Admin Fund** – to account for fees that are restricted to the Circuit Clerk's Office.

**EMDT Fund** – to account for funds used for the purpose of providing drug and alcohol testing along with electronic monitoring services.

**Treasurer's Passport Services Fund** – to account for the collection of fees and processing of passport applications in the Treasurer's Office.

**Valley Hi Donations Fund** – to account for donated funds to be used for the Valley Hi nursing home.

**DUI Conviction Fund** – to account for DUI conviction fines allocated to the County by the Illinois vehicle code to be used for the procurement of law enforcement equipment.

**Geographic Information Systems Fund** – to account for the collection of fees to be used for the implementation and maintenance of the County's Geographic Information System.

**Revolving Loan Fund** – to account for monies received from the State of Illinois for community development loans under the Community Development Block Grant Program. The principal and interest repaid on these loans is kept by the County and used to make new community development loans.

**Health Scholarship Fund** – to account for monies donated for use by the County Board and the Health Department for support of a Public Health Scholarship and research activities.

**Senior Services Fund** – to account for the revenues and expenditures of the social services – senior citizens tax levy.

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
November 30, 2007

	Veterans' Assistance Commission Bus Fund	Veterans' Assistance Commission Fund	Illinois Municipal Retirement Fund	Social Security Fund
<b>ASSETS</b>				
Cash and equivalents	\$ 6,286	\$ 1,141,537	\$ 8,211,722	\$ 5,704,422
Property taxes receivable	-	550,020	3,750,194	1,750,123
Receivable - other	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,286</b>	<b>\$ 1,691,557</b>	<b>\$ 11,961,916</b>	<b>\$ 7,454,545</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 9,404	\$ -	\$ 60,984
Accrued payroll	-	3,535	1,070,974	-
Deferred revenue	-	550,000	3,750,000	1,750,000
Due to other funds	-	3,557	-	-
Advance from other funds	-	-	-	-
Due to grantees	-	-	-	-
	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>566,496</b>	<b>4,820,974</b>	<b>1,810,984</b>
<b>Fund Balances</b>				
Reserved for encumbrances	-	68,102	-	-
Reserved for inventory	-	-	-	-
Reserved for non-current receivables	-	-	-	-
Reserved for future grant programs	-	54,893	-	-
Unreserved - undesignated	6,286	1,002,066	7,140,942	5,643,561
	6,286	1,002,066	7,140,942	5,643,561
<b>Total Fund Balances</b>	<b>6,286</b>	<b>1,125,061</b>	<b>7,140,942</b>	<b>5,643,561</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,286</b>	<b>\$ 1,691,557</b>	<b>\$ 11,961,916</b>	<b>\$ 7,454,545</b>

Highway Department Relocation Fund	County Highway Fund	Matching Fund	County Bridge Fund	County Option Motor Fuel Tax Fund	Tuberculosis Care and Treatment Fund
\$ 634,514	\$ 4,276,321	\$ 8,723,472	\$ 1,756,099	\$ 11,048,268	\$ 100,520
-	6,140,222	3,500,096	1,000,015	-	325,008
4,649	45,168	8,020	925	-	-
-	17,060	-	1,093	1,767,407	-
-	-	-	-	-	-
-	24,340	-	-	-	-
<u>639,163</u>	<u>10,503,111</u>	<u>12,231,588</u>	<u>2,758,132</u>	<u>12,815,675</u>	<u>425,528</u>

\$ -	\$ 34,105	\$ 278,494	\$ 99,167	\$ 1,165,056	\$ 4,336
-	61,791	-	-	-	3,692
-	6,145,180	3,500,000	1,001,312	1,311,020	325,000
-	135,027	-	-	-	7,313
-	-	-	-	-	-
-	-	-	-	-	-
-	6,376,103	3,778,494	1,100,479	2,476,076	340,341
-	622,163	959,581	126,233	5,939,690	-
-	24,340	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>639,163</u>	<u>3,480,505</u>	<u>7,493,513</u>	<u>1,531,420</u>	<u>4,399,909</u>	<u>85,187</u>
<u>639,163</u>	<u>4,127,008</u>	<u>8,453,094</u>	<u>1,657,653</u>	<u>10,339,599</u>	<u>85,187</u>
<u>639,163</u>	<u>10,503,111</u>	<u>12,231,588</u>	<u>2,758,132</u>	<u>12,815,675</u>	<u>425,528</u>

(Continued)

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
November 30, 2007

	Maintenance and Child Support Collection Fund	County Clerk Automation Fund	Recorder Automation Fund	Animal Shelter Fund
<b>ASSETS</b>				
Cash and equivalents	\$ 324,010	\$ 106,751	\$ 279,996	\$ 16,371
Property taxes receivable	-	-	-	-
Receivable - other	-	-	616	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 324,010</b>	<b>\$ 106,751</b>	<b>\$ 280,612</b>	<b>\$ 16,371</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 6,423	\$ -	\$ -
Accrued payroll	2,363	-	4,829	-
Deferred revenue	-	-	-	-
Due to other funds	2,290	-	5,158	-
Advance from other funds	-	-	-	-
Due to grantees	-	-	-	-
	-	-	-	-
<b>Total Liabilities</b>	<b>4,653</b>	<b>6,423</b>	<b>9,987</b>	<b>-</b>
<b>Fund Balances</b>				
Reserved for encumbrances	-	-	16,795	-
Reserved for inventory	-	-	-	-
Reserved for non-current receivables	-	-	-	-
Reserved for future grant programs	-	-	-	-
Unreserved - undesignated	319,357	100,328	253,830	16,371
	-	-	-	-
<b>Total Fund Balances</b>	<b>319,357</b>	<b>100,328</b>	<b>270,625</b>	<b>16,371</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 324,010</b>	<b>\$ 106,751</b>	<b>\$ 280,612</b>	<b>\$ 16,371</b>

County Treasurer Automation Fund	Job Training Fund	Law Library Fund	Mental Health Capital Development Fund	Mental Health Grant Fund	Circuit Court Document Storage Fund
\$ 410,240	\$ 223,153	\$ 214,023	\$ 408,054	\$ 232,873	\$ 1,034,575
-	-	-	-	-	-
1,732	-	-	-	-	-
-	1,385,946	-	-	2,085,006	-
-	-	-	30,500	-	-
-	-	-	-	10,243	-
<u>\$ 411,972</u>	<u>\$ 1,609,099</u>	<u>\$ 214,023</u>	<u>\$ 438,554</u>	<u>\$ 2,328,122</u>	<u>\$ 1,034,575</u>
\$ 17,590	\$ 67,358	\$ 35,634	\$ -	\$ 239,163	\$ 4,747
-	19,625	-	-	22,737	3,442
-	1,041,494	-	-	1,118,818	-
-	12,207	-	-	102,992	-
-	-	-	-	-	375,000
-	-	-	-	482,963	-
<u>17,590</u>	<u>1,140,684</u>	<u>35,634</u>	<u>-</u>	<u>1,966,673</u>	<u>383,189</u>
-	-	-	-	-	-
-	-	-	-	10,243	-
-	-	-	-	-	-
-	280,237	-	-	58,037	-
<u>394,382</u>	<u>188,178</u>	<u>178,389</u>	<u>438,554</u>	<u>293,169</u>	<u>651,386</u>
<u>394,382</u>	<u>468,415</u>	<u>178,389</u>	<u>438,554</u>	<u>361,449</u>	<u>651,386</u>
<u>\$ 411,972</u>	<u>\$ 1,609,099</u>	<u>\$ 214,023</u>	<u>\$ 438,554</u>	<u>\$ 2,328,122</u>	<u>\$ 1,034,575</u>

(Continued)

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
November 30, 2007

	<u>Probation Service Fee Fund</u>	<u>CDBG/ HOME Fund</u>	<u>Dental Care Clinic Fund</u>	<u>Circuit Court Automation Fund</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 950,753	\$ 109,770	\$ 126,408	\$ 843,238
Property taxes receivable	-	-	-	-
Receivable - other	-	-	-	-
Due from other governments	-	213,628	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 950,753</u></u>	<u><u>\$ 323,398</u></u>	<u><u>\$ 126,408</u></u>	<u><u>\$ 843,238</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,253	\$ 211,875	\$ 10,627	\$ 177
Accrued payroll	-	429	668	4,094
Deferred revenue	-	15,270	-	-
Due to other funds	5,150	659	1,013	2,111
Advance from other funds	-	-	-	375,000
Due to grantees	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>8,403</u>	<u>228,233</u>	<u>12,308</u>	<u>381,382</u>
<b>Fund Balances</b>				
Reserved for encumbrances	-	-	-	-
Reserved for inventory	-	-	-	-
Reserved for non-current receivables	-	-	-	-
Reserved for future grant programs	-	-	-	-
Unreserved - undesignated	942,350	95,165	114,100	461,856
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balances</b>	<u>942,350</u>	<u>95,165</u>	<u>114,100</u>	<u>461,856</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 950,753</u></u>	<u><u>\$ 323,398</u></u>	<u><u>\$ 126,408</u></u>	<u><u>\$ 843,238</u></u>

Illinois Criminal Justice Authority Fund	Circuit Court Admin Fund	EMDT Fund	Treasurer's Passport Services Fund	Valley Hi Donations Fund	DUI Conviction Fund
\$ 556	\$ 48,131	\$ 48,830	\$ 109,009	\$ -	\$ 17,077
-	-	-	-	-	-
-	-	-	693	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>556</u>	<u>48,131</u>	<u>48,830</u>	<u>109,702</u>	<u>-</u>	<u>17,077</u>
\$ -	\$ -	\$ -	\$ 956	\$ -	\$ -
-	-	-	-	-	-
-	-	19,247	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>19,247</u>	<u>956</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
556	48,131	29,583	108,746	-	17,077
<u>556</u>	<u>48,131</u>	<u>29,583</u>	<u>108,746</u>	<u>-</u>	<u>17,077</u>
<u>556</u>	<u>48,131</u>	<u>48,830</u>	<u>109,702</u>	<u>-</u>	<u>17,077</u>

(Continued)

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
November 30, 2007

	<u>Geographic Information Systems Fund</u>	<u>Revolving Loan Fund</u>	<u>Health Scholarship Fund</u>	<u>Senior Services Fund</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 989,092	\$ 841,382	\$ 7,041	\$ 2,834,657
Property taxes receivable	-	-	-	1,775,066
Receivable - other	-	749,962	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 989,092</u>	<u>\$ 1,591,344</u>	<u>\$ 7,041</u>	<u>\$ 4,609,723</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,587	\$ -	\$ 500	\$ 315,927
Accrued payroll	6,282	-	-	-
Deferred revenue	-	-	-	1,775,000
Due to other funds	3,633	-	-	-
Advance from other funds	-	-	-	-
Due to grantees	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>11,502</u>	<u>-</u>	<u>500</u>	<u>2,090,927</u>
<b>Fund Balances</b>				
Reserved for encumbrances	23,475	-	-	-
Reserved for inventory	-	-	-	-
Reserved for non-current receivables	-	749,962	-	-
Reserved for future grant programs	-	-	-	-
Unreserved - undesignated	954,115	841,382	6,541	2,518,796
	<u>977,590</u>	<u>1,591,344</u>	<u>6,541</u>	<u>2,518,796</u>
<b>Total Fund Balances</b>	<u>977,590</u>	<u>1,591,344</u>	<u>6,541</u>	<u>2,518,796</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 989,092</u>	<u>\$ 1,591,344</u>	<u>\$ 7,041</u>	<u>\$ 4,609,723</u>

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Totals

\$ 51,779,151  
18,790,744  
811,765  
5,470,140  
30,500  
34,583

\$ 76,916,883

\$ 2,567,363  
1,204,461  
22,283,094  
300,357  
750,000  
482,963

27,588,238

7,756,039  
34,583  
749,962  
393,167  
40,394,894

49,328,645

\$ 76,916,883

(Concluded)

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended November 30, 2007

	Veterans' Assistance Commission Bus Fund	Veterans' Assistance Commission Fund	Illinois Municipal Retirement Fund	Social Security Fund
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	66,424	-	-
Property taxes	-	553,023	5,258,380	3,336,863
Other taxes	-	-	140,127	-
Investment income	588	291	306,728	233,249
Miscellaneous	850	135	-	-
	<u>1,438</u>	<u>619,873</u>	<u>5,705,235</u>	<u>3,570,112</u>
<b>EXPENDITURES</b>				
Current				
General and administrative	-	-	516,038	444,621
Community development	-	-	68,120	61,237
Transportation	-	-	186,518	161,428
Public safety	-	-	2,673,138	1,233,879
Judiciary and court related	-	-	567,566	484,129
Public health and welfare	-	440,034	711,596	650,487
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal retirement	-	-	-	-
	<u>-</u>	<u>440,034</u>	<u>4,722,976</u>	<u>3,035,781</u>
Excess (deficiency) of revenues over expenditures	<u>1,438</u>	<u>179,839</u>	<u>982,259</u>	<u>534,331</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,438	179,839	982,259	534,331
Fund Balances (Deficit) - Beginning of Year	<u>4,848</u>	<u>945,222</u>	<u>6,158,683</u>	<u>5,109,230</u>
Fund Balances - End of Year	<u>\$ 6,286</u>	<u>\$ 1,125,061</u>	<u>\$ 7,140,942</u>	<u>\$ 5,643,561</u>

Highway Department Relocation Fund	County Highway Fund	Matching Fund	County Bridge Fund	County Option Motor Fuel Tax Fund	Tuberculosis Care and Treatment Fund
\$ -	\$ 11,018	\$ -	\$ -	\$ -	\$ 9,615
-	124,151	-	-	-	-
-	-	-	-	-	-
-	113,559	22,431	154,038	4,895,808	-
-	5,998,876	2,596,368	412,401	-	224,928
-	-	-	-	-	-
45,194	142,408	334,617	64,430	345,978	3,812
-	14,995	-	-	-	-
<u>45,194</u>	<u>6,405,007</u>	<u>2,953,416</u>	<u>630,869</u>	<u>5,241,786</u>	<u>238,355</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	4,772,034	-	105,636	3,645,771	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	275,439
-	1,245,041	1,797,944	169,108	8,020,024	-
-	-	-	-	-	-
<u>-</u>	<u>6,017,075</u>	<u>1,797,944</u>	<u>274,744</u>	<u>11,665,795</u>	<u>275,439</u>
45,194	387,932	1,155,472	356,125	(6,424,009)	(37,084)
-	-	1,505,832	111,047	7,432,095	-
(446,792)	(78,846)	-	-	-	-
<u>(446,792)</u>	<u>(78,846)</u>	<u>1,505,832</u>	<u>111,047</u>	<u>7,432,095</u>	<u>-</u>
(401,598)	309,086	2,661,304	467,172	1,008,086	(37,084)
<u>1,040,761</u>	<u>3,817,922</u>	<u>5,791,790</u>	<u>1,190,481</u>	<u>9,331,513</u>	<u>122,271</u>
<u>\$ 639,163</u>	<u>\$ 4,127,008</u>	<u>\$ 8,453,094</u>	<u>\$ 1,657,653</u>	<u>\$ 10,339,599</u>	<u>\$ 85,187</u>

(Continued)

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended November 30, 2007

	Maintenance and Child Support Collection Fund	County Clerk Automation Fund	Recorder Automation Fund	Animal Shelter Fund
<b>REVENUES</b>				
Charges for services	\$ 169,588	\$ 14,988	\$ 414,714	\$ 4,726
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	-	-	-
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Investment income	14,807	5,478	19,779	710
Miscellaneous	-	-	-	-
	<u>184,395</u>	<u>20,466</u>	<u>434,493</u>	<u>5,436</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current				
General and administrative	-	9,760	574,194	-
Community development	-	-	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Judiciary and court related	150,182	-	-	-
Public health and welfare	-	-	-	1,163
Capital outlay	-	16,323	7,475	-
Debt service				
Principal retirement	-	-	-	-
	<u>150,182</u>	<u>26,083</u>	<u>581,669</u>	<u>1,163</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>34,213</u>	<u>(5,617)</u>	<u>(147,176)</u>	<u>4,273</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	34,213	(5,617)	(147,176)	4,273
Fund Balances (Deficit) - Beginning of Year	<u>285,144</u>	<u>105,945</u>	<u>417,801</u>	<u>12,098</u>
Fund Balances - End of Year	<u>\$ 319,357</u>	<u>\$ 100,328</u>	<u>\$ 270,625</u>	<u>\$ 16,371</u>

County Treasurer Automation Fund	Job Training Fund	Law Library Fund	Mental Health Capital Development Fund	Mental Health Grant Fund	Circuit Court Document Storage Fund
\$ 99,994	\$ -	\$ 184,175	\$ -	\$ -	\$ 793,628
-	-	-	-	-	-
-	-	-	-	-	-
-	2,224,222	-	-	3,469,789	-
-	-	-	-	-	-
-	-	-	-	-	-
22,231	12,602	7,607	12,355	3,586	50,949
-	136,264	-	-	5,960	-
<u>122,225</u>	<u>2,373,088</u>	<u>191,782</u>	<u>12,355</u>	<u>3,479,335</u>	<u>844,577</u>
113,389	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	131,200	-	-	1,107,786
-	2,272,296	-	-	3,602,416	-
10,885	12,464	-	-	-	-
-	5,527	-	-	-	-
<u>124,274</u>	<u>2,290,287</u>	<u>131,200</u>	<u>-</u>	<u>3,602,416</u>	<u>1,107,786</u>
(2,049)	82,801	60,582	12,355	(123,081)	(263,209)
-	-	-	90,000	638,015	-
-	-	-	(455,000)	-	-
-	-	-	(365,000)	638,015	-
(2,049)	82,801	60,582	(352,645)	514,934	(263,209)
<u>396,431</u>	<u>385,614</u>	<u>117,807</u>	<u>791,199</u>	<u>(153,485)</u>	<u>914,595</u>
<u>\$ 394,382</u>	<u>\$ 468,415</u>	<u>\$ 178,389</u>	<u>\$ 438,554</u>	<u>\$ 361,449</u>	<u>\$ 651,386</u>

(Continued)

**County of McHenry, Illinois**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended November 30, 2007

	Probation Service Fee Fund	CDBG/ HOME Fund	Dental Care Clinic Fund	Circuit Court Automation Fund
<b>REVENUES</b>				
Charges for services	\$ 324,122	\$ -	\$ 45,567	\$ 838,588
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	2,059,123	148,542	-
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Investment income	43,562	-	5,651	34,807
Miscellaneous	-	29,213	-	-
<b>Total Revenues</b>	<b>367,684</b>	<b>2,088,336</b>	<b>199,760</b>	<b>873,395</b>
<b>EXPENDITURES</b>				
Current				
General and administrative	-	-	-	-
Community development	-	2,060,749	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Judiciary and court related	299,971	-	-	1,093,983
Public health and welfare	-	-	184,751	-
Capital outlay	36,254	-	-	-
Debt service	-	-	-	-
Principal retirement	-	-	-	-
<b>Total Expenditures</b>	<b>336,225</b>	<b>2,060,749</b>	<b>184,751</b>	<b>1,093,983</b>
Excess (deficiency) of revenues over expenditures	31,459	27,587	15,009	(220,588)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>31,459</b>	<b>27,587</b>	<b>15,009</b>	<b>(220,588)</b>
Fund Balances (Deficit) - Beginning of Year	910,891	67,578	99,091	682,444
Fund Balances - End of Year	<u>\$ 942,350</u>	<u>\$ 95,165</u>	<u>\$ 114,100</u>	<u>\$ 461,856</u>

Illinois Criminal Justice Authority Fund	Circuit Court Admin Fund	EMDT Fund	Treasurer's Passport Services Fund	Valley Hi Donations Fund	DUI Conviction Fund
\$ -	\$ 47,387	\$ 19,247	\$ 83,809	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	11,970
83,394	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
509	744	-	7,604	64	-
-	-	-	-	-	-
<u>83,903</u>	<u>48,131</u>	<u>19,247</u>	<u>91,413</u>	<u>64</u>	<u>11,970</u>
-	-	-	86,492	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
78,652	-	-	-	-	-
-	-	-	-	1,704	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>78,652</u>	<u>-</u>	<u>-</u>	<u>86,492</u>	<u>1,704</u>	<u>-</u>
5,251	48,131	19,247	4,921	(1,640)	11,970
-	-	-	-	-	-
-	-	(19,247)	-	-	-
-	-	(19,247)	-	-	-
5,251	48,131	-	4,921	(1,640)	11,970
(4,695)	-	29,583	103,825	1,640	5,107
<u>\$ 556</u>	<u>\$ 48,131</u>	<u>\$ 29,583</u>	<u>\$ 108,746</u>	<u>\$ -</u>	<u>\$ 17,077</u>

(Continued)

**County of McHenry, Illinois**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended November 30, 2007

	Geographic Information Systems Fund	Revolving Loan Fund	Health Scholarship Fund	Senior Services Fund
<b>REVENUES</b>				
Charges for services	\$ 842,772	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	-	-	-
Property taxes	-	-	-	1,780,896
Other taxes	-	-	-	-
Investment income	66,334	89,334	324	117,363
Miscellaneous	-	-	-	-
	<u>909,106</u>	<u>89,334</u>	<u>324</u>	<u>1,898,259</u>
<b>EXPENDITURES</b>				
Current				
General and administrative	1,101,673	-	-	-
Community development	-	500	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Judiciary and court related	-	-	-	-
Public health and welfare	-	-	-	1,855,240
Capital outlay	143,637	-	-	-
Debt service				
Principal retirement	-	-	-	-
	<u>1,245,310</u>	<u>500</u>	<u>-</u>	<u>1,855,240</u>
Excess (deficiency) of revenues over expenditures	<u>(336,204)</u>	<u>88,834</u>	<u>324</u>	<u>43,019</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(336,204)	88,834	324	43,019
Fund Balances (Deficit) - Beginning of Year	<u>1,313,794</u>	<u>1,502,510</u>	<u>6,217</u>	<u>2,475,777</u>
Fund Balances - End of Year	<u>\$ 977,590</u>	<u>\$ 1,591,344</u>	<u>\$ 6,541</u>	<u>\$ 2,518,796</u>

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Totals

\$ 3,903,938  
124,151  
11,970

13,237,330  
20,161,735  
140,127  
1,993,695  
187,417

39,760,363

2,846,167  
2,190,606  
8,871,387  
3,907,017  
3,913,469  
9,995,126  
11,459,155

5,527

43,188,454

(3,428,091)

9,776,989  
(999,885)

8,777,104

5,349,013

43,979,632

\$ 49,328,645

(Concluded)

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**VETERANS' ASSISTANCE COMMISSION BUS FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Investment income	\$ 200	\$ 200	\$ 588	\$ 388
Miscellaneous	-	-	850	850
<b>Total Revenues</b>	<u>200</u>	<u>200</u>	<u>1,438</u>	<u>1,238</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Contractual services	1,000	1,000	-	1,000
Commodities	500	500	-	500
<b>Total Expenditures</b>	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,300)</u>	<u>\$ (1,300)</u>	1,438	<u>\$ 2,738</u>
Fund Balance - Beginning of Year			<u>4,848</u>	
Fund Balance - End of Year			<u>\$ 6,286</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**VETERANS' ASSISTANCE COMMISSION FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ -	\$ 65,000	\$ 66,424	\$ 1,424
Property taxes	550,000	550,000	553,023	3,023
Investment income	100	100	291	191
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>135</u>	<u>(865)</u>
Total Revenues	<u>551,100</u>	<u>616,100</u>	<u>619,873</u>	<u>3,773</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Personnel services	209,497	209,497	191,721	17,776
Contractual services	228,883	261,383	218,046	43,337
Commodities	36,046	36,046	30,267	5,779
Capital outlay	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Expenditures	<u>474,426</u>	<u>546,926</u>	<u>440,034</u>	<u>106,892</u>
Net Change in Fund Balance	<u>\$ 76,674</u>	<u>\$ 69,174</u>	179,839	<u>\$ 110,665</u>
Fund Balance - Beginning of Year			<u>945,222</u>	
Fund Balance - End of Year			<u>\$ 1,125,061</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Property taxes	\$ 5,260,000	\$ 5,260,000	\$ 5,258,380	\$ (1,620)
Other taxes				
Personal property replacement tax	60,000	60,000	140,127	80,127
Investment income	<u>150,500</u>	<u>150,500</u>	<u>306,728</u>	<u>156,228</u>
 Total Revenues	 <u>5,470,500</u>	 <u>5,470,500</u>	 <u>5,705,235</u>	 <u>234,735</u>
<b>EXPENDITURES</b>				
Current				
Personnel services				
General and administrative	544,528	544,528	516,038	28,490
Community development	71,881	71,881	68,120	3,761
Transportation	196,815	196,815	186,518	10,297
Public safety	2,820,719	2,820,719	2,673,138	147,581
Judiciary and court related	598,901	598,901	567,566	31,335
Public health and welfare	<u>750,882</u>	<u>750,882</u>	<u>711,596</u>	<u>39,286</u>
 Total Expenditures	 <u>4,983,726</u>	 <u>4,983,726</u>	 <u>4,722,976</u>	 <u>260,750</u>
 Net Change in Fund Balance	 <u>\$ 486,774</u>	 <u>\$ 486,774</u>	 982,259	 <u>\$ 495,485</u>
 Fund Balance - Beginning of Year			 <u>6,158,683</u>	
 Fund Balance - End of Year			 <u>\$ 7,140,942</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SOCIAL SECURITY FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Property taxes	\$ 3,340,000	\$ 3,340,000	\$ 3,336,863	\$ (3,137)
Investment income	<u>125,000</u>	<u>125,500</u>	<u>233,249</u>	<u>107,749</u>
Total Revenues	<u>3,465,000</u>	<u>3,465,500</u>	<u>3,570,112</u>	<u>104,612</u>
<b>EXPENDITURES</b>				
Current				
Personnel services				
General and administrative	491,113	491,113	444,621	46,492
Community development	67,640	67,640	61,237	6,403
Transportation	178,308	178,308	161,428	16,880
Public safety	1,362,900	1,362,900	1,233,879	129,021
Judiciary and court related	534,752	534,752	484,129	50,623
Public health and welfare	<u>718,506</u>	<u>718,506</u>	<u>650,487</u>	<u>68,019</u>
Total Expenditures	<u>3,353,219</u>	<u>3,353,219</u>	<u>3,035,781</u>	<u>317,438</u>
Net Change in Fund Balance	<u>\$ 111,781</u>	<u>\$ 112,281</u>	534,331	<u>\$ 422,050</u>
Fund Balance - Beginning of Year			<u>5,109,230</u>	
Fund Balance - End of Year			<u>\$ 5,643,561</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**HIGHWAY DEPARTMENT RELOCATION FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Investment income	\$ 43,300	\$ 43,300	\$ 45,194	\$ 1,894
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	43,300	43,300	45,194	1,894
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(446,792)</u>	<u>(446,792)</u>	<u>(446,792)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (403,492)</u>	<u>\$ (403,492)</u>	(401,598)	<u>\$ 1,894</u>
Fund Balance - Beginning of Year			<u>1,040,761</u>	
Fund Balance - End of Year			<u>\$ 639,163</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY HIGHWAY FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Charges for services	\$ 3,000	\$ 3,000	\$ 11,018	\$ 8,018
Licenses and permits	120,000	120,000	124,151	4,151
Grants, contributions, and intergovernmental	66,486	66,486	113,559	47,073
Property taxes	6,000,000	6,000,000	5,998,876	(1,124)
Investment income	66,000	66,000	142,408	76,408
Miscellaneous	80,000	80,000	14,995	(65,005)
<b>Total Revenues</b>	<u>6,335,486</u>	<u>6,335,486</u>	<u>6,405,007</u>	<u>69,521</u>
<b>EXPENDITURES</b>				
Current				
Transportation				
Personnel services	3,932,975	4,012,975	3,710,534	302,441
Contractual services	550,135	603,466	457,283	146,183
Commodities	548,462	670,469	604,217	66,252
Capital outlay	1,007,000	1,778,956	1,245,041	533,915
<b>Total Expenditures</b>	<u>6,038,572</u>	<u>7,065,866</u>	<u>6,017,075</u>	<u>1,048,791</u>
Excess (deficiency) of revenues over expenditures	296,914	(730,380)	387,932	1,118,312
<b>OTHER FINANCING USES</b>				
Transfers out	(78,846)	(78,846)	(78,846)	-
<b>Net Change in Fund Balance</b>	<u>\$ 218,068</u>	<u>\$ (809,226)</u>	309,086	<u>\$ 1,118,312</u>
Fund Balance - Beginning of Year			<u>3,817,922</u>	
Fund Balance - End of Year			<u>\$ 4,127,008</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MATCHING FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 160,000	\$ 160,000	\$ 22,431	\$ (137,569)
Property taxes	2,600,000	2,600,000	2,596,368	(3,632)
Investment income	<u>248,320</u>	<u>248,320</u>	<u>334,617</u>	<u>86,297</u>
Total Revenues	<u>3,008,320</u>	<u>3,008,320</u>	<u>2,953,416</u>	<u>(54,904)</u>
<b>EXPENDITURES</b>				
Current				
Transportation				
Contractual services	200,000	200,000	-	200,000
Capital outlay	<u>2,650,000</u>	<u>3,328,511</u>	<u>1,797,944</u>	<u>1,530,567</u>
Total Expenditures	<u>2,850,000</u>	<u>3,528,511</u>	<u>1,797,944</u>	<u>1,730,567</u>
Excess (deficiency) of revenues over expenditures	158,320	(520,191)	1,155,472	1,675,663
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>1,505,832</u>	<u>1,505,832</u>
Net Change in Fund Balance	<u>\$ 158,320</u>	<u>\$ (520,191)</u>	2,661,304	<u>\$ 3,181,495</u>
Fund Balance - Beginning of Year			<u>5,791,790</u>	
Fund Balance - End of Year			<u>\$ 8,453,094</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY BRIDGE FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 1,024,000	\$ 1,024,000	\$ 154,038	\$ (869,962)
Property taxes	410,000	410,000	412,401	2,401
Investment income	<u>42,336</u>	<u>42,336</u>	<u>64,430</u>	<u>22,094</u>
Total Revenues	<u>1,476,336</u>	<u>1,476,336</u>	<u>630,869</u>	<u>(845,467)</u>
<b>EXPENDITURES</b>				
Current				
Transportation				
Contractual services	725,000	838,408	105,636	732,772
Capital outlay	<u>550,000</u>	<u>608,410</u>	<u>169,108</u>	<u>439,302</u>
Total Expenditures	<u>1,275,000</u>	<u>1,446,818</u>	<u>274,744</u>	<u>1,172,074</u>
Excess of revenues over expenditures	201,336	29,518	356,125	326,607
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>111,047</u>	<u>111,047</u>
Net Change in Fund Balance	<u>\$ 201,336</u>	<u>\$ 29,518</u>	467,172	<u>\$ 437,654</u>
Fund Balance - Beginning of Year			<u>1,190,481</u>	
Fund Balance - End of Year			<u>\$ 1,657,653</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY OPTION MOTOR FUEL TAX FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 8,354,000	\$ 8,354,000	\$ 4,895,808	\$ (3,458,192)
Investment income	<u>420,000</u>	<u>420,000</u>	<u>345,978</u>	<u>(74,022)</u>
Total Revenues	<u>8,774,000</u>	<u>8,774,000</u>	<u>5,241,786</u>	<u>(3,532,214)</u>
<b>EXPENDITURES</b>				
Current				
Transportation				
Contractual services	4,826,000	8,859,520	3,540,590	5,318,930
Commodities	120,000	120,000	105,181	14,819
Capital outlay	<u>10,935,000</u>	<u>14,111,410</u>	<u>8,020,024</u>	<u>6,091,386</u>
Total Expenditures	<u>15,881,000</u>	<u>23,090,930</u>	<u>11,665,795</u>	<u>11,425,135</u>
Excess (deficiency) of revenues over expenditures	(7,107,000)	(14,316,930)	(6,424,009)	7,892,921
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>7,432,095</u>	<u>7,432,095</u>
Net Change in Fund Balance	<u>\$ (7,107,000)</u>	<u>\$ (14,316,930)</u>	1,008,086	<u>\$ 15,325,016</u>
Fund Balance - Beginning of Year			<u>9,331,513</u>	
Fund Balance - End of Year			<u>\$ 10,339,599</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**TUBERCULOSIS CARE AND TREATMENT FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 7,000	\$ 7,000	\$ 9,615	\$ 2,615
Grants, contributions, and intergovernmental	500	500	-	(500)
Property taxes	225,000	225,000	224,928	(72)
Investment income	<u>3,550</u>	<u>3,550</u>	<u>3,812</u>	<u>262</u>
 Total Revenues	 <u>236,050</u>	 <u>236,050</u>	 <u>238,355</u>	 <u>2,305</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Personnel services	207,464	207,464	204,192	3,272
Contractual services	77,550	78,850	57,927	20,923
Commodities	<u>38,850</u>	<u>37,550</u>	<u>13,320</u>	<u>24,230</u>
 Total Expenditures	 <u>323,864</u>	 <u>323,864</u>	 <u>275,439</u>	 <u>48,425</u>
 Net Change in Fund Balance	 <u>\$ (87,814)</u>	 <u>\$ (87,814)</u>	 (37,084)	 <u>\$ 50,730</u>
 Fund Balance - Beginning of Year			 <u>122,271</u>	
 Fund Balance - End of Year			 <u>\$ 85,187</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MAINTENANCE AND CHILD SUPPORT COLLECTION FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 112,000	\$ 112,000	\$ 169,588	\$ 57,588
Investment income	<u>14,500</u>	<u>14,500</u>	<u>14,807</u>	<u>307</u>
Total Revenues	<u>126,500</u>	<u>126,500</u>	<u>184,395</u>	<u>57,895</u>
<b>EXPENDITURES</b>				
Current				
Judiciary and court related				
Personnel services	<u>152,639</u>	<u>152,639</u>	<u>150,182</u>	<u>2,457</u>
Net Change in Fund Balance	<u>\$ (26,139)</u>	<u>\$ (26,139)</u>	34,213	<u>\$ 60,352</u>
Fund Balance - Beginning of Year			<u>285,144</u>	
Fund Balance - End of Year			<u>\$ 319,357</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY CLERK AUTOMATION FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 15,000	\$ 15,000	\$ 14,988	\$ (12)
Investment income	<u>3,500</u>	<u>3,500</u>	<u>5,478</u>	<u>1,978</u>
Total Revenues	<u>18,500</u>	<u>18,500</u>	<u>20,466</u>	<u>1,966</u>
<b>EXPENDITURES</b>				
Current				
General and administrative				
Contractual services	10,000	10,000	9,760	240
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>16,323</u>	<u>3,677</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>26,083</u>	<u>3,917</u>
Net Change in Fund Balance	<u>\$ (11,500)</u>	<u>\$ (11,500)</u>	(5,617)	<u>\$ 5,883</u>
Fund Balance - Beginning of Year			<u>105,945</u>	
Fund Balance - End of Year			<u>\$ 100,328</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**RECORDER AUTOMATION FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 440,000	\$ 440,000	\$ 414,714	\$ (25,286)
Investment income	<u>25,000</u>	<u>25,000</u>	<u>19,779</u>	<u>(5,221)</u>
Total Revenues	<u>465,000</u>	<u>465,000</u>	<u>434,493</u>	<u>(30,507)</u>
<b>EXPENDITURES</b>				
Current				
General and administrative				
Personnel services	446,916	446,916	331,161	115,755
Contractual services	282,515	282,515	228,388	54,127
Commodities	61,000	61,000	14,645	46,355
Capital outlay	<u>57,500</u>	<u>57,500</u>	<u>7,475</u>	<u>50,025</u>
Total Expenditures	<u>847,931</u>	<u>847,931</u>	<u>581,669</u>	<u>266,262</u>
Net Change in Fund Balance	<u>\$ (382,931)</u>	<u>\$ (382,931)</u>	(147,176)	<u>\$ 235,755</u>
Fund Balance - Beginning of Year			<u>417,801</u>	
Fund Balance - End of Year			<u>\$ 270,625</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ANIMAL SHELTER FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 3,000	\$ 3,000	\$ 4,726	\$ 1,726
Investment income	<u>-</u>	<u>-</u>	<u>710</u>	<u>710</u>
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>5,436</u>	<u>2,436</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Contractual services	<u>3,000</u>	<u>3,000</u>	<u>1,163</u>	<u>1,837</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,273	<u>\$ 4,273</u>
Fund Balance - Beginning of Year			<u>12,098</u>	
Fund Balance - End of Year			<u>\$ 16,371</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY TREASURER AUTOMATION FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 99,994	\$ (6)
Investment income	<u>10,000</u>	<u>10,000</u>	<u>22,231</u>	<u>12,231</u>
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>122,225</u>	<u>12,225</u>
<b>EXPENDITURES</b>				
Current				
General and administrative				
Personnel services	86,000	86,000	63,392	22,608
Contractual services	53,300	53,300	45,105	8,195
Commodities	14,000	14,000	4,892	9,108
Capital outlay	<u>14,700</u>	<u>14,700</u>	<u>10,885</u>	<u>3,815</u>
Total Expenditures	<u>168,000</u>	<u>168,000</u>	<u>124,274</u>	<u>43,726</u>
Net Change in Fund Balance	<u>\$ (58,000)</u>	<u>\$ (58,000)</u>	(2,049)	<u>\$ 55,951</u>
Fund Balance - Beginning of Year			<u>396,431</u>	
Fund Balance - End of Year			<u>\$ 394,382</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JOB TRAINING FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 2,169,142	\$ 2,363,245	\$ 2,224,222	\$ (139,023)
Investment income	7,400	7,400	12,602	5,202
Miscellaneous	<u>113,600</u>	<u>113,600</u>	<u>136,264</u>	<u>22,664</u>
Total Revenues	<u>2,290,142</u>	<u>2,484,245</u>	<u>2,373,088</u>	<u>(111,157)</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Personnel services	1,359,219	1,378,363	1,254,144	124,219
Contractual services	701,821	804,135	789,985	14,150
Commodities	202,602	275,247	228,167	47,080
Capital outlay	15,000	15,000	12,464	2,536
Debt service				
Principal retirement	<u>11,500</u>	<u>11,500</u>	<u>5,527</u>	<u>5,973</u>
Total Expenditures	<u>2,290,142</u>	<u>2,484,245</u>	<u>2,290,287</u>	<u>193,958</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	82,801	<u>\$ 82,801</u>
Fund Balance - Beginning of Year			<u>385,614</u>	
Fund Balance - End of Year			<u>\$ 468,415</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LAW LIBRARY FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 125,000	\$ 125,000	\$ 184,175	\$ 59,175
Investment income	<u>4,000</u>	<u>4,000</u>	<u>7,607</u>	<u>3,607</u>
Total Revenues	<u>129,000</u>	<u>129,000</u>	<u>191,782</u>	<u>62,782</u>
<b>EXPENDITURES</b>				
Current				
Judiciary and court related				
Contractual services	3,900	1,185	697	488
Commodities	<u>95,200</u>	<u>130,515</u>	<u>130,503</u>	<u>12</u>
Total Expenditures	<u>99,100</u>	<u>131,700</u>	<u>131,200</u>	<u>500</u>
Net Change in Fund Balance	<u>\$ 29,900</u>	<u>\$ (2,700)</u>	60,582	<u>\$ 63,282</u>
Fund Balance - Beginning of Year			<u>117,807</u>	
Fund Balance - End of Year			<u>\$ 178,389</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MENTAL HEALTH CAPITAL DEVELOPMENT FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Investment income	\$ 5,000	\$ 5,000	\$ 12,355	\$ 7,355
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Contractual services	29,000	29,000	-	29,000
Capital outlay	<u>295,000</u>	<u>295,000</u>	<u>-</u>	<u>295,000</u>
Total Expenditures	<u>324,000</u>	<u>324,000</u>	<u>-</u>	<u>324,000</u>
Excess (deficiency) of revenues over expenditures	(319,000)	(319,000)	12,355	331,355
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	90,000	90,000
Transfers out	<u>(455,000)</u>	<u>(455,000)</u>	<u>(455,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(455,000)</u>	<u>(455,000)</u>	<u>(365,000)</u>	<u>90,000</u>
Net Change in Fund Balance	<u>\$ (774,000)</u>	<u>\$ (774,000)</u>	(352,645)	<u>\$ 421,355</u>
Fund Balance - Beginning of Year			<u>791,199</u>	
Fund Balance - End of Year			<u>\$ 438,554</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**  
**MENTAL HEALTH GRANT FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 3,065,234	\$ 3,493,805	\$ 3,469,789	\$ (24,016)
Investment income	7,500	7,500	3,586	(3,914)
Miscellaneous	<u>67,614</u>	<u>67,614</u>	<u>5,960</u>	<u>(61,654)</u>
Total Revenues	<u>3,140,348</u>	<u>3,568,919</u>	<u>3,479,335</u>	<u>(89,584)</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Personnel services	1,233,351	1,494,000	1,370,349	123,651
Contractual services	2,803,017	3,137,227	2,128,404	1,008,823
Commodities	60,378	179,278	103,663	75,615
Capital outlay	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total Expenditures	<u>4,096,746</u>	<u>4,845,505</u>	<u>3,602,416</u>	<u>1,243,089</u>
Excess (deficiency) of revenues over expenditures	<u>(956,398)</u>	<u>(1,276,586)</u>	<u>(123,081)</u>	<u>1,153,505</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>951,398</u>	<u>1,271,586</u>	<u>638,015</u>	<u>(633,571)</u>
Net Change in Fund Balance	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	514,934	<u>\$ 519,934</u>
Fund Deficit - Beginning of Year			<u>(153,485)</u>	
Fund Balance - End of Year			<u>\$ 361,449</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CIRCUIT COURT DOCUMENT STORAGE FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 605,000	\$ 605,000	\$ 793,628	\$ 188,628
Investment income	20,000	20,000	50,949	30,949
Miscellaneous	<u>-</u>	<u>375,000</u>	<u>-</u>	<u>(375,000)</u>
Total Revenues	<u>625,000</u>	<u>1,000,000</u>	<u>844,577</u>	<u>(155,423)</u>
<b>EXPENDITURES</b>				
Current				
Judiciary and court related				
Personnel services	180,172	180,172	176,085	4,087
Contractual services	315,000	940,000	893,268	46,732
Commodities	<u>38,434</u>	<u>38,434</u>	<u>38,433</u>	<u>1</u>
Total Expenditures	<u>533,606</u>	<u>1,158,606</u>	<u>1,107,786</u>	<u>50,820</u>
Net Change in Fund Balance	<u>\$ 91,394</u>	<u>\$ (158,606)</u>	(263,209)	<u>\$ (104,603)</u>
Fund Balance - Beginning of Year			<u>914,595</u>	
Fund Balance - End of Year			<u>\$ 651,386</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PROBATION SERVICE FEE FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 320,000	\$ 320,000	\$ 324,122	\$ 4,122
Investment income	<u>45,000</u>	<u>45,000</u>	<u>43,562</u>	<u>(1,438)</u>
Total Revenues	<u>365,000</u>	<u>365,000</u>	<u>367,684</u>	<u>2,684</u>
<b>EXPENDITURES</b>				
Current				
Judiciary and court related				
Personnel services	130,885	130,885	101,461	29,424
Contractual services	280,314	280,314	176,421	103,893
Commodities	36,800	36,800	22,089	14,711
Capital outlay	<u>36,500</u>	<u>36,500</u>	<u>36,254</u>	<u>246</u>
Total Expenditures	<u>484,499</u>	<u>484,499</u>	<u>336,225</u>	<u>148,274</u>
Net Change in Fund Balance	<u>\$ (119,499)</u>	<u>\$ (119,499)</u>	31,459	<u>\$ 150,958</u>
Fund Balance - Beginning of Year			<u>910,891</u>	
Fund Balance - End of Year			<u>\$ 942,350</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CDBG/HOME FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 3,032,295	\$ 3,032,295	\$ 2,059,123	\$ (973,172)
Miscellaneous	-	-	29,213	29,213
<b>Total Revenues</b>	<u>3,032,295</u>	<u>3,032,295</u>	<u>2,088,336</u>	<u>(943,959)</u>
<b>EXPENDITURES</b>				
Current				
Community development				
Personnel services	138,964	138,964	83,052	55,912
Contractual services	2,885,831	2,885,831	1,977,244	908,587
Commodities	7,500	7,500	453	7,047
<b>Total Expenditures</b>	<u>3,032,295</u>	<u>3,032,295</u>	<u>2,060,749</u>	<u>971,546</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	27,587	<u>\$ 27,587</u>
Fund Balance - Beginning of Year			<u>67,578</u>	
Fund Balance - End of Year			<u>\$ 95,165</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DENTAL CARE CLINIC FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 28,000	\$ 28,000	\$ 45,567	\$ 17,567
Grants, contributions, and intergovernmental	107,000	132,000	148,542	16,542
Investment income	<u>3,000</u>	<u>3,000</u>	<u>5,651</u>	<u>2,651</u>
Total Revenues	<u>138,000</u>	<u>163,000</u>	<u>199,760</u>	<u>36,760</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Personnel services	47,288	47,288	44,376	2,912
Contractual services	123,207	148,207	131,679	16,528
Commodities	<u>12,500</u>	<u>12,500</u>	<u>8,696</u>	<u>3,804</u>
Total Expenditures	<u>182,995</u>	<u>207,995</u>	<u>184,751</u>	<u>23,244</u>
Net Change in Fund Balance	<u>\$ (44,995)</u>	<u>\$ (44,995)</u>	15,009	<u>\$ 60,004</u>
Fund Balance - Beginning of Year			<u>99,091</u>	
Fund Balance - End of Year			<u>\$ 114,100</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CIRCUIT COURT AUTOMATION FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 635,000	\$ 635,000	\$ 838,588	\$ 203,588
Investment income	16,000	16,000	34,807	18,807
Miscellaneous	<u>-</u>	<u>375,000</u>	<u>-</u>	<u>(375,000)</u>
Total Revenues	<u>651,000</u>	<u>1,026,000</u>	<u>873,395</u>	<u>(152,605)</u>
<b>EXPENDITURES</b>				
Current				
Judiciary and court related				
Personnel services	161,880	232,035	193,874	38,161
Contractual services	<u>328,369</u>	<u>955,240</u>	<u>900,109</u>	<u>55,131</u>
Total Expenditures	<u>490,249</u>	<u>1,187,275</u>	<u>1,093,983</u>	<u>93,292</u>
Net Change in Fund Balance	<u>\$ 160,751</u>	<u>\$ (161,275)</u>	(220,588)	<u>\$ (59,313)</u>
Fund Balance - Beginning of Year			<u>682,444</u>	
Fund Balance - End of Year			<u>\$ 461,856</u>	

**County of McHenry, Illinois**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL  
 ILLINOIS CRIMINAL JUSTICE AUTHORITY FUND  
 For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Grants, contributions, and intergovernmental	\$ 83,395	\$ 83,395	\$ 83,394	\$ (1)
Investment income	<u>-</u>	<u>-</u>	<u>509</u>	<u>509</u>
Total Revenues	83,395	83,395	83,903	508
<b>EXPENDITURES</b>				
Current				
Judiciary and court related Personnel services	<u>83,395</u>	<u>83,395</u>	<u>78,652</u>	<u>4,743</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,251	<u>\$ 5,251</u>
Fund Deficit - Beginning of Year			<u>(4,695)</u>	
Fund Balance - End of Year			<u>\$ 556</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CIRCUIT COURT ADMIN FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ -	\$ 40,000	\$ 47,387	\$ 7,387
Investment income	<u>-</u>	<u>-</u>	<u>744</u>	<u>744</u>
Total Revenues	<u>-</u>	<u>40,000</u>	<u>48,131</u>	<u>8,131</u>
<b>EXPENDITURES</b>				
Current				
Judiciary and court related				
Contractual services	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	48,131	<u>\$ 48,131</u>
Fund Balance - Beginning of Year			<u>-</u>	
Fund Balance - End of Year			<u>\$ 48,131</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**EMDT FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 32,000	\$ 32,000	\$ 19,247	\$ (12,753)
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	32,000	32,000	19,247	(12,753)
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(32,000)</u>	<u>(32,000)</u>	<u>(19,247)</u>	<u>12,753</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>29,583</u>	
Fund Balance - End of Year			<u>\$ 29,583</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**TREASURER'S PASSPORT SERVICES FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 67,500	\$ 67,500	\$ 83,809	\$ 16,309
Investment income	<u>5,000</u>	<u>5,000</u>	<u>7,604</u>	<u>2,604</u>
Total Revenues	<u>72,500</u>	<u>72,500</u>	<u>91,413</u>	<u>18,913</u>
<b>EXPENDITURES</b>				
Current				
General and administrative				
Personnel services	56,962	56,962	52,486	4,476
Contractual services	50,000	50,000	8,621	41,379
Commodities	<u>29,038</u>	<u>29,038</u>	<u>25,385</u>	<u>3,653</u>
Total Expenditures	<u>136,000</u>	<u>136,000</u>	<u>86,492</u>	<u>49,508</u>
Net Change in Fund Balance	<u>\$ (63,500)</u>	<u>\$ (63,500)</u>	4,921	<u>\$ 68,421</u>
Fund Balance - Beginning of Year			<u>103,825</u>	
Fund Balance - End of Year			<u>\$ 108,746</u>	

**County of McHenry, Illinois**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 VALLEY HI DONATIONS FUND  
 For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 64	\$ 64
EXPENDITURES				
Current				
Public health and welfare				
Commodities	<u>-</u>	<u>1,750</u>	<u>1,704</u>	<u>46</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,750)</u>	(1,640)	<u>\$ 110</u>
Fund Balance - Beginning of Year			<u>1,640</u>	
Fund Balance - End of Year			<u>\$ -</u>	

**County of McHenry, Illinois**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 DUI CONVICTION FUND  
 For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Fines and forfeitures	\$ 6,000	\$ 6,000	\$ 11,970	\$ 5,970
EXPENDITURES				
Current				
Public safety				
Commodities	<u>8,314</u>	<u>8,314</u>	<u>-</u>	<u>8,314</u>
Net Change in Fund Balance	<u>\$ (2,314)</u>	<u>\$ (2,314)</u>	11,970	<u>\$ 14,284</u>
Fund Balance - Beginning of Year			<u>5,107</u>	
Fund Balance - End of Year			<u>\$ 17,077</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GEOGRAPHIC INFORMATION SYSTEMS FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 1,000,000	\$ 1,000,000	\$ 842,772	\$ (157,228)
Investment income	<u>58,000</u>	<u>58,000</u>	<u>66,334</u>	<u>8,334</u>
Total Revenues	<u>1,058,000</u>	<u>1,058,000</u>	<u>909,106</u>	<u>(148,894)</u>
<b>EXPENDITURES</b>				
Current				
General and administrative				
Personnel services	383,144	383,144	361,549	21,595
Contractual services	761,100	802,551	730,507	72,044
Commodities	24,850	24,850	9,617	15,233
Capital outlay	<u>160,000</u>	<u>160,000</u>	<u>143,637</u>	<u>16,363</u>
Total Expenditures	<u>1,329,094</u>	<u>1,370,545</u>	<u>1,245,310</u>	<u>125,235</u>
Net Change in Fund Balance	<u>\$ (271,094)</u>	<u>\$ (312,545)</u>	(336,204)	<u>\$ (23,659)</u>
Fund Balance - Beginning of Year			<u>1,313,794</u>	
Fund Balance - End of Year			<u>\$ 977,590</u>	

**County of McHenry, Illinois**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 REVOLVING LOAN FUND  
 For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ 21,129	\$ 21,129	\$ 89,334	\$ 68,205
EXPENDITURES				
Current				
Community development				
Contractual services	<u>190,931</u>	<u>190,931</u>	<u>500</u>	<u>190,431</u>
Net Change in Fund Balance	<u>\$ (169,802)</u>	<u>\$ (169,802)</u>	88,834	<u>\$ 258,636</u>
Fund Balance - Beginning of Year			<u>1,502,510</u>	
Fund Balance - End of Year			<u>\$ 1,591,344</u>	

**County of McHenry, Illinois**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 HEALTH SCHOLARSHIP FUND  
 For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ 200	\$ 200	\$ 324	\$ 124
EXPENDITURES				
Current				
Public health and welfare				
Contractual services	<u>5,748</u>	<u>5,748</u>	<u>-</u>	<u>5,748</u>
Net Change in Fund Balance	<u>\$ (5,548)</u>	<u>\$ (5,548)</u>	324	<u>\$ 5,872</u>
Fund Balance - Beginning of Year			<u>6,217</u>	
Fund Balance - End of Year			<u>\$ 6,541</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SENIOR SERVICES FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Property taxes	\$ 1,775,000	\$ 1,775,000	\$ 1,780,896	\$ 5,896
Investment income	<u>100,650</u>	<u>100,650</u>	<u>117,363</u>	<u>16,713</u>
Total Revenues	<u>1,875,650</u>	<u>1,875,650</u>	<u>1,898,259</u>	<u>22,609</u>
<b>EXPENDITURES</b>				
Current				
Public health and welfare				
Contractual services	<u>1,706,226</u>	<u>1,872,226</u>	<u>1,855,240</u>	<u>16,986</u>
Net Change in Fund Balance	<u>\$ 169,424</u>	<u>\$ 3,424</u>	43,019	<u>\$ 39,595</u>
Fund Balance - Beginning of Year			<u>2,475,777</u>	
Fund Balance - End of Year			<u>\$ 2,518,796</u>	

## **NONMAJOR DEBT SERVICE FUNDS**

**Series 2001 Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

**Series 2001 A Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

**Series 2002 A Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

**Series 2003 C Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs for the County jail expansion project.

**Series 2003 A Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

**Series 2005 A Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

**Series 2005 B Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

**Series 2006 A Certificate Fund** – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

**Public Building Commission Debt Fund** – to account for the accumulation of resources and the payment of Public Building Commission Revenue Refunding Bonds principal, interest, and related cost.

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
November 30, 2007

	Series 2003 C Certificate Fund	Public Building Commission Debt Fund	Totals
<b>ASSETS</b>			
Cash and equivalents	\$ 55,275	\$ 95,651	\$ 150,926
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ -	\$ 2,980	\$ 2,980
 Fund balance			
Reserved for debt service	55,275	92,671	147,946
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 55,275</b>	<b>\$ 95,651</b>	<b>\$ 150,926</b>

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
For the Year Ended November 30, 2007

	Series 2001 Certificate Fund	Series 2001 A Certificate Fund	Series 2002 A Certificate Fund	Series 2003 C Certificate Fund
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current				
General and administrative	-	-	-	-
Debt service				
Principal retirement	430,000	515,337	335,000	450,000
Interest and fiscal charges	95,638	45,961	202,063	197,020
Total Expenditures	<u>525,638</u>	<u>561,298</u>	<u>537,063</u>	<u>647,020</u>
Deficiency of revenues over expenditures	(525,638)	(561,298)	(537,063)	(647,020)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>525,638</u>	<u>561,298</u>	<u>537,063</u>	<u>702,295</u>
Net Change in Fund Balances	-	-	-	55,275
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,275</u>

Series 2003 A Certificate Fund	Series 2005 A Certificate Fund	Series 2005 B Certificate Fund	Series 2006 A Certificate Fund	Public Building Commission Debt Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 11,093	\$ 11,093
-	-	-	-	13,504	13,504
220,000	-	275,000	40,000	-	2,265,337
187,623	67,373	34,345	250,942	-	1,080,965
407,623	67,373	309,345	290,942	13,504	3,359,806
(407,623)	(67,373)	(309,345)	(290,942)	(2,411)	(3,348,713)
407,623	67,373	309,345	290,942	-	3,401,577
-	-	-	-	(2,411)	52,864
-	-	-	-	95,082	95,082
\$ -	\$ -	\$ -	\$ -	\$ 92,671	\$ 147,946

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SERIES 2001 CERTIFICATE FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	430,000	430,000	430,000	-
Interest and fiscal charges	95,640	95,640	95,638	2
Total Expenditures	525,640	525,640	525,638	2
Deficiency of revenues over expenditures	(525,640)	(525,640)	(525,638)	2
OTHER FINANCING SOURCES				
Transfers in	525,640	525,640	525,638	(2)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SERIES 2001 A CERTIFICATE FUND**  
**For the Year Ended November 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	600,338	600,338	515,337	85,001
Interest and fiscal charges	56,716	56,716	45,961	10,755
Total Expenditures	657,054	657,054	561,298	95,756
Deficiency of revenues over expenditures	(657,054)	(657,054)	(561,298)	95,756
OTHER FINANCING SOURCES				
Transfers in	657,054	657,054	561,298	(95,756)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SERIES 2002 A CERTIFICATE FUND**  
**For the Year Ended November 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	335,000	335,000	335,000	-
Interest and fiscal charges	202,288	202,288	202,063	225
Total Expenditures	537,288	537,288	537,063	225
Deficiency of revenues over expenditures	(537,288)	(537,288)	(537,063)	225
OTHER FINANCING SOURCES				
Transfers in	537,288	537,288	537,063	(225)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SERIES 2003 C CERTIFICATE FUND**  
**For the Year Ended November 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ _____	\$ _____ -	\$ _____ -	\$ _____ -
EXPENDITURES				
Debt service				
Principal retirement	450,000	450,000	450,000	-
Interest and fiscal charges	197,195	197,195	197,020	175
Total Expenditures	647,195	647,195	647,020	175
Deficiency of revenues over expenditures	(647,195)	(647,195)	(647,020)	175
OTHER FINANCING SOURCES				
Transfers in	647,195	702,470	702,295	(175)
Net Change in Fund Balance	\$ _____ -	\$ _____ 55,275	55,275	\$ _____ -
Fund Balance - Beginning of Year			_____ -	
Fund Balance - End of Year			\$ _____ 55,275	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SERIES 2003 A CERTIFICATE FUND**  
**For the Year Ended November 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	220,000	220,000	220,000	-
Interest and fiscal charges	187,798	187,798	187,623	175
Total Expenditures	407,798	407,798	407,623	175
Deficiency of revenues over expenditures	(407,798)	(407,798)	(407,623)	175
OTHER FINANCING SOURCES				
Transfers in	407,798	407,798	407,623	(175)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

**County of McHenry, Illinois**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 SERIES 2005 A CERTIFICATE FUND  
 For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Interest and fiscal charges	<u>67,548</u>	<u>67,548</u>	<u>67,373</u>	<u>175</u>
Deficiency of revenues over expenditures	(67,548)	(67,548)	(67,373)	175
OTHER FINANCING SOURCES				
Transfers in	<u>67,548</u>	<u>67,548</u>	<u>67,373</u>	<u>(175)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>-</u>	
Fund Balance - End of Year			<u>\$ -</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SERIES 2005 B CERTIFICATE FUND**  
**For the Year Ended November 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	275,000	275,000	275,000	-
Interest and fiscal charges	34,520	34,520	34,345	175
Total Expenditures	309,520	309,520	309,345	175
Deficiency of revenues over expenditures	(309,520)	(309,520)	(309,345)	175
OTHER FINANCING SOURCES				
Transfers in	309,520	309,520	309,345	(175)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SERIES 2006 A CERTIFICATE FUND**  
**For the Year Ended November 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	40,000	40,000	40,000	-
Interest and fiscal charges	259,144	259,144	250,942	8,202
Total Expenditures	299,144	299,144	290,942	8,202
Deficiency of revenues over expenditures	(299,144)	(299,144)	(290,942)	8,202
OTHER FINANCING SOURCES				
Transfers in	299,144	299,144	290,942	(8,202)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

**County of McHenry, Illinois**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 PUBLIC BUILDING COMMISSION DEBT FUND  
 For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 11,093	\$ 11,093
EXPENDITURES				
Current				
General and administrative	-	-	13,504	(13,504)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(2,411)	<u>\$ (2,411)</u>
Fund Balance - Beginning of Year			<u>95,082</u>	
Fund Balance - End of Year			<u>\$ 92,671</u>	

## **MAJOR CAPITAL PROJECT FUND**

**Road Improvement Project Fund** – to provide funding for highway engineering, construction, and maintenance costs. Resources for the fund were provided by proceeds from Series 2007 B debt certificates.

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ROAD IMPROVEMENT PROJECT FUND (MAJOR FUND)**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 479,759	\$ 479,759
<b>EXPENDITURES</b>				
Current				
General and administrative				
Contractual services	-	96,278	96,278	-
Excess (deficiency) of revenues over expenditures	-	(96,278)	383,481	479,759
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(20,500,000)	(18,629,969)	1,870,031
Debt certificates issued	-	50,000,000	50,000,000	-
Premium on debt certificates issued	-	100,350	100,350	-
Total other financing sources (uses)	-	29,600,350	31,470,381	1,870,031
Net Change in Fund Balance	\$ -	\$ 29,504,072	31,853,862	\$ 2,349,790
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ 31,853,862	

## **NONMAJOR CAPITAL PROJECT FUNDS**

**Improved Jail Project Fund** – to account for the resources used in the renovation of the County jail.

**County Courts and Related Services Fund** – to account for the resources used for the judicial center conversion project and government center remodeling, including the remodeling of Annex “A”.

**Animal Control / Performance Contract Fund** - to account for the purchase and construction of a new animal control facility and for energy saving renovations at the government center. Resources for the fund were provided by proceeds from Series 2006 A debt certificates.

**Sheriff Radio System Fund** - to account for the purchase and implementation of a new radio system for the Sheriff's Office. Resources for the fund were provided by proceeds from Series 2007 A debt certificates.

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
November 30, 2007

	Improved Jail Project Fund	County Courts and Related Services Fund	Animal Control / Performance Contract Fund	Sheriff Radio System Fund	Totals
<b>ASSETS</b>					
Cash and equivalents	\$ 70,930	\$ 51	\$ 1,809,123	\$ 809,861	\$ 2,689,965
Due from other funds	-	-	3,078	-	3,078
<b>Total Assets</b>	<b><u>\$ 70,930</u></b>	<b><u>\$ 51</u></b>	<b><u>\$ 1,812,201</u></b>	<b><u>\$ 809,861</u></b>	<b><u>\$ 2,693,043</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 36,603	-	\$ 638,645	\$ 2,227	\$ 677,475
<b>Fund Balances</b>					
Reserved for encumbrances	33,397	-	1,005,264	732,358	1,771,019
Unreserved - undesignated	930	51	168,292	75,276	244,549
<b>Total Fund Balances</b>	<b><u>34,327</u></b>	<b><u>51</u></b>	<b><u>1,173,556</u></b>	<b><u>807,634</u></b>	<b><u>2,015,568</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 70,930</u></b>	<b><u>\$ 51</u></b>	<b><u>\$ 1,812,201</u></b>	<b><u>\$ 809,861</u></b>	<b><u>\$ 2,693,043</u></b>

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
For the Year Ended November 30, 2007

	Improved Jail Project Fund	County Courts and Related Services Fund	Animal Control / Performance Contract Fund	Sheriff Radio System Fund	Totals
<b>REVENUES</b>					
Investment income	\$ 8,315	\$ 25,417	\$ 139,750	\$ 72,386	\$ 245,868
Miscellaneous	-	-	3,078	-	3,078
Total Revenues	<u>8,315</u>	<u>25,417</u>	<u>142,828</u>	<u>72,386</u>	<u>248,946</u>
<b>EXPENDITURES</b>					
Current					
General and administrative	33,128	193,136	165,449	37,295	429,008
Capital outlay	<u>36,603</u>	<u>2,699,235</u>	<u>2,010,115</u>	<u>4,150,028</u>	<u>8,895,981</u>
Total Expenditures	<u>69,731</u>	<u>2,892,371</u>	<u>2,175,564</u>	<u>4,187,323</u>	<u>9,324,989</u>
Deficiency of revenues over expenditures	<u>(61,416)</u>	<u>(2,866,954)</u>	<u>(2,032,736)</u>	<u>(4,114,937)</u>	<u>(9,076,043)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,712,655	-	-	1,712,655
Transfers out	(55,275)	-	-	-	(55,275)
Debt certificates issued	-	-	-	4,885,000	4,885,000
Premium on debt certificates issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,571</u>	<u>37,571</u>
Total Other Financing Sources (Uses)	<u>(55,275)</u>	<u>1,712,655</u>	<u>-</u>	<u>4,922,571</u>	<u>6,579,951</u>
Net Change in Fund Balances	(116,691)	(1,154,299)	(2,032,736)	807,634	(2,496,092)
Fund Balances - Beginning of Year	<u>151,018</u>	<u>1,154,350</u>	<u>3,206,292</u>	<u>-</u>	<u>4,511,660</u>
Fund Balances - End of Year	<u>\$ 34,327</u>	<u>\$ 51</u>	<u>\$ 1,173,556</u>	<u>\$ 807,634</u>	<u>\$ 2,015,568</u>

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**IMPROVED JAIL PROJECT FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 8,315	\$ 8,315
<b>EXPENDITURES</b>				
Current				
General and administrative				
Contractual services	44,545	33,128	33,128	-
Capital outlay	-	70,000	36,603	33,397
Total Expenditures	44,545	103,128	69,731	33,397
Deficiency of revenues over expenditures	(44,545)	(103,128)	(61,416)	41,712
<b>OTHER FINANCING USES</b>				
Transfers out	-	(55,275)	(55,275)	-
Net Change in Fund Balance	\$ (44,545)	\$ (158,403)	(116,691)	\$ 41,712
Fund Balance - Beginning of Year			151,018	
Fund Balance - End of Year			\$ 34,327	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY COURTS AND RELATED SERVICES FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 25,417	\$ 25,417
<b>EXPENDITURES</b>				
Current				
General and administrative				
Contractual services	-	193,136	193,136	-
Capital outlay	-	2,703,840	2,699,235	4,605
Total Expenditures	-	2,896,976	2,892,371	4,605
Deficiency of revenues over expenditures	-	(2,896,976)	(2,866,954)	30,022
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	1,891,000	1,712,655	(178,345)
Net Change in Fund Balance	\$ -	\$ (1,005,976)	(1,154,299)	\$ (148,323)
Fund Balance - Beginning of Year			1,154,350	
Fund Balance - End of Year			\$ 51	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ANIMAL CONTROL / PERFORMANCE CONTRACT FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 139,750	\$ 139,750
Miscellaneous	-	-	3,078	3,078
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>142,828</u>	<u>142,828</u>
<b>EXPENDITURES</b>				
Current				
General and administrative				
Contractual services	221,377	229,582	165,449	64,133
Capital outlay	<u>2,956,546</u>	<u>2,956,546</u>	<u>2,010,115</u>	<u>946,431</u>
<b>Total Expenditures</b>	<u>3,177,923</u>	<u>3,186,128</u>	<u>2,175,564</u>	<u>1,010,564</u>
<b>Net Change in Fund Balance</b>	<u>\$ (3,177,923)</u>	<u>\$ (3,186,128)</u>	(2,032,736)	<u>\$ 1,153,392</u>
Fund Balance - Beginning of Year			<u>3,206,292</u>	
Fund Balance - End of Year			<u>\$ 1,173,556</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SHERIFF RADIO SYSTEM FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 72,386	\$ 72,386
<b>EXPENDITURES</b>				
Current				
General and administrative				
Contractual services	-	37,295	37,295	-
Capital outlay	-	4,885,276	4,150,028	735,248
Total Expenditures	-	4,922,571	4,187,323	735,248
Deficiency of revenues over expenditures	-	(4,922,571)	(4,114,937)	807,634
<b>OTHER FINANCING SOURCES</b>				
Debt certificates issued	-	4,885,000	4,885,000	-
Premium on debt certificates issued	-	37,571	37,571	-
Total other financing sources	-	4,922,571	4,922,571	-
Net Change in Fund Balance	\$ -	\$ -	807,634	\$ 807,634
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ 807,634	

## **NONMAJOR PERMANENT FUNDS**

**Working Cash I and II Funds** – to account for funds raised through property tax levies and interest income. Funds are available for loans to other funds. The principal portion of the fund may not be expended.

**County of McHenry, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR PERMANENT FUNDS**  
November 30, 2007

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	<u>Working Cash No. 1 Fund</u>	<u>Working Cash No. 2 Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and equivalents	\$ <u>341,295</u>	\$ <u>489,273</u>	\$ <u>830,568</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Due to other funds	\$ 10,000	\$ 20,000	\$ 30,000
Fund Balances			
Reserved for working cash	<u>331,295</u>	<u>469,273</u>	<u>800,568</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 341,295</u>	<u>\$ 489,273</u>	<u>\$ 830,568</u>

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR PERMANENT FUNDS**  
For the Year Ended November 30, 2007

	Working Cash No. 1 Fund	Working Cash No. 2 Fund	Totals
<b>REVENUES</b>			
Investment income	\$ 15,708	\$ 23,179	\$ 38,887
<b>EXPENDITURES</b>	-	-	-
Excess of revenues over expenditures	15,708	23,179	38,887
<b>OTHER FINANCING USES</b>			
Transfers out	(10,000)	(20,000)	(30,000)
Net Change in Fund Balances	5,708	3,179	8,887
Fund Balances - Beginning of Year	325,587	466,094	791,681
Fund Balances - End of Year	\$ 331,295	\$ 469,273	\$ 800,568

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**WORKING CASH NO. 1 FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Investment income	\$ 10,000	\$ 10,000	\$ 15,708	\$ 5,708
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	10,000	10,000	15,708	5,708
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,708	<u>\$ 5,708</u>
Fund Balance - Beginning of Year			<u>325,587</u>	
Fund Balance - End of Year			<u>\$ 331,295</u>	

**County of McHenry, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**WORKING CASH NO. 2 FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Investment income	\$ 20,000	\$ 20,000	\$ 23,179	\$ 3,179
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	20,000	20,000	23,179	3,179
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	3,179	<u>\$ 3,179</u>
Fund Balance - Beginning of Year			<u>466,094</u>	
Fund Balance - End of Year			<u>\$ 469,273</u>	

## **ENTERPRISE FUNDS**

Major Fund:

**Valley Hi Fund** – to account for the activities of the Valley Hi nursing home.

Nonmajor Fund:

**911 Fund (Emergency Telephone Services Board Fund)** – to account for funds raised through a telephone surcharge tax on each telephone line in the County. The money collected is distributed to this fund net of a small collection charge retained by the telephone company. The funds are used to operate and equip a 911 telephone dispatch center within the County area. The Fund is also used to account for the payments of principal and interest on the Emergency Telephone System Gross Revenue Bond Series 1998.

**County of McHenry, Illinois**  
**SCHEDULE OF OPERATING AND NONOPERATING REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**VALLEY HI FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,815,666	\$ 5,815,666	\$ 6,693,429	\$ 877,763
Other	<u>5,000</u>	<u>5,000</u>	<u>8,687</u>	<u>3,687</u>
Total Operating Revenues	<u>\$ 5,820,666</u>	<u>\$ 5,820,666</u>	<u>\$ 6,702,116</u>	<u>\$ 881,450</u>
<b>OPERATING EXPENSES</b>				
Personnel services	\$ 6,007,976	\$ 5,627,976	\$ 5,390,717	\$ 237,259
Contractual services	1,249,676	2,732,889	2,439,658	293,231
Commodities	<u>613,885</u>	<u>794,420</u>	<u>793,904</u>	<u>516</u>
Total operating expenses before capital outlay	<u>7,871,537</u>	<u>9,155,285</u>	<u>8,624,279</u>	<u>531,006</u>
Capital outlay	6,000	778,930	525,496	253,434
Less: assets capitalized	<u>-</u>	<u>(525,496)</u>	<u>(525,496)</u>	<u>-</u>
Adjusted capital outlay	<u>6,000</u>	<u>253,434</u>	<u>-</u>	<u>253,434</u>
Total Operating Expenses (excluding depreciation and amortization)	<u>\$ 7,877,537</u>	<u>\$ 9,408,719</u>	<u>\$ 8,624,279</u>	<u>\$ 784,440</u>
<b>NONOPERATING REVENUES</b>				
Property taxes	\$ <u>6,000,000</u>	\$ <u>6,000,000</u>	\$ <u>5,998,876</u>	\$ <u>(1,124)</u>
Investment income	311,500	311,500	615,592	304,092
Less: interest capitalized	<u>-</u>	<u>(5,304)</u>	<u>(5,304)</u>	<u>-</u>
Adjusted investment income	<u>311,500</u>	<u>306,196</u>	<u>610,288</u>	<u>304,092</u>
Total Nonoperating Revenues	<u>\$ 6,311,500</u>	<u>\$ 6,306,196</u>	<u>\$ 6,609,164</u>	<u>\$ 302,968</u>
<b>NONOPERATING EXPENSES</b>				
Interest expense	\$ 401,910	\$ 401,910	\$ 447,702	\$ (45,792)
Less: interest capitalized	<u>-</u>	<u>(37,940)</u>	<u>(37,940)</u>	<u>-</u>
Adjusted interest expense	401,910	363,970	409,762	(45,792)
Loss on disposal of capital assets	-	230,615	230,613	2
Transfers out	<u>-</u>	<u>831,235</u>	<u>831,233</u>	<u>2</u>
Total Nonoperating Expenses	<u>\$ 401,910</u>	<u>\$ 1,425,820</u>	<u>\$ 1,471,608</u>	<u>\$ (45,788)</u>

**County of McHenry, Illinois**  
**SCHEDULE OF OPERATING AND NONOPERATING REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**911 FUND**  
For the Year Ended November 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>				
Charges for services	\$ <u>1,991,400</u>	\$ <u>1,991,400</u>	\$ <u>2,209,926</u>	\$ <u>218,526</u>
<b>OPERATING EXPENSES</b>				
Personnel services	\$ 231,730	\$ 296,745	\$ 235,329	\$ 61,416
Contractual services	1,785,700	1,720,685	1,232,973	487,712
Commodities	<u>464,200</u>	<u>464,200</u>	<u>49,611</u>	<u>414,589</u>
Total operating expenses before capital outlay	<u>2,481,630</u>	<u>2,481,630</u>	<u>1,517,913</u>	<u>963,717</u>
Capital outlay	685,300	685,300	313,562	371,738
Less: assets capitalized	<u>-</u>	<u>(313,562)</u>	<u>(313,562)</u>	<u>-</u>
Adjusted capital outlay	<u>685,300</u>	<u>371,738</u>	<u>-</u>	<u>371,738</u>
Total Operating Expenses (excluding depreciation)	<u>\$ 3,166,930</u>	<u>\$ 2,853,368</u>	<u>\$ 1,517,913</u>	<u>\$ 1,335,455</u>
<b>NONOPERATING REVENUES</b>				
Investment income	<u>\$ 68,000</u>	<u>\$ 68,000</u>	<u>\$ 135,558</u>	<u>\$ 67,558</u>
<b>NONOPERATING EXPENSES</b>				
Interest expense	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 300</u>	<u>\$ 700</u>

## **INTERNAL SERVICE FUNDS**

**Insurance Loss Fund** – to account for general liability, property, worker’s compensation, and unemployment compensation insurance premiums and claims.

**Health Insurance Fund** – to account for employee medical, dental, and prescription insurance premiums and claims.

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
November 30, 2007

	<u>Insurance Loss</u>	<u>Health Insurance</u>	<u>Totals</u>
<b>ASSETS</b>			
Current			
Cash and equivalents	\$ 10,634,532	\$ 765,773	\$ 11,400,305
Receivables			
Property taxes	4,500,205	-	4,500,205
Other	38,431	-	38,431
Due from other funds	<u>159,613</u>	<u>1,004,407</u>	<u>1,164,020</u>
Total Assets	<u>15,332,781</u>	<u>1,770,180</u>	<u>17,102,961</u>
<b>LIABILITIES</b>			
Current			
Accounts payable	27,079	2,276	29,355
Accrued payroll	15,137	-	15,137
Unearned revenue	4,500,000	-	4,500,000
Due to other funds	6,601	-	6,601
Compensated absences	5,958	-	5,958
Claims and judgments	1,186,822	1,684,590	2,871,412
Noncurrent			
Compensated absences	11,916	-	11,916
Claims and judgments	<u>2,233,184</u>	<u>-</u>	<u>2,233,184</u>
Total Liabilities	<u>7,986,697</u>	<u>1,686,866</u>	<u>9,673,563</u>
NET ASSETS - UNRESTRICTED	<u>\$ 7,346,084</u>	<u>\$ 83,314</u>	<u>\$ 7,429,398</u>

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended November 30, 2007

	Insurance Loss	Health Insurance	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 159,613	\$ 13,028,553	\$ 13,188,166
Insurance recoveries	73,948	-	73,948
<b>Total Operating Revenues</b>	<b>233,561</b>	<b>13,028,553</b>	<b>13,262,114</b>
<b>OPERATING EXPENSES</b>			
Personnel services	822,305	-	822,305
Contractual services	(1,681,057)	13,049,872	11,368,815
Commodities	7,825	-	7,825
<b>Total Operating Expenses</b>	<b>(850,927)</b>	<b>13,049,872</b>	<b>12,198,945</b>
<b>Operating income (loss)</b>	<b>1,084,488</b>	<b>(21,319)</b>	<b>1,063,169</b>
<b>NONOPERATING REVENUES</b>			
Property taxes	5,548,954	-	5,548,954
Investment income	3,256	27,167	30,423
<b>Total Nonoperating Revenues</b>	<b>5,552,210</b>	<b>27,167</b>	<b>5,579,377</b>
<b>Net Change in Net Assets</b>	<b>6,636,698</b>	<b>5,848</b>	<b>6,642,546</b>
Net Assets - Beginning of Year	709,386	77,466	786,852
<b>Net Assets - End of Year</b>	<b>\$ 7,346,084</b>	<b>\$ 83,314</b>	<b>\$ 7,429,398</b>

**County of McHenry, Illinois**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended November 30, 2007

	Insurance Loss	Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from fees and charges for services	\$ 142,735	\$ 12,024,146	\$ 12,166,881
Cash received from insurance recoveries	73,948	-	73,948
Payments to employees	(838,501)	-	(838,501)
Payments to third party administrator	(1,070,774)	(11,343,007)	(12,413,781)
Payments to suppliers	(1,746,389)	(35,524)	(1,781,913)
Net Cash Flows from Operating Activities	(3,438,981)	645,615	(2,793,366)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Property taxes received	5,549,389	-	5,549,389
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash receipts from investment income	3,256	27,167	30,423
Net Increase in Cash and Equivalents	2,113,664	672,782	2,786,446
Cash and Equivalents - Beginning of Year	8,520,868	92,991	8,613,859
Cash and Equivalents - End of Year	\$ 10,634,532	\$ 765,773	\$ 11,400,305
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 1,084,488	\$ (21,319)	\$ 1,063,169
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Change in assets and liabilities			
Other receivable	(2,066)	-	(2,066)
Due from other funds	(21,413)	(1,004,407)	(1,025,820)
Accounts payable	(15,321)	(13,249)	(28,570)
Accrued payroll	(20,592)	-	(20,592)
Due to other funds	6,601	-	6,601
Compensated absences	4,396	-	4,396
Claims and judgments	(4,475,074)	1,684,590	(2,790,484)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ (3,438,981)	\$ 645,615	\$ (2,793,366)

**County of McHenry, Illinois**  
**SCHEDULE OF OPERATING AND NONOPERATING REVENUES AND**  
**EXPENSES - BUDGET AND ACTUAL**  
**INSURANCE LOSS FUND**  
For the Year Ended November 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 152,450	\$ 152,450	\$ 159,613	\$ 7,163
Insurance recoveries	<u>60,000</u>	<u>60,000</u>	<u>73,948</u>	<u>13,948</u>
	<u>\$ 212,450</u>	<u>\$ 212,450</u>	<u>\$ 233,561</u>	<u>\$ 21,111</u>
<b>OPERATING EXPENSES</b>				
Personnel services	\$ 890,026	\$ 890,026	\$ 822,305	\$ 67,721
Contractual services	2,504,426	2,504,426	(1,681,057)	4,185,483
Commodities	<u>17,500</u>	<u>17,500</u>	<u>7,825</u>	<u>9,675</u>
Total Operating Expenses	<u>\$ 3,411,952</u>	<u>\$ 3,411,952</u>	<u>\$ (850,927)</u>	<u>\$ 4,262,879</u>
<b>NONOPERATING REVENUES</b>				
Property taxes	\$ 5,550,000	\$ 5,550,000	\$ 5,548,954	\$ (1,046)
Investment income	<u>1,100</u>	<u>1,100</u>	<u>3,256</u>	<u>2,156</u>
Total Nonoperating Revenues	<u>\$ 5,551,100</u>	<u>\$ 5,551,100</u>	<u>\$ 5,552,210</u>	<u>\$ 1,110</u>

**County of McHenry, Illinois**  
 SCHEDULE OF OPERATING AND NONOPERATING REVENUES AND  
 EXPENSES - BUDGET AND ACTUAL  
 HEALTH INSURANCE FUND  
 For the Year Ended November 30, 2007

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES				
Charges for services	\$ <u>13,737,681</u>	\$ <u>13,737,681</u>	\$ <u>13,028,553</u>	\$ <u>(709,128)</u>
OPERATING EXPENSES				
Contractual services	\$ <u>13,747,681</u>	\$ <u>13,747,681</u>	\$ <u>13,049,872</u>	\$ <u>697,809</u>
NONOPERATING REVENUES				
Investment income	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>27,167</u>	\$ <u>17,167</u>

## **AGENCY FUNDS**

**Treasurer Fund** – to account for the funds held by the Treasurer as an agent responsible for drainage districts, the inheritance tax account, protested taxes, tax sales escrow, and interest earned on real estate taxes.

**Clerk of the Circuit Court Fund** – to account for the funds held by the Clerk of the Circuit Court as an agent for the courts.

**Highway Fund** – to account for township motor fuel tax funds held by the Division of Transportation.

**Valley Hi Resident Fund** – to account for the funds held by Valley Hi Nursing Home as an agent for residents and donations made for the benefit of the residents.

**County Clerk Redemption Fund** – to account for the funds held by the County Clerk as an agent for delinquent tax buyers.

**Collector Fund** – to account for the funds held by the County as an agent responsible for collecting property taxes.

**Illinois Housing Surcharge Fund** - to account for the rental housing support program surcharge that is collected for the recording of real estate documents and remitted to the State.

**County of McHenry, Illinois**  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
November 30, 2007

	<u>Treasurer Fund</u>	<u>Clerk of the Circuit Court Fund</u>	<u>Highway Fund</u>	<u>Valley Hi Resident Fund</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 1,291,781	\$ 4,752,881	\$ 1,000,541	\$ 59,007
Due from other governments	-	-	85,561	-
Other receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,291,781</u>	<u>\$ 4,752,881</u>	<u>\$ 1,086,102</u>	<u>\$ 59,007</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	161,410	-
Due to residents	-	-	-	59,007
Bond escrow	-	3,338,647	-	-
Due to other governments	1,291,781	685,644	924,692	-
Other liabilities	-	728,590	-	-
	<u>-</u>	<u>728,590</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 1,291,781</u>	<u>\$ 4,752,881</u>	<u>\$ 1,086,102</u>	<u>\$ 59,007</u>

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County Clerk Redemption Fund	Collector Fund	Illinois Housing Surcharge Fund	Totals
\$ 682,618	\$ 1,903,481	\$ 48,663	\$ 9,738,972
-	-	-	85,561
<u>-</u>	<u>9,600,313</u>	<u>-</u>	<u>9,600,313</u>
<u>\$ 682,618</u>	<u>\$ 11,503,794</u>	<u>\$ 48,663</u>	<u>\$ 19,424,846</u>
\$ -	\$ -	\$ -	\$ 161,410
-	-	-	59,007
-	-	-	3,338,647
-	11,503,794	48,663	14,454,574
<u>682,618</u>	<u>-</u>	<u>-</u>	<u>1,411,208</u>
<u>\$ 682,618</u>	<u>\$ 11,503,794</u>	<u>\$ 48,663</u>	<u>\$ 19,424,846</u>

**County of McHenry, Illinois**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended November 30, 2007

	Balance December 1, 2006	Additions	Deductions	Balance November 30, 2007
<b>Treasurer Fund</b>				
ASSETS				
Cash and equivalents	\$ 1,537,653	\$ 6,091,728	\$ 6,337,600	\$ 1,291,781
LIABILITIES				
Due to other governments	\$ 1,537,653	\$ 6,091,728	\$ 6,337,600	\$ 1,291,781
<b>Clerk of the Circuit Court Fund</b>				
ASSETS				
Cash and equivalents	\$ 4,051,162	\$ 32,670,717	\$ 31,968,998	\$ 4,752,881
LIABILITIES				
Bond escrow	\$ 2,571,261	\$ 8,052,367	\$ 7,284,981	\$ 3,338,647
Due to other governments	639,018	17,647,875	17,601,249	685,644
Other liabilities	840,883	6,970,475	7,082,768	728,590
Total Liabilities	\$ 4,051,162	\$ 32,670,717	\$ 31,968,998	\$ 4,752,881
<b>Highway Fund</b>				
ASSETS				
Cash and equivalents	\$ 765,258	\$ 1,318,867	\$ 1,083,584	\$ 1,000,541
Due from other governments	96,941	-	11,380	85,561
Total Assets	\$ 862,199	\$ 1,318,867	\$ 1,094,964	\$ 1,086,102
LIABILITIES				
Accounts payable	\$ 23,550	\$ 1,138,221	\$ 1,000,361	\$ 161,410
Due to other governments	838,649	1,241,820	1,155,777	924,692
Total Liabilities	\$ 862,199	\$ 2,380,041	\$ 2,156,138	\$ 1,086,102
<b>Valley Hi Resident Fund</b>				
ASSETS				
Cash and equivalents	\$ 46,643	\$ 57,042	\$ 44,678	\$ 59,007
LIABILITIES				
Due to residents	\$ 46,643	\$ 57,042	\$ 44,678	\$ 59,007

(Continued)

**County of McHenry, Illinois**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended November 30, 2007

	Balance December 1, 2006	Additions	Deductions	Balance November 30, 2007
<b>County Clerk Redemption Fund</b>				
ASSETS				
Cash and equivalents	\$ 493,803	\$ 9,021,718	\$ 8,832,903	\$ 682,618
LIABILITIES				
Other liabilities	\$ 493,803	\$ 9,021,718	\$ 8,832,903	\$ 682,618
<b>Collector Fund</b>				
ASSETS				
Cash and equivalents	\$ 15,782,820	\$ 790,217,295	\$ 804,096,634	\$ 1,903,481
Other receivable	-	9,600,313	-	9,600,313
	\$ 15,782,820	\$ 799,817,608	\$ 804,096,634	\$ 11,503,794
LIABILITIES				
Due to other governments	\$ 15,782,820	\$ 799,817,608	\$ 804,096,634	\$ 11,503,794
<b>Illinois Housing Surcharge Fund</b>				
ASSETS				
Cash and equivalents	\$ 64,921	\$ 759,843	\$ 776,101	\$ 48,663
LIABILITIES				
Due to other governments	\$ 62,118	\$ 749,673	\$ 763,128	\$ 48,663
Other liabilities	2,803	-	2,803	-
Total Liabilities	\$ 64,921	\$ 749,673	\$ 765,931	\$ 48,663
<b>Totals</b>				
ASSETS				
Cash and equivalents	\$ 22,742,260	\$ 840,137,210	\$ 853,140,498	\$ 9,738,972
Due from other governments	96,941	-	11,380	85,561
Other receivable	-	9,600,313	-	9,600,313
Total Assets	\$ 22,839,201	\$ 849,737,523	\$ 853,151,878	\$ 19,424,846
LIABILITIES				
Accounts payable	\$ 23,550	\$ 1,138,221	\$ 1,000,361	\$ 161,410
Due to residents	46,643	57,042	44,678	59,007
Bond escrow	2,571,261	8,052,367	7,284,981	3,338,647
Due to other governments	18,860,258	825,548,704	829,954,388	14,454,574
Other liabilities	1,337,489	15,992,193	15,918,474	1,411,208
Total Liabilities	\$ 22,839,201	\$ 850,788,527	\$ 854,202,882	\$ 19,424,846

(Concluded)

**STATISTICAL**

**County of McHenry, Illinois**  
INTRODUCTION TO THE STATISTICAL SECTION  
November 30, 2007

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STATISTICAL SECTION

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information indicate about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	156 - 162
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County's ability to generate the County's most significant own-source revenue, property taxes.	163 - 167
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	168 - 172
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	173 - 174
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	175 - 177

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**County of McHenry, Illinois**  
**NET ASSETS - BY COMPONENT**  
Last Five Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 107,715,887	\$ 134,784,412	\$ 145,163,278	\$ 154,597,466	\$ 168,077,235
Restricted	57,666,190	51,379,812	61,238,252	72,186,833	83,884,874
Unrestricted	<u>30,047,980</u>	<u>31,772,567</u>	<u>39,567,120</u>	<u>44,583,626</u>	<u>50,060,006</u>
<b>Total Governmental Activities</b>	<u>\$ 195,430,057</u>	<u>\$ 217,936,791</u>	<u>\$ 245,968,650</u>	<u>\$ 271,367,925</u>	<u>\$ 302,022,115</u>
<b>Business-Type Activities</b>					
Invested in capital assets, net of related debt	\$ 2,083,807	\$ 2,833,585	\$ 2,960,686	\$ 5,061,542	\$ 4,531,583
Unrestricted	<u>4,551,688</u>	<u>6,842,523</u>	<u>10,931,627</u>	<u>13,770,255</u>	<u>16,996,918</u>
<b>Total Business-Type Activities</b>	<u>\$ 6,635,495</u>	<u>\$ 9,676,108</u>	<u>\$ 13,892,313</u>	<u>\$ 18,831,797</u>	<u>\$ 21,528,501</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 109,799,694	\$ 137,617,997	\$ 148,123,964	\$ 159,659,008	\$ 172,608,818
Restricted	57,666,190	51,379,812	61,238,252	72,186,833	83,884,874
Unrestricted	<u>34,599,668</u>	<u>38,615,090</u>	<u>50,498,747</u>	<u>58,353,881</u>	<u>67,056,924</u>
<b>Total Primary Government</b>	<u>\$ 202,065,552</u>	<u>\$ 227,612,899</u>	<u>\$ 259,860,963</u>	<u>\$ 290,199,722</u>	<u>\$ 323,550,616</u>

Note: Government-wide information is available back to 2003, the year GASB Statement 34 was implemented.

**County of McHenry, Illinois**  
**CHANGES IN NET ASSETS**  
Last Five Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>EXPENSES</b>					
Governmental Activities					
General and administrative	\$ 23,676,820	\$ 27,646,469	\$ 28,374,915	\$ 33,304,143	\$ 28,649,900
Community development	3,218,942	3,179,212	3,554,274	2,678,785	3,449,524
Transportation	11,338,648	10,959,478	10,246,229	10,997,498	12,260,312
Public safety	20,217,208	22,165,042	24,600,341	28,854,125	30,956,789
Judiciary and court related	9,666,987	9,959,549	10,056,275	10,916,010	12,829,189
Public health and welfare	17,433,720	19,546,619	21,190,249	23,454,095	24,368,771
Interest and fiscal charges	816,003	1,051,569	1,125,887	1,257,230	2,149,414
	<u>86,368,328</u>	<u>94,507,938</u>	<u>99,148,170</u>	<u>111,461,886</u>	<u>114,663,899</u>
Total Governmental Activities					
Business-Type Activities					
Public health and welfare	6,758,361	6,983,097	7,374,613	7,515,927	9,737,659
Public safety	1,282,811	1,423,930	1,443,884	1,652,536	1,979,992
	<u>8,041,172</u>	<u>8,407,027</u>	<u>8,818,497</u>	<u>9,168,463</u>	<u>11,717,651</u>
Total Business-Type Activities					
Total Primary Government	<u>\$ 94,409,500</u>	<u>\$ 102,914,965</u>	<u>\$ 107,966,667</u>	<u>\$ 120,630,349</u>	<u>\$ 126,381,550</u>
<b>PROGRAM REVENUES</b>					
Governmental Activities					
Charges for services					
General and administrative	\$ 6,484,995	\$ 5,987,596	\$ 5,969,389	\$ 6,283,160	\$ 5,778,519
Community development	1,507,319	1,424,704	1,445,958	1,518,472	1,075,295
Transportation	311,211	185,824	124,566	114,214	135,169
Public safety	3,867,254	4,792,507	4,029,496	9,641,669	10,488,124
Judiciary and court related	6,784,695	7,237,267	8,335,964	8,339,350	9,595,094
Public health and welfare	1,696,503	1,796,044	1,737,788	1,818,859	1,964,354
Operating grants and contributions	15,462,135	16,274,639	22,196,108	18,505,216	23,600,690
Capital grants and contributions	2,462,830	3,172,853	1,050,053	2,223,295	3,800,048
	<u>38,576,942</u>	<u>40,871,434</u>	<u>44,889,322</u>	<u>48,444,235</u>	<u>56,437,293</u>
Total Governmental Activities					

**County of McHenry, Illinois**  
**CHANGES IN NET ASSETS (Continued)**  
Last Five Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>PROGRAM REVENUES (Continued)</b>					
Business-Type Activities					
Charges for services					
Public health and welfare	\$ 5,415,908	\$ 5,429,848	\$ 5,513,459	\$ 5,475,126	\$ 6,702,116
Public safety	<u>1,854,087</u>	<u>1,932,388</u>	<u>1,966,275</u>	<u>2,032,278</u>	<u>2,209,926</u>
Total Business-Type Activities	<u>7,269,995</u>	<u>7,362,236</u>	<u>7,479,734</u>	<u>7,507,404</u>	<u>8,912,042</u>
Total Primary Government	<u>\$ 45,846,937</u>	<u>\$ 48,233,670</u>	<u>\$ 52,369,056</u>	<u>\$ 55,951,639</u>	<u>\$ 65,349,335</u>
<b>NET (EXPENSE)/REVENUE</b>					
Governmental Activities	\$ (47,791,386)	\$ (53,636,504)	\$ (54,258,848)	\$ (63,017,651)	\$ (58,226,606)
Business-Type Activities	<u>(771,177)</u>	<u>(1,044,791)</u>	<u>(1,338,763)</u>	<u>(1,661,059)</u>	<u>(2,805,609)</u>
Total Primary Government	<u>\$ (48,562,563)</u>	<u>\$ (54,681,295)</u>	<u>\$ (55,597,611)</u>	<u>\$ (64,678,710)</u>	<u>\$ (61,032,215)</u>
<b>GENERAL REVENUES AND TRANSFERS</b>					
Governmental Activities					
Property taxes	\$ 39,737,955	\$ 46,269,635	\$ 51,157,800	\$ 56,249,505	\$ 60,175,903
Sales taxes	7,784,840	8,581,519	9,580,333	9,580,333	9,533,202
State income taxes	4,221,606	4,317,250	5,465,713	5,465,713	5,875,908
Other taxes	9,967,163	11,116,772	6,667,750	11,206,773	5,068,768
Investment income	974,181	1,102,691	2,669,378	5,006,956	6,713,449
Miscellaneous	366,062	695,973	491,906	792,329	610,444
Gain on sale of capital assets	43,200	29,538	-	115,317	71,889
Transfers	-	-	-	-	831,233
Total Governmental Activities	<u>63,095,007</u>	<u>72,113,378</u>	<u>76,032,880</u>	<u>88,416,926</u>	<u>88,880,796</u>
Business-Type Activities					
Property taxes	2,999,731	3,998,695	5,320,288	5,996,097	5,998,876
Investment income	57,517	86,709	234,680	479,999	745,846
Transfers	-	-	-	-	(831,233)
Total Business-Type Activities	<u>3,057,248</u>	<u>4,085,404</u>	<u>5,554,968</u>	<u>6,476,096</u>	<u>5,913,489</u>
Total Primary Government	<u>\$ 66,152,255</u>	<u>\$ 76,198,782</u>	<u>\$ 81,587,848</u>	<u>\$ 94,893,022</u>	<u>\$ 94,794,285</u>
<b>CHANGE IN NET ASSETS</b>					
Governmental Activities	\$ 15,303,621	\$ 18,476,874	\$ 21,774,032	\$ 25,399,275	\$ 30,654,190
Business-Type Activities	<u>2,286,071</u>	<u>3,040,613</u>	<u>4,216,205</u>	<u>4,815,037</u>	<u>3,107,880</u>
Total Primary Government	<u>\$ 17,589,692</u>	<u>\$ 21,517,487</u>	<u>\$ 25,990,237</u>	<u>\$ 30,214,312</u>	<u>\$ 33,762,070</u>

Note: Government-wide information is available back to 2003, the year GASB Statement 34 was implemented.

**County of McHenry, Illinois**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund					
Reserved	\$ 430,369	\$ 899,198	\$ 1,046,551	\$ 1,676,686	\$ 2,149,583
Unreserved	<u>6,734,989</u>	<u>6,670,259</u>	<u>9,598,370</u>	<u>14,421,573</u>	<u>18,927,542</u>
Total General Fund	<u>\$ 7,165,358</u>	<u>\$ 7,569,457</u>	<u>\$ 10,644,921</u>	<u>\$ 16,098,259</u>	<u>\$ 21,077,125</u>
All Other Governmental Funds					
Reserved	\$ 2,066,744	\$ 1,748,978	\$ 1,597,681	\$ 3,285,658	\$ 9,628,742
Unreserved					
Special revenue funds	22,666,950	30,564,712	37,197,812	41,475,770	48,977,382
Capital projects funds	-	-	-	107,664	365,968
Debt service funds	<u>278,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 25,011,830</u>	<u>\$ 32,313,690</u>	<u>\$ 38,795,493</u>	<u>\$ 44,869,092</u>	<u>\$ 58,972,092</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	1,160,301	\$ 903,109	\$ 981,546	\$ 1,841,063	\$ 3,367,690
	<u>25,203,850</u>	<u>31,409,259</u>	<u>35,354,484</u>	<u>39,680,368</u>	<u>42,525,921</u>
\$	<u><u>26,364,151</u></u>	<u><u>32,312,368</u></u>	<u><u>36,336,030</u></u>	<u><u>41,521,431</u></u>	<u><u>45,893,611</u></u>
\$	12,815,996	\$ 11,692,162	\$ 10,994,326	\$ 15,815,383	\$ 17,104,118
	43,737,269	39,168,190	50,058,502	54,420,402	64,119,701
	83,390	7,335,205	3,935,868	3,605,068	32,098,411
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u><u>56,636,655</u></u>	<u><u>58,195,557</u></u>	<u><u>64,988,696</u></u>	<u><u>73,840,853</u></u>	<u><u>113,322,230</u></u>

**County of McHenry, Illinois**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>REVENUES</b>					
Charges for services	\$ 8,585,996	\$ 9,157,999	\$ 8,763,988	\$ 10,767,595	\$ 11,279,473
Licenses and permits	4,075,216	4,543,638	4,491,033	5,178,305	5,630,947
Fines and forfeitures	1,217,994	1,223,715	1,177,429	1,470,894	1,626,846
Grants, contributions, and intergovernmental	13,551,517	17,112,848	19,236,618	21,401,173	23,192,356
Property taxes	27,147,960	28,873,564	29,839,769	32,669,964	34,303,278
Other taxes	11,447,236	12,468,992	13,686,190	13,864,489	14,227,147
Investment income	1,796,367	1,795,985	2,663,024	2,430,418	1,185,448
Miscellaneous	1,836,081	616,239	881,333	813,303	741,935
<b>Total Revenues</b>	<u>69,658,367</u>	<u>75,792,980</u>	<u>80,739,384</u>	<u>88,596,141</u>	<u>92,187,430</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General and administrative	18,412,908	22,363,165	18,980,988	21,450,579	24,271,274
Community development	-	-	-	-	-
Transportation	4,207,862	4,325,019	4,798,834	6,581,914	6,608,470
Public safety	10,978,850	12,174,157	13,594,448	14,664,024	15,149,990
Judiciary and court related	6,446,175	6,989,737	6,792,147	7,218,297	7,596,915
Public health and welfare	11,620,897	12,401,939	12,686,930	13,773,514	14,776,174
Retirement	4,195,407	4,576,167	4,543,788	4,698,886	4,519,566
Capital outlay	3,983,287	2,533,019	3,642,363	7,340,660	7,433,557
Debt service					
Principal retirement	4,212,028	4,953,483	4,792,152	5,071,764	9,115,516
Interest and fiscal charges	1,073,777	1,278,540	863,773	734,850	817,140
<b>Total Expenditures</b>	<u>65,131,191</u>	<u>71,595,226</u>	<u>70,695,423</u>	<u>81,534,488</u>	<u>90,288,602</u>
Excess (deficiency) of revenues over expenditures	<u>4,527,176</u>	<u>4,197,754</u>	<u>10,043,961</u>	<u>7,061,653</u>	<u>1,898,828</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	72,528	304,484	247,168	1,091,364	960,054
Transfers out	(699,286)	(1,016,132)	(733,862)	(1,670,743)	(1,099,347)
Refunding debt certificates issued	-	-	-	-	-
Other debt issued	(19,590)	3,781,685	-	4,710,910	15,993,669
Payment to bond escrow agent	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	2,604,805
<b>Total Other Financing Sources (Uses)</b>	<u>(646,348)</u>	<u>3,070,037</u>	<u>(486,694)</u>	<u>4,131,531</u>	<u>18,459,181</u>
<b>Net Change in Fund Balances</b>	<u>\$ 3,880,828</u>	<u>\$ 7,267,791</u>	<u>\$ 9,557,267</u>	<u>\$ 11,193,184</u>	<u>\$ 20,358,009</u>
Debt service as a percentage of noncapital expenditures	<u>8.6 %</u>	<u>9.0 %</u>	<u>8.4 %</u>	<u>7.8 %</u>	<u>12.0 %</u>

Note: Upon implementation of GASB 34 in 2003, a new function was added (community development), an existing function was removed (retirement) and various other reclassifications were made. These changes cause the new categories to not be comparable to the old categories in years prior to implementation.

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	17,038,547	\$ 17,102,573	\$ 17,777,743	\$ 23,884,511	\$ 26,105,579
	2,265,291	2,218,767	2,215,929	2,161,925	1,762,656
	1,391,334	1,596,750	1,621,631	1,561,136	1,629,982
	16,131,921	16,293,271	23,587,863	17,920,531	23,172,332
	37,253,009	42,270,940	46,421,825	50,749,521	54,626,949
	22,034,609	23,965,541	25,566,198	26,185,819	20,816,878
	972,077	1,099,717	2,663,286	4,995,957	6,407,385
	<u>409,262</u>	<u>790,720</u>	<u>491,906</u>	<u>870,873</u>	<u>650,032</u>
	<u>97,496,050</u>	<u>105,338,279</u>	<u>120,346,381</u>	<u>128,330,273</u>	<u>135,171,793</u>
	19,616,747	22,446,128	24,134,700	26,806,604	26,984,381
	3,312,053	3,244,591	3,605,047	2,692,960	3,428,328
	8,238,014	10,312,253	8,397,687	9,546,135	12,599,577
	19,084,234	20,672,454	23,844,358	27,347,522	29,912,573
	9,576,539	9,886,552	10,169,039	10,819,640	13,497,931
	17,514,954	19,394,949	21,513,474	23,560,643	24,679,407
	-	-	-	-	-
	13,057,462	18,946,483	19,558,629	15,134,089	32,474,800
	5,581,736	1,996,101	1,587,517	2,252,439	3,220,206
	<u>737,564</u>	<u>894,418</u>	<u>1,032,157</u>	<u>1,140,762</u>	<u>1,090,312</u>
	<u>96,719,303</u>	<u>107,793,929</u>	<u>113,842,608</u>	<u>119,300,794</u>	<u>147,887,515</u>
	<u>776,747</u>	<u>(2,455,650)</u>	<u>6,503,773</u>	<u>9,029,479</u>	<u>(12,715,722)</u>
	1,878,972	2,866,871	2,576,516	6,331,432	24,521,463
	(2,397,170)	(2,866,871)	(2,592,516)	(6,331,432)	(24,521,463)
	-	-	-	3,592,000	-
	300,000	9,962,769	4,013,563	4,938,254	56,569,279
	-	-	-	(3,522,175)	-
	-	-	-	-	-
	<u>(218,198)</u>	<u>9,962,769</u>	<u>3,997,563</u>	<u>5,008,079</u>	<u>56,569,279</u>
\$	<u>558,549</u>	<u>7,507,119</u>	<u>10,501,336</u>	<u>14,037,558</u>	<u>43,853,557</u>
	<u>7.6 %</u>	<u>3.3 %</u>	<u>2.8 %</u>	<u>3.3 %</u>	<u>3.7 %</u>

**County of McHenry, Illinois**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
Last Ten Levy Years

Fiscal Year	Real Property					Railroad Property and Other	Total Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Total Assessed Value as a % of Estimated Actual Value
	Farm	Residential	Commercial	Industrial	Other					
1998	\$ 171,384,941	\$ 3,584,658,213	\$ 490,916,222	\$ 230,317,016	\$ 10,071,143	\$ 3,641,555	\$ 4,490,989,090	\$ 13,472,967,270	\$ 0.663	33.3 %
1999	180,339,692	3,786,576,247	526,285,410	249,446,094	10,247,003	3,415,301	4,756,307,747	14,268,923,241	0.653	33.3
2000	190,548,431	3,975,664,595	574,369,403	262,237,552	10,484,900	3,355,628	5,016,660,509	15,049,981,527	0.648	33.3
2001	190,246,427	4,250,167,036	618,316,972	283,951,849	10,820,134	3,444,369	5,356,946,787	16,070,840,361	0.644	33.3
2002	192,152,981	4,613,464,093	667,318,750	302,957,636	10,914,005	3,610,091	5,790,417,556	17,371,252,668	0.638	33.3
2003	195,335,290	5,109,673,949	724,761,093	319,815,302	12,561,726	4,258,627	6,366,405,987	19,099,217,961	0.673	33.3
2004	201,634,517	5,710,037,487	780,498,796	326,803,649	13,193,732	4,590,449	7,036,758,630	21,110,275,890	0.715	33.3
2005	209,598,061	6,266,193,513	863,041,722	347,842,544	13,756,505	5,115,632	7,705,547,977	23,116,643,931	0.735	33.3
2006	227,318,495	7,010,406,096	946,541,231	359,681,646	15,933,834	4,780,696	8,564,661,998	25,693,985,994	0.728	33.3
2007	242,284,601	7,739,948,744	1,042,482,191	378,488,761	15,210,290	5,075,587	9,423,490,174	28,270,470,522	0.706	33.3

Source: McHenry County Assessor's Office.

Note: Property in McHenry County is reassessed annually. The County assesses property at approximately 33.3% of actual value. Estimated actual value is calculated by dividing total assessed value by that percentage. Tax rates are per \$100 of assessed value.

**County of McHenry, Illinois**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
Last Ten Levy Years

	Year Taxes Payable				
	1998	1999	2000	2001	2002
<b>DIRECT RATES - COUNTY</b>					
General	0.199	0.207	0.221	0.226	0.230
Highway	0.061	0.058	0.054	0.051	0.050
County Bridge	0.002	0.002	0.002	0.002	0.002
Matching	0.015	0.014	0.013	0.013	0.013
Mental Health	0.125	0.125	0.125	0.124	0.123
Tuberculosis Care and Treatment	0.004	0.003	0.003	0.003	0.003
Illinois Municipal Retirement	0.059	0.062	0.055	0.052	0.043
Veterans' Assistance	0.004	0.005	0.005	0.005	0.005
Loss Prevention and Protection	0.047	0.046	0.044	0.044	0.044
Debt Service	0.101	0.094	0.089	0.083	0.078
Social Security	0.046	0.037	0.037	0.041	0.047
Senior Services	-	-	-	-	-
Nursing Home	-	-	-	-	-
<b>Total County</b>	<b>0.663</b>	<b>0.653</b>	<b>0.648</b>	<b>0.644</b>	<b>0.638</b>
<b>OVERLAPPING RATES</b>					
Municipalities	0.169 - 1.396	0.171 - 1.319	0.165 - 1.454	0.228 - 1.578	0.227 - 1.565
Unit School Districts	3.350 - 4.696	3.751 - 4.702	3.651 - 4.726	3.638 - 4.826	3.954 - 4.910
Elementary School Districts	2.100 - 3.143	2.077 - 3.151	2.013 - 3.245	2.078 - 3.359	2.099 - 3.355
High School Districts	1.628 - 2.182	1.622 - 2.467	1.616 - 2.178	1.713 - 2.178	1.878 - 2.225
Community College Districts	0.290 - 0.394	0.289 - 0.391	0.282 - 0.417	0.340 - 0.416	0.335 - 0.440
Conservation District	0.132	0.131	0.128	0.125	0.181
Township and Road Districts	0.103 - 0.310	0.090 - 0.309	0.152 - 0.512	0.140 - 0.511	0.134 - 0.862
Park Districts	0.209 - 0.402	0.195 - 0.406	0.188 - 0.637	0.028 - 0.630	0.289 - 0.629
Fire Protection Districts	0.144 - 0.594	0.142 - 0.593	0.140 - 0.590	0.142 - 0.644	0.142 - 0.646
Library Districts	0.082 - 0.351	0.081 - 0.353	0.082 - 0.458	0.083 - 0.469	0.084 - 0.469
Hospital Districts	-	-	-	-	-
Sanitary Districts	0.045 - 0.109	0.045 - 0.094	0.045 - 0.091	0.045 - 0.081	0.047 - 0.077
Cemetery Districts	0.002 - 0.012	0.002 - 0.012	0.002 - 0.010	0.002 - 0.010	0.001 - 0.010
Rescue Squad District	0.098	0.097	0.096	0.098	0.099

Source: McHenry County Clerk's Office.

Note: Rates are per \$100 of assessed valuation.

Note: The County's ability to change rates is limited by the Property Tax Extension Limitation Law (PTELL). Increases in rates are limited to the lesser of 5 percent or the increase in the national consumer price index (CPI) for the year preceding the levy year. For the 2006 levy (payable in 2007), the increase was limited to the CPI increase of 3.4%.

Year Taxes Payable

2003	2004	2005	2006	2007
0.250	0.250	0.247	0.250	0.250
0.046	0.057	0.055	0.060	0.064
0.002	0.003	0.003	0.002	0.004
0.012	0.014	0.013	0.012	0.028
0.118	0.121	0.125	0.121	0.118
0.002	0.003	0.003	0.002	0.002
0.040	0.066	0.075	0.070	0.056
0.005	0.009	0.008	0.007	0.006
0.039	0.057	0.062	0.064	0.059
0.071	0.011	-	-	-
0.041	0.043	0.052	0.049	0.036
-	0.025	0.023	0.021	0.019
0.047	0.057	0.069	0.070	0.064
<u>0.673</u>	<u>0.715</u>	<u>0.735</u>	<u>0.728</u>	<u>0.706</u>
0.221 - 1.526	0.202 - 1.512	0.191 - 1.472	0.184 - 1.467	0.180 - 1.426
3.905 - 4.920	3.522 - 4.791	3.654 - 4.738	3.587 - 4.517	3.446 - 4.677
2.023 - 3.360	2.029 - 3.498	1.941 - 3.743	1.862 - 3.683	1.919 - 3.754
1.815 - 2.157	1.759 - 2.093	1.970 - 2.035	1.659 - 2.086	1.599 - 2.154
0.318 - 0.438	0.301 - 0.453	0.301 - 0.450	0.256 - 0.447	0.274 - 0.491
0.173	0.166	0.158	0.149	0.143
0.128 - 0.744	0.118 - 0.736	0.110 - 0.701	0.105 - 0.664	0.102 - 0.644
0.025 - 0.592	0.025 - 0.577	0.028 - 0.553	0.300 - 0.534	0.031 - 0.524
0.138 - 0.658	0.134 - 0.656	0.132 - 0.660	0.126 - 0.635	0.189 - 0.623
0.082 - 0.446	0.080 - 0.429	0.078 - 0.418	0.074 - 0.400	0.071 - 0.395
-	-	-	-	-
0.047 - 0.066	0.044 - 0.061	0.044 - 0.060	0.045 - 0.057	0.044 - 0.056
0.001 - 0.010	0.001 - 0.009	0.001 - 0.008	0.001 - 0.008	0.001 - 0.008
0.096	0.093	0.091	0.088	0.200

**County of McHenry, Illinois**  
**PRINCIPAL PROPERTY TAX PAYERS**  
Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Inland Real Estate Corp.	\$ 21,255,498	1	0.21 %	\$ -	-	- %
Wolf Investments, Inc.	15,916,540	2	0.16	-	-	-
Wal-Mart Stores, Inc.	14,190,235	3	0.14	7,406,674	2	0.15
Meijer Stores	12,050,783	4	0.12	-	-	-
Centro Bradley/Centro Saturn LLC	10,220,486	5	0.10	-	-	-
Cunat Bros. Inc.	9,969,637	6	0.10	-	-	-
Target Corp. (Dayton Hudson)	9,859,398	7	0.10	-	-	-
Sky Ridge Partners LP	9,595,828	8	0.10	-	-	-
Rubloff	8,696,613	9	0.09	-	-	-
Sunrise Senior Living/AL IV Investments LLC	8,563,466	10	0.09	-	-	-
Motorola	-	-	-	26,170,497	1	0.52
Fountains Crystal Lake LP	-	-	-	7,168,602	3	0.14
Bradley Oper LTD/Heritage Prop	-	-	-	6,072,479	4	0.12
Freed Joseph J/Assoc Inc.	-	-	-	4,828,360	5	0.10
NIMED Corp.	-	-	-	4,531,562	6	0.09
Foglia/Hills Partnership	-	-	-	4,204,126	7	0.08
Jefferson, St. Bk Tr #1954	-	-	-	3,530,439	8	0.07
Home Depot USA Inc.	-	-	-	3,477,740	9	0.07
Dean Foods	-	-	-	3,319,156	10	0.07
	<u>\$ 120,318,484</u>		<u>1.21 %</u>	<u>\$ 70,709,635</u>		<u>1.41 %</u>

Source: McHenry County Assessor's Office.

**County of McHenry, Illinois**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
Last Ten Levy Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collected to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1998	\$ 29,766,325	\$ 29,361,784	98.64 %	\$ 362,634	\$ 29,724,418	99.86 %
1999	31,063,507	30,641,585	98.64	265,505	30,907,090	99.50
2000	32,518,035	31,732,277	97.58	677,748	32,410,025	99.67
2001	34,498,825	34,433,985	99.81	-	34,433,985	99.81
2002	36,942,911	36,826,757	99.69	-	36,826,757	99.69
2003	42,814,112	42,737,686	99.82	-	42,737,686	99.82
2004	50,333,994	50,268,332	99.87	-	50,268,332	99.87
2005	56,605,027	56,478,087	99.78	-	56,478,087	99.78
2006	62,333,680	62,245,602	99.86	-	62,245,602	99.86
2007	66,273,418	66,174,779	99.85	-	66,174,779	99.85

Source: McHenry County Clerk's Office.

**County of McHenry, Illinois**  
**RATIOS OF OUTSTANDING DEBT - BY TYPE**  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Debt Certificates	Capital Leases	Installment Notes	Debt Certificates	Revenue Bonds	Capital Leases			
1998	\$ 20,830,000	\$ -	\$ 490,856	\$ 175,399	\$ -	\$ 480,000	\$ -	\$ 21,976,255	0.30 %	\$ 91.21
1999	17,140,000	-	1,689,362	951,801	-	1,030,000	-	20,811,163	0.26	84.32
2000	13,330,000	-	1,035,269	753,742	-	900,000	-	16,019,011	0.18	61.59
2001	9,380,000	4,250,000	755,165	507,993	-	765,000	-	15,658,158	0.17	57.89
2002	5,180,000	14,843,651	1,188,545	340,414	-	765,000	-	22,317,610	0.24	80.36
2003	770,000	14,417,072	919,158	164,644	-	625,000	-	16,895,874	0.17	59.06
2004	-	23,433,077	804,464	-	12,500,000	325,000	-	37,062,541	0.36	125.05
2005	-	25,589,569	1,074,018	-	12,500,000	325,000	-	39,488,587	0.37	129.90
2006	-	28,840,473	785,929	-	12,020,000	165,000	52,774	41,864,176	0.36	134.02
2007	-	81,460,136	1,348,872	-	11,535,000	-	39,586	94,383,594	n/a	298.74

Note: Details regarding the County's outstanding debt can be found in the notes to financial statements.  
See Demographic and Economic Statistics at page 173 for and personal income and population data.

**County of McHenry, Illinois**  
**RATIOS OF OUTSTANDING GENERAL BONDED DEBT**  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt				Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation Bonds	Debt Certificates	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt		
1998	\$ 20,830,000	\$ -	(1,427,502)	\$ 19,402,498	0.14 %	\$ 80.53
1999	17,140,000	-	(1,177,813)	15,962,187	0.11	64.67
2000	13,330,000	-	(1,136,658)	12,193,342	0.08	46.88
2001	9,380,000	4,250,000	(769,708)	12,860,292	0.08	47.54
2002	5,180,000	14,843,651	(244,459)	19,779,192	0.11	71.22
2003	770,000	14,417,072	(136,608)	15,050,464	0.08	52.61
2004	-	35,933,077	-	35,933,077	0.17	121.24
2005	-	38,089,569	-	38,089,569	0.16	125.30
2006	-	40,860,473	-	40,860,473	0.16	130.81
2007	-	92,995,136	-	92,995,136	0.33	294.34

Note: Details regarding the County's outstanding debt can be found in the notes to financial statements.  
See Assessed Value and Estimated Actual Value of Taxable Property Schedule at page 163 for property value data.  
See Demographic and Economic Statistics at page 173 for population data.

**County of McHenry, Illinois**  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
November 30, 2007

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Direct</b>			
McHenry County	\$ 82,941,000	100.0 %	\$ 82,941,000
<b>Overlapping</b>			
Municipalities	122,505,000	5.3 - 100.0	102,623,000
Unit School Districts	880,955,000	0.1 - 100.0	387,994,000
Elementary School Districts	97,710,000	94.6 - 100.0	95,816,000
High School Districts	90,327,000	98.8 - 100.0	89,889,000
Community College Districts	194,897,000	0.1 - 97.3	9,374,000
Conservation District	88,979,000	100.0	88,979,000
Township and Road Districts	2,208,000	100.0	2,208,000
Park Districts	46,068,000	84.5 - 100.0	43,137,000
Fire Protection Districts	15,166,000	7.3 - 100.0	10,885,000
Library Districts	16,803,000	17.7 - 100.0	<u>14,193,000</u>
Total Overlapping			<u>845,098,000</u>
Total Direct and Overlapping Debt			<u>\$ 928,039,000</u>

Sources: Assessed value data used to estimate applicable percentages provided the County Clerk's Office. Debt outstanding data obtained from annual financial reports submitted to the Illinois Comptroller or Illinois State Board of Education or from individual comprehensive annual financial reports.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses of the County should be taken into account. However, this does not mean that every taxpayer of the County is a taxpayer of each of the above overlapping districts and responsible for bearing the repayment of the long-term debt of each overlapping district.

The percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another district's assessed value that is within the County's boundaries and dividing it by that district's total assessed value.

Amounts are rounded to the nearest thousand.

**County of McHenry, Illinois**  
**LEGAL DEBT MARGIN INFORMATION**  
Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 129,115,936	\$ 136,743,848	\$ 144,228,990	\$ 154,012,220	\$ 166,474,505	\$ 183,034,172	\$ 202,306,811	\$ 221,534,504	\$ 246,234,032	\$ 270,925,343
Total debt applicable to limit	<u>666,255</u>	<u>2,641,163</u>	<u>1,789,011</u>	<u>1,263,158</u>	<u>1,528,959</u>	<u>1,083,802</u>	<u>804,464</u>	<u>1,074,018</u>	<u>-</u>	<u>54,885,000</u>
Legal debt margin	<u>\$ 128,449,681</u>	<u>\$ 134,102,685</u>	<u>\$ 142,439,979</u>	<u>\$ 152,749,062</u>	<u>\$ 164,945,546</u>	<u>\$ 181,950,370</u>	<u>\$ 201,502,347</u>	<u>\$ 220,460,486</u>	<u>\$ 246,234,032</u>	<u>\$ 216,040,343</u>
Total debt applicable to limit as a percentage of debt limit	<u>0.52 %</u>	<u>1.93 %</u>	<u>1.24 %</u>	<u>0.82 %</u>	<u>0.92 %</u>	<u>0.59 %</u>	<u>0.40 %</u>	<u>0.48 %</u>	<u>- %</u>	<u>20.26 %</u>

**Legal Debt Margin Calculation for Fiscal Year 2007**

Assessed valuation (2006 tax year)	\$ <u>9,423,490,174</u>
Debt limitation (2.875% of assessed valuation)	<u>270,925,343</u>
Debt outstanding	
Debt Certificates	92,995,136
Capital Leases	<u>1,388,458</u>
Subtotal	94,383,594
Less: debt not subject to limitation	<u>(39,498,594)</u>
Total debt applicable to limit	<u>54,885,000</u>
Debt limit margin	\$ <u><u>216,040,343</u></u>

Note: Per state statute, the County is limited to issuing debt in an amount not to exceed 2.875% of the assessed value of the taxable property within the County. However, this limitation does not apply to debt issued for the purpose of building a County court house, jail, or other necessary County buildings and for the accommodation thereof. (50 ILCS 405 - Local Government Debt Limitation Act)

**County of McHenry, Illinois**  
**PLEDGED REVENUE COVERAGE**  
Last Ten Fiscal Years

911 Fund Revenue Bonds							
Fiscal Year	Charges for Services	Other Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
1998	\$ 928,093	\$ 45,087	\$ 500,861	\$ 472,319	\$ 145,000	\$ 33,765	\$ 2.64
1999	845,643	46,506	1,814,769	(922,620)	610,000	54,710	-
2000	820,046	44,129	586,185	277,990	130,000	39,112	1.64
2001	1,489,078	38,453	1,006,893	520,638	135,000	34,563	3.07
2002	1,985,406	41,838	795,253	1,231,991	-	29,702	41.48
2003	1,841,241	59,734	1,070,032	830,943	140,000	24,823	5.04
2004	1,932,388	47,455	1,213,330	766,513	300,000	18,785	2.40
2005	1,966,275	72,133	1,232,169	806,239	-	13,195	61.10
2006	2,032,278	104,103	1,332,078	804,303	160,000	7,035	4.82
2007	2,209,926	135,558	1,517,913	827,571	165,000	300	5.01

Notes: Details regarding the County's outstanding debt can be found in the notes to financial statements. Operating expenses do not include interest, depreciation, or amortization expenses. 911 Fund revenue bonds are backed by charges for services, which represent monthly telephone surcharges paid on telephone lines within the County. This issue was paid off in 2007.

**County of McHenry, Illinois**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
Last Ten Fiscal Years

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Year	(1) Population	(2) Personal Income	Per Capita Personal Income	(3) School Enrollment	(3) Number of Teachers	(4) Unemployment Rate	
1998	240,945	\$ 7,292,492,000	\$ 30,266	41,888	2,988	3.5	%
1999	246,812	7,860,617,000	31,849	43,298	3,139	3.2	
2000	260,077	8,731,257,000	33,572	44,999	3,280	3.6	
2001	270,504	9,020,494,000	33,347	46,460	3,460	4.6	
2002	277,710	9,284,767,000	33,433	48,356	3,475	5.7	
2003	286,091	9,707,351,000	33,931	50,097	3,654	5.9	
2004	296,389	10,333,931,000	34,866	51,535	3,638	3.7	
2005	303,990	10,745,175,000	35,347	53,235	3,350	5.1	
2006	312,373	11,684,785,000	37,407	53,917	3,142	3.7	
2007	315,943	n/a	n/a	54,256	3,523	4.3	

Sources:

- (1) US Census Bureau.
- (2) Bureau of Economic Analysis, US Department of Commerce.
- (3) Regional Superintendent of Schools.
- (4) Illinois Department of Employment Security.

**County of McHenry, Illinois**  
**PRINCIPAL EMPLOYERS**  
Current Year and Nine Years Ago

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Centegra Health System	3,254	1	1.90 %	2,050	2	1.57 %
County of McHenry	1,400	2	0.82	1,200	3	0.92
Follett Library Resources	1,378	3	0.81	575	10	-
Catalent Phara Solutions	800	4	0.47	-	-	-
Intermatic, Inc.	750	5	0.44	950	5	0.73
Brown Printing	727	6	0.43	-	-	-
McHenry County College	642	7	0.38	-	-	-
Snap-On Tools, Inc.	525	8	0.31	-	-	-
Knaack LLC	500	9	0.29	-	-	-
Sage Products, Inc.	494	10	0.29	750	8	0.57
Motorola, Inc.	-	-	-	2,800	1	2.14
Precision Twist Drill, Co.	-	-	-	989	4	0.76
Brake Parts, Inc.	-	-	-	800	6	0.61
School District #47	-	-	-	756	7	0.58
Arnold Engineering, Co.	-	-	-	650	9	0.50
	<u>10,470</u>		<u>6.13 %</u>	<u>11,520</u>		<u>8.38 %</u>

Source: Principal employers obtained from the annual McHenry County Book of Lists, compiled by the McHenry County Business Journal. Total County employment obtained from the Illinois Department of Employment Security.

**County of McHenry, Illinois**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES - BY FUNCTION**  
Last Ten Fiscal Years

<u>FUNCTION/PROGRAM</u>	Full-time Equivalent Employees as of November 30,									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General and administrative	n/a	160.2	161.2	172.5	179.3	184.0	195.7	196.8	201.7	203.9
Community development	n/a	22.0	24.0	25.0	26.0	23.0	22.0	20.0	23.6	25.1
Transportation	n/a	31.0	34.0	35.0	33.0	36.0	38.0	48.0	50.5	56.5
Public safety	n/a	260.1	268.6	271.8	285.5	296.5	316.9	377.5	382.5	394.2
Judiciary and court related	n/a	158.7	164.8	170.4	177.0	173.6	175.1	175.0	194.8	211.5
Public health and welfare	n/a	233.6	224.7	238.7	233.6	252.0	267.9	270.3	300.1	302.6
	-	865.6	877.3	913.4	934.4	965.1	1,015.6	1,087.6	1,153.2	1,193.8

Source: McHenry County Department of Human Resources.

Note: A full-time employee is scheduled to work 37.5 hours per week, which is equal to 1950 hours per year (52 weeks \* 37.5 hours/week). Full-time equivalent employment is calculated by dividing total labor hours by 1950.

**County of McHenry, Illinois**  
**OPERATING INDICATORS - BY FUNCTION**  
Last Ten Fiscal Years

<u>FUNCTION/PROGRAM</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General and administrative</b>										
Documents recorded	86,482	90,934	71,902	96,268	123,271	173,421	115,446	110,544	96,602	86,224
Real estate transfer declarations	8,393	9,500	9,757	10,323	10,903	11,774	11,225	11,886	9,550	6,811
Birth certificates issued	1,771	1,855	1,891	1,936	1,954	1,859	2,109	2,264	2,213	2,062
Parcels assessed	117,614	119,864	122,477	125,657	127,665	130,547	133,137	136,646	140,899	142,521
Registered voters	150,683	149,000	161,637	165,112	169,530	172,648	186,394	184,315	186,323	189,386
Tax bills mailed	112,580	114,918	117,247	120,129	121,954	124,597	126,796	130,266	134,047	137,723
Passports issued	-	3,430	4,412	4,273	3,670	3,188	2,627	1,774	2,018	2,528
Teachers certified	2,988	3,139	3,280	3,460	3,475	3,654	3,638	3,350	3,142	3,523
<b>Community development</b>										
Building permit applications	1,472	1,382	1,632	1,990	2,117	1,885	1,798	1,636	1,421	1,430
Zoning petitions filed	92	94	89	89	106	127	131	140	96	100
<b>Transportation</b>										
Permits (access, facility, & utility)	94	71	87	53	161	181	140	104	114	159
Miles paved	14.4	16.6	18.1	13.7	11.7	24.0	22.1	15.3	15.7	15.9
<b>Public safety</b>										
Incoming 911 calls	n/a	n/a	19,131	22,113	31,456	32,694	30,701	31,735	33,187	36,148
Arrests	1,838	3,093	2,671	2,648	2,750	2,907	3,095	3,006	2,556	3,690
Citations issued	7,528	7,976	8,617	8,170	7,636	8,238	10,344	11,223	12,215	14,610
Inmates processed	4,521	4,735	6,208	7,021	5,939	6,509	6,615	6,966	8,513	9,796
Hazardous material and other emergency responses	70	48	55	48	41	53	73	51	55	50
<b>Judiciary and court related</b>										
Judges	12	12	12	12	12	12	12	12	13	15
Total cases filed	75,569	74,623	77,959	79,259	88,808	91,418	89,332	93,338	96,769	105,502
Jury trials	51	81	44	42	47	37	36	30	37	60
Defendants appointed to public defender	2,372	2,977	2,933	3,541	4,209	4,487	4,906	4,826	4,213	4,306
Charges disposed by public defender	5,619	6,013	6,009	7,025	8,159	8,811	10,736	10,450	9,078	8,750
<b>Public health and welfare</b>										
Food establishment inspections	3,529	3,556	3,652	3,975	3,973	4,169	4,485	5,479	5,753	5,680
Vision screenings	12,313	12,442	12,849	10,879	13,184	11,969	12,915	12,577	12,095	11,114
Hearing screenings	14,198	14,209	13,937	12,135	14,152	13,479	15,254	13,989	13,255	13,272
Nursing home - resident days	40,232	39,601	40,728	41,254	41,829	41,027	40,528	40,695	41,181	43,406
Veterans assistance cases	342	430	485	533	496	469	439	474	523	470

Sources: County Departments.

**County of McHenry, Illinois**  
**CAPITAL ASSET STATISTICS - BY FUNCTION**  
Last Ten Fiscal Years

FUNCTION/PROGRAM	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General and administrative										
Primary buildings	1	1	1	1	1	2	2	2	2	2
Transportation										
Lane miles	495	495	495	495	495	495	495	495	495	502
Street lights	110	109	112	112	112	114	114	209	233	267
Traffic signals	16	20	21	22	23	24	24	25	27	29
Bridges	37	37	37	37	37	37	37	37	37	37
Vehicles	n/a	n/a	57	57	56	61	68	68	69	75
Public safety										
Jail inmate capacity	325	325	325	325	325	325	325	325	620	632
Sheriff vehicles	115	119	118	119	124	145	144	146	165	173
Sheriff boats	6	6	6	6	6	6	6	6	6	6
Judiciary and court related										
Courtrooms	12	12	12	12	12	13	13	13	13	16
Public health and welfare										
Nursing home capacity	117	117	117	117	117	117	117	117	117	127
Vehicles - veterans assistance	2	2	3	3	3	4	4	4	4	4

Sources: County Departments.