



PROMOTING A CULTURE OF SERVICE TO THE COMMUNITY

POPULAR ANNUAL FINANCIAL REPORT

County of McHenry, IL

FOR THE FISCAL YEAR ENDED
NOVEMBER 30, 2017



Emergency Management Agency Volunteer Program—
Received the President's Volunteer Service Award
(Combined 4,500 hours of service in 2017)



Court Services Garden Program—Donated Vegetables to the
Woodstock Food Pantry



Day of Caring —Assisted Elderly/Physically Challenged Citizens



Human Race 5K—Raised Funds for United Way

McHenry County Board



The McHenry County Board acknowledges the commitment to service of the County employees both on and off the job by unanimously issuing the proclamation declaring May 7-13, 2017 as Public Service Recognition Week.

P R O C L A M A T I O N

PROCLAMATION ACKNOWLEDGING MAY 7-13, 2017 AS PUBLIC SERVICE RECOGNITION WEEK AND HONORING OUR PUBLIC SERVANTS AND CONNECTING CITIZENS WITH THEIR GOVERNMENT

WHEREAS, Americans are served every single day by public servants at the federal, state, county, township and city levels; and

WHEREAS, these unsung heroes do the work that keeps our nation working; and

WHEREAS, many public employees take not only jobs, but oaths; and

WHEREAS, many public servants, including military personnel, police officers, firefighters, border patrol officers, embassy employees, health care professionals and others, risk their lives each day in service to the people of the United States; and

WHEREAS, public servants include teachers, doctors, scientists, train conductors, astronauts, nurses, safety inspectors, laborers, computer technicians, social workers and countless other occupations; and

WHEREAS, day in and day out they provide the diverse services demanded by the American people of their government with efficiency and integrity, and

WHEREAS, without these public servants at every level, continuity would be impossible in a democracy that regularly changes its leaders and elected officials.

NOW, THEREFORE BE IT PROCLAIMED, that we, the McHenry County Board, do hereby acknowledge and proclaim to all residents of McHenry County, Illinois that May 7-13, 2017 is Public Service Recognition Week, and all citizens are encouraged to recognize the accomplishments and contributions of government employees at all levels - federal, state, county and city, and

BE IT FURTHER PROCLAIMED, that the County Clerk is hereby authorized to distribute a certified copy of this Proclamation to the County Administrator, the County Board Chairman, and the Human Resources Director

DATED at Woodstock, Illinois, this 16th day of May, A.D., 2017

County of McHenry, Illinois
POPULAR ANNUAL FINANCIAL REPORT
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November 30, 2017

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Introduction to the Popular Annual Financial Report



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

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

Townships in the County:

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

To the residents of McHenry County:

I am pleased to present McHenry County's Popular Annual Financial Report (PAFR) for the fiscal year ended November 30, 2017, prepared by the County Auditor's Office. This report provides a summary of the County's revenue, spending, and financial condition. The report also includes supplementary information on local economic conditions, major accomplishments by the County government, and a listing of the current County Board Members and Elected Officials. My goal in producing this report is to communicate the County's financial operations in a straightforward and easy-to-read format, so that you may obtain a better understanding of McHenry County government. The County's PAFR for fiscal year 2016 received the Government Finance Officers Association's (GFOA) Award for Outstanding Achievement, which is the ninth consecutive year that the County has received this prestigious award.

The information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended November 30, 2017, which was audited by Baker Tilly Virchow Krause LLP and received an unmodified (clean) opinion. The CAFR is a highly detailed financial report that is prepared in conformity with Generally Accepted Accounting Principles (GAAP). The County has received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the CAFR for 19 consecutive years. The financial schedules presented in the PAFR have been summarized and combined from assorted financial statements in the CAFR. The PAFR omits the financial statements on business-type activities, discretely presented component units, proprietary funds, and fiduciary funds, which are included in the CAFR. Governmental funds are incorporated, since most of the County's basic services are included. Anyone who is interested in reading the fiscal year 2017 CAFR can find the report on the County's website at <https://www.mchenrycountyil.gov/county-government/departments-a-i/auditor/comprehensive-annual-financial-reports>. Prior year CAFRs are also available online, as well as a number of other reports, including PAFRs, Single Audit Reports, Quarterly Financial Reports, Circuit Clerk Financial Statements, Grant Inventory Reports, and Vendor Payment Reports. The Internal Audit Division information is also available online.

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

This report is for your use in understanding the operations of the McHenry County government and is not intended to replace the CAFR. It is simply a means of promoting public awareness and confidence in the County government. It is an honor to serve as your Auditor and I encourage any questions, concerns, or feedback as to the contents of this report or the operations of my office. Feel free to contact me at my office - 815.334.4203, by email - auditor@mchenrycountyil.gov, or by stopping in at my office in the Administration Building - Room 105.

Best regards,

Shannon Teresi, McHenry County Auditor

July 24, 2018

Awards Received for Financial Reporting

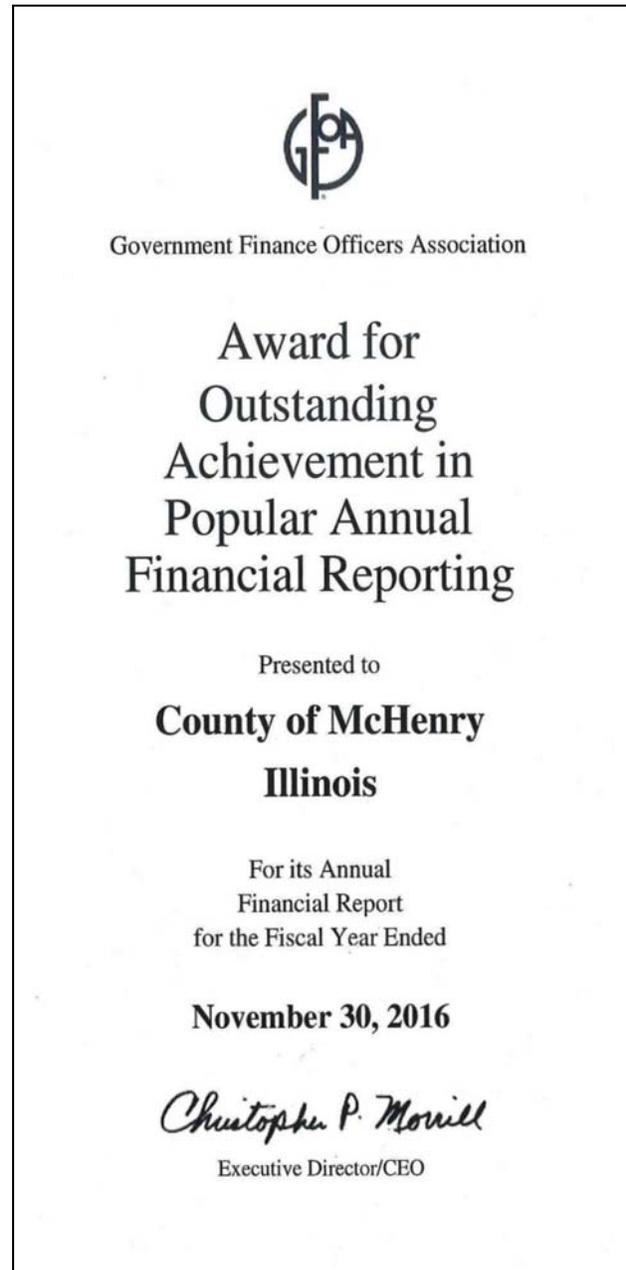
The Government Finance Officers Association of the United States and Canada (GFOA) has presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to McHenry County for its Popular Annual Financial Report for the fiscal year ended November 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government popular reports.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended November 30, 2016 represents the ninth consecutive year that the County has received this prestigious award. We believe that the current PAFR for the fiscal year ended November 30, 2017 also conforms to the high standards of the award program and the PAFR has been submitted to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

As described in the introduction to the PAFR, the information presented within the PAFR was derived from the County's CAFR. The County is proud to report that its CAFR for the fiscal year ended November 30, 2016 has been recognized with the Certificate of Achievement for Excellence in Financial Reporting. This certificate represents the 19th consecutive year that the County has received this award. Anyone who is interested in reading the CAFR can find the report on the County's website at <https://www.mchenrycountyil.gov/county-government/departments-a-i/auditor/comprehensive-annual-financial-reports>.



Profile of McHenry County, Illinois

McHenry County is located in northeastern Illinois, approximately 50 miles northwest of Chicago. The County covers a total area of 611 square miles, including 603 square miles of land and 8 square miles of water. The 2017 estimated population of the County was 309,122 which ranks sixth out of 102 Counties in Illinois. Over 30 communities reside within the County, the largest of which is the City of Crystal Lake, with a 2017 estimated population of 40,421, which ranks 41st out of 1,298 municipalities in Illinois. Major transportation routes include I-90, which passes through the southwest corner of the County, as well as several state highway routes, making the County easily accessible to areas in northern Illinois and southern Wisconsin. Adjacent counties include Walworth and Kenosha Counties in Wisconsin (north), Lake and Cook Counties (east), Kane and DeKalb Counties (south) and Boone County (west).

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

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

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

Over the past few decades, the County has experienced significant commercial and residential growth. As a result, the population of the County has increased from 183,241 in 1990, to 260,077 in 2000, and an estimated 309,122 in 2017. Also, the County's assessed valuation has increased from \$5.0 billion in 2000 to \$7.6 billion in 2017. In order to meet the ever-expanding needs of the growing County, the number of full-time equivalent employees of the County has increased as well, from 877 in 2000 to 1,106 in 2017. See page 13 for a list of the County's major accomplishments for fiscal year 2017, as well as future plans.



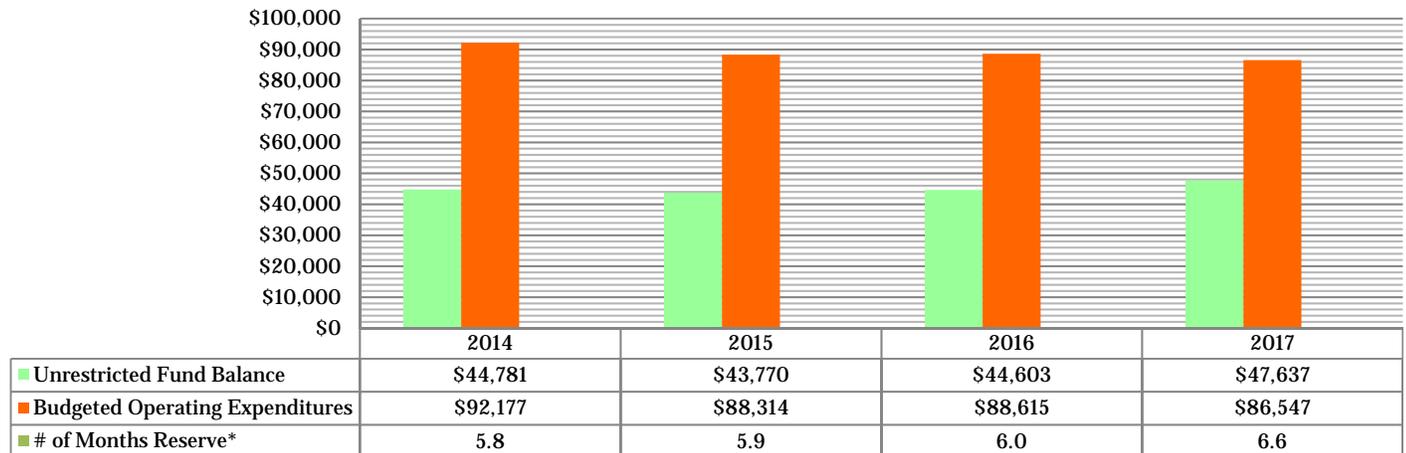
Perspective #1 – Short-Term Financial Health

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

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

As of November 30, 2017, the general fund had unrestricted fund balance of \$47,636,731 compared to budgeted operating expenditures of \$86,546,524, which is a reserve of 6.6 months. The following chart shows unrestricted fund balance compared to budgeted operating expenditures in the general fund over the last four fiscal years.

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



*row is not presented on the graph

The level of unrestricted fund balance is not static and may increase or decrease over time based on many factors. As such, more important than the level of unrestricted fund balance at any one point in time is the pattern of unrestricted fund balance over the past several years. As shown above, the level of unrestricted fund balance in the general fund increased from 5.8 months in 2014, to 5.9 months in 2015, and then increased in 2016 to 6.0 months and then increased to 6.6 months in 2017. The County’s budget policy requires that whenever the reserve in the general fund rises above the six month target, a plan is to be adopted to spend down the surplus. In 2014, 2015 and 2016, the County achieved the required spend down when the general fund reserve declined to 5.8, 5.9 and 6.0 months, which is just below the six month target. Additionally, the County’s budget policy only requires an action plan to be developed to bring the reserve back up to the six month target when the level of unrestricted fund balance falls to approximately 3.3 months. Therefore, no action plan is currently required to bring the reserve up to the six month target.

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

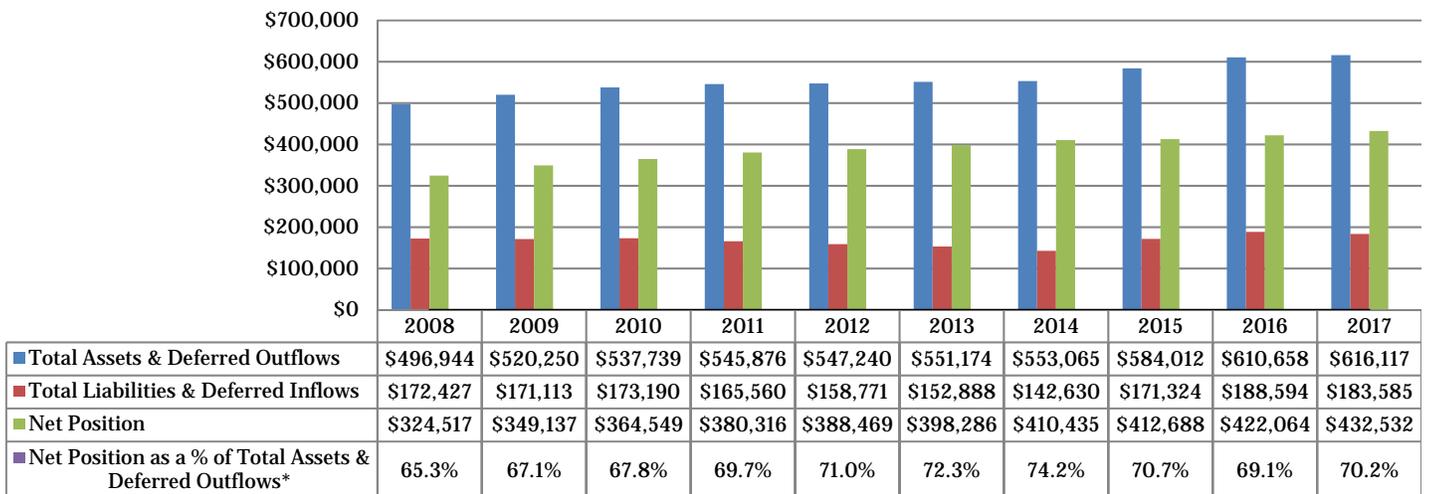
Perspective #2 – Financial Position

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

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

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

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



*row is not presented on the graph

As shown above, the County's assets & deferred outflows have significantly exceeded its liabilities & deferred inflows every year over the past ten years. Net position has also increased significantly, from \$324.5 million in 2008 to \$432.5 million in 2017; an increase of \$108.0 million or 33.3%. Also, net position has remained consistent as a percentage of total assets & deferred outflows, ranging from 65.3% - 74.2%, with the highest level occurring in 2014. Overall, the chart shows that the County's current financial position is sound and shows a trend of stability in net position as a percentage of total assets & deferred outflows over the past ten fiscal years.

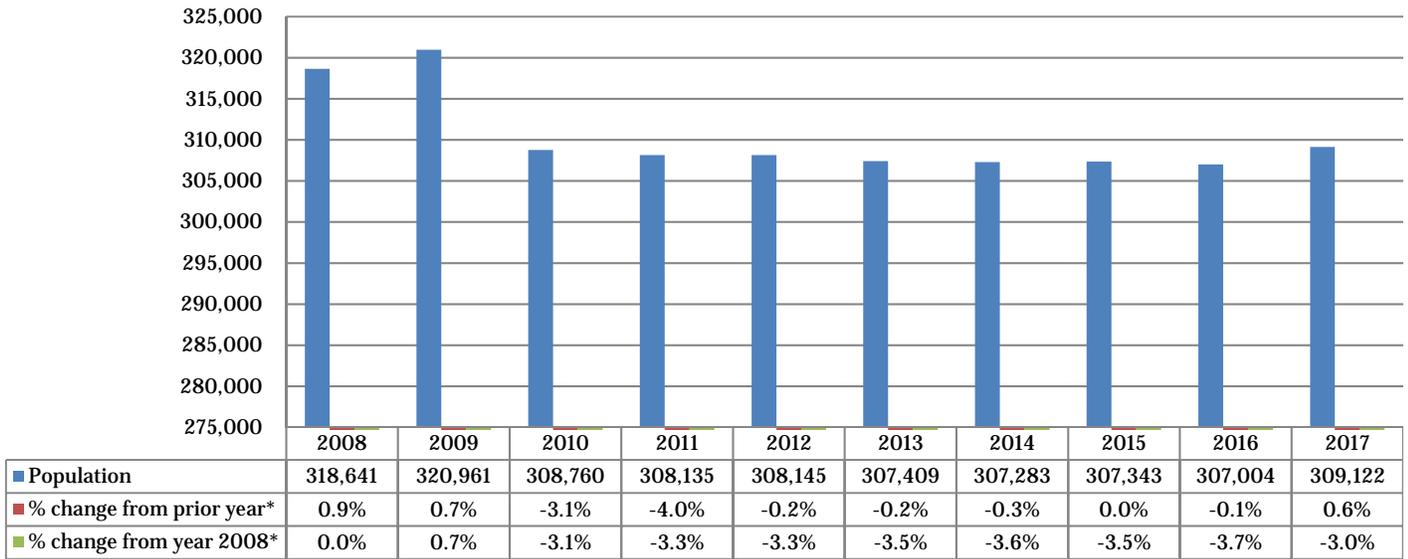
Net position is broken down into three categories, net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the portion of net position related to capital assets, less any related outstanding debt, and is not available for spending. Restricted net position represents the portion of net position that has legal restrictions on how the resources may be spent. Finally, all other net position falls into the unrestricted category. For 2017, net investment in capital assets was \$327.6 million or 75.8% of total net position, restricted was \$90.6 million or 20.9% of total net position, and unrestricted was \$14.3 million or 3.3% of total net position.

Perspective #3 – Economic Condition

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

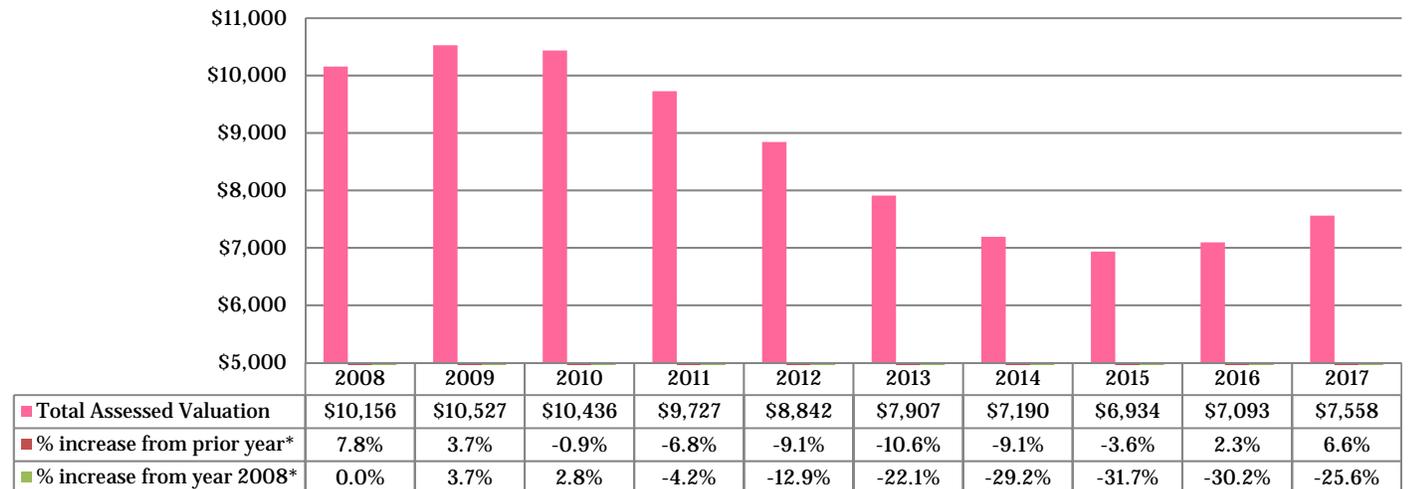
The following statistics represent a sample of major economic factors that impact the County’s financial situation.

McHenry County Population Last Ten Years



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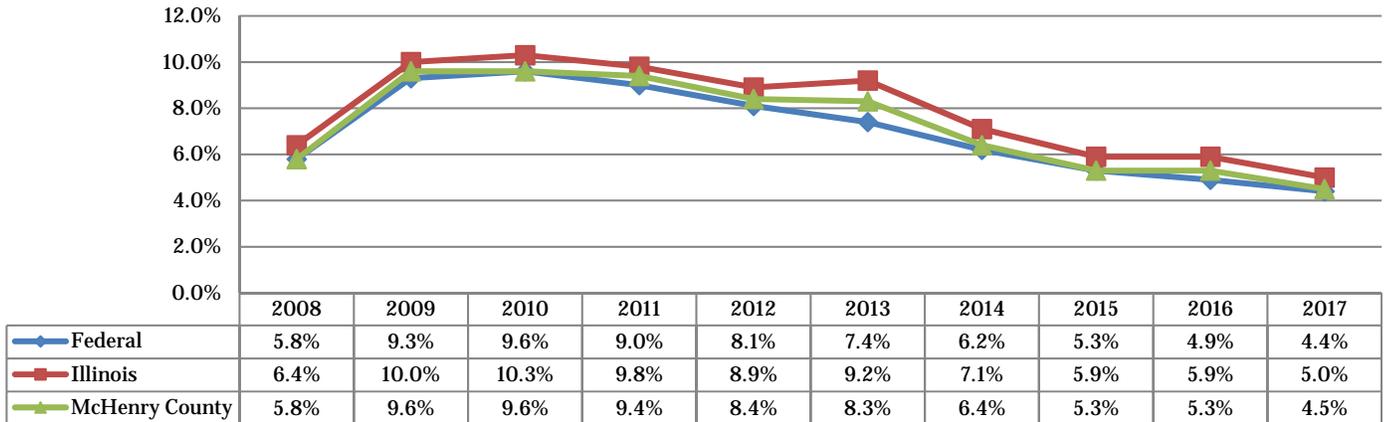
McHenry County Total Assessed Valuation Last Ten Years (in millions)



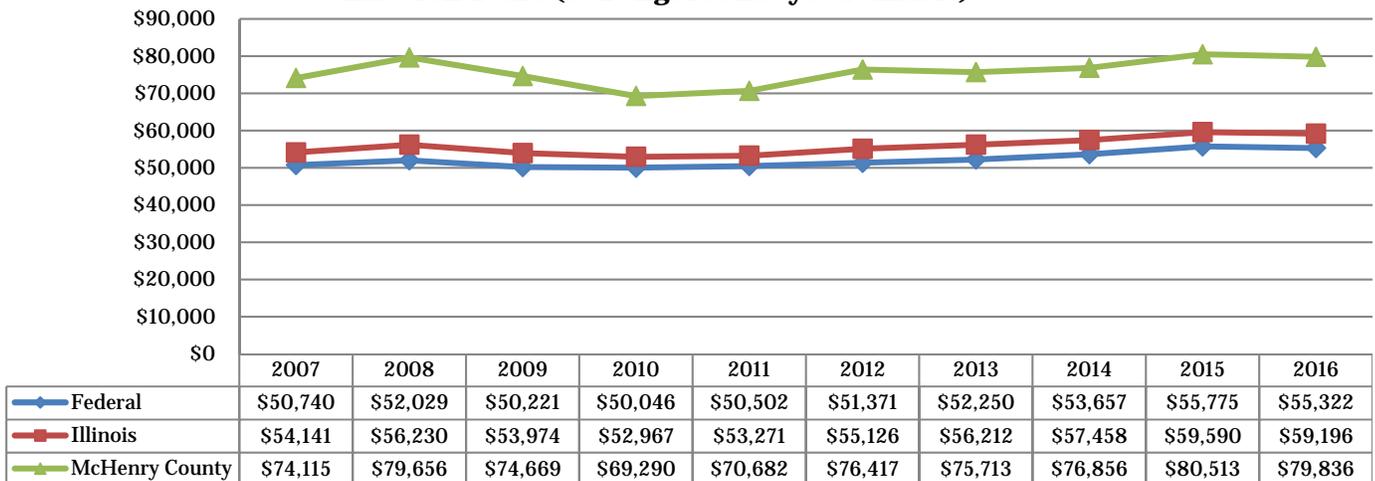
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Perspective #3 – Economic Condition (Continued)

**Unemployment Rate
Last Ten Years**



**Median Household Income
Last Ten Years (2017 figures not yet available)**



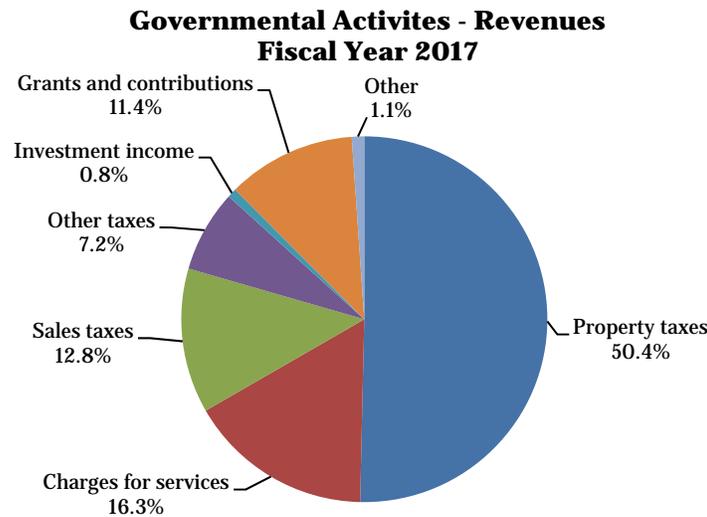
The County's population decreased from 318,691 in 2008 to 309,122 in 2017; a decrease of 9,569 or 3.0%. The population figure for 2010 is from the 2010 US Federal Census. Population figures for 2008 and 2009 and 2011 - 2017 represent estimates provided by the US Census Bureau. The decline from 2009 to 2010 does not represent an actual decrease in population over a one year period, but a correction of previous estimates. The County's total assessed valuation increased from 2008 to 2009, where it peaked at \$10.5 billion. From 2009 through 2015, assessed valuations decreased every year, to a low of \$6.9 billion in 2015, which represents a decrease of \$3.6 billion or 34.3% from the peak in 2009. However, in 2016 it increased slightly to \$7.1 billion, then in 2017 assessed values increased by \$0.5 billion to \$7.6 billion. The main reason for this pattern is the great recession, which lasted from December 2007 through June 2009 and had a significant impact on the local real estate market. While home values may have bottomed out, the effects of the recession are likely to cause slow growth in population and assessed valuations for the foreseeable future.

The unemployment rate and median household income statistics also show how the great recession has affected the County and its citizens. The County's unemployment rate was 4.5% in 2017, which represents a significant improvement from the peak rate of 9.6% for 2009 and 2010. The County's unemployment rate is at its lowest level since 2007. The County's median household income increased from \$74,515 in 2007 to \$79,836 in 2016 and is slightly down from the peak of \$80,513 in 2015. Conversely, the County's median household income has consistently exceeded both Federal and State benchmarks. As economic conditions continue to improve, the County will be well positioned to maintain its sound financial position.

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

The County receives its funding from a variety of sources, of which the largest single source is property taxes. The following table and chart present revenues for governmental activities for 2017 and 2016.

Revenue Source	2017	2016	\$ Change	% Change
Charges for services	\$ 25,663,951	\$ 25,431,230	\$ 232,721	0.9 %
Grants and contributions	17,882,328	23,429,949	(5,547,621)	(23.7)
Property taxes	79,204,833	76,113,609	3,091,224	4.1
Sales taxes	20,111,544	19,852,773	258,771	1.3
Other taxes	11,398,543	11,616,864	(218,321)	(1.9)
Investment income	1,278,965	511,663	767,302	150.0
Other	1,726,423	434,918	1,291,505	297.0
Total	\$ 157,266,587	\$ 157,391,006	\$ (124,419)	(0.1) %



Charges for services represent fees paid by individuals, businesses, or other governments who purchase, use, or directly benefit from the goods or services provided. For 2017, the largest items in this category include \$8.8 million for jail space rental, \$2.5 million for circuit clerk fees, \$1.1 million for penalties/fees on delinquent taxes, \$1.0 million for recording fees, and \$1.0 million for court services salary reimbursements. Jail space rental increased from \$8.0 million for 2016 to \$8.8 million for 2017; an increase of \$0.8 million or 10%. Revenues in this category increased because of the increased attention to immigration in the United States. The US Immigration and Customs Enforcement, the largest participant, continues to house inmates in the County jail. **Grants and contributions** represent payments or donations from individuals, businesses, or other governments through agreements under which the funds are restricted for use in a particular program. For 2017, the largest items in this category include \$10.5 million for transportation programs, \$4.6 million for public health and welfare programs, and \$1.9 million for community development programs. **Property taxes** represent a tax on all real estate and improvements with the County. Property taxes are considered to be a general revenue source, since they are available to fund all programs of the County. **Sales taxes** represent a tax imposed on consumers for the purchase of certain goods and services. The current sales tax rate for general merchandise throughout the County ranges from 7.0% to 8.0%. **Other taxes** include \$6.0 million for state income taxes, \$2.6 million for tax transfer stamps, and \$1.7 million for local use taxes. **Investment income** consists of interest earned on the County’s cash and investments. **Other revenues** include gains on the sale of capital assets and miscellaneous revenues.

Expenses – What does the County spend its funds on?

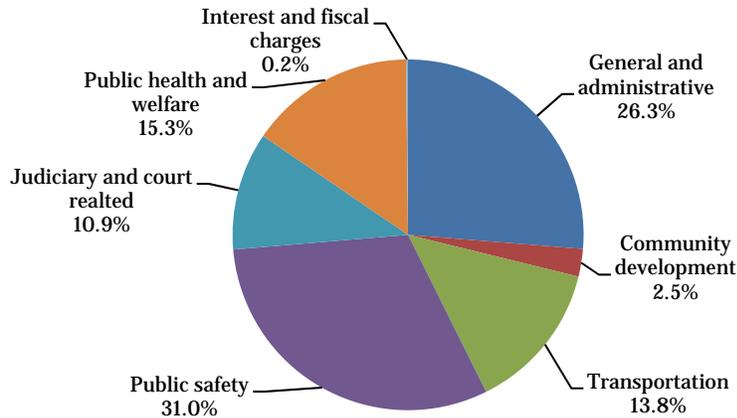
The County spends its funds providing vital programs and services for the community. All of the County's activities are grouped into categories that describe the nature of the activity. The following table and chart present expenses for governmental activities for 2017 and 2016.

County of McHenry

Governmental Activities - Expenses

Function	2017	2016	\$ Change	% Change
General and administrative	\$ 38,577,137	\$ 38,877,497	\$ (300,360)	(0.8) %
Community Development	3,741,368	4,169,341	(427,973)	(10.3)
Transportation	20,307,973	18,287,903	2,020,070	11.0
Public safety	45,496,267	47,068,773	(1,572,506)	(3.3)
Judiciary & Court related	15,974,311	16,271,942	(297,631)	(1.8)
Public health and welfare	22,429,015	22,780,073	(351,058)	(1.5)
Interest and fiscal charges	271,850	559,444	(287,594)	(51.4)
Total	\$ 146,797,921	\$ 148,014,973	\$ (1,217,052)	(0.8) %

Governmental Activities - Expenses Fiscal Year 2017

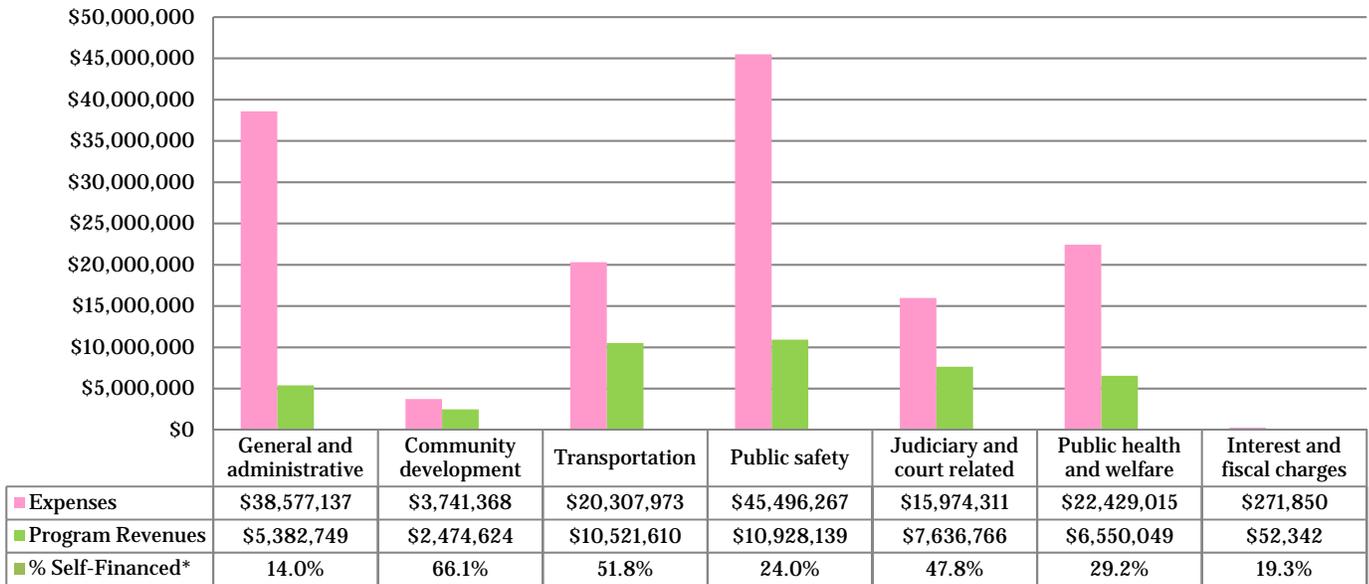


General and administrative includes many essential services for citizens, such as document recording, birth, marriage, and death certificates, election administration, supervision of assessments, and collection of property taxes. Also included in this category are the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. **Community development** includes long-term land use planning, building permits and inspections, the zoning board of appeals, and the administration of various grants. **Transportation** includes construction and maintenance of County roads and bridges and long-term transportation planning. Expenditures in this category vary from year to year, based on the timing and volume of road construction projects. **Public safety** includes the activities of the Sheriff, Coroner, and Emergency Management Offices. The Sheriff's Office represents the largest component of public safety and activities performed including patrol, detectives, County jail, and County garage. The increase in this category was due to additional jail expenses due to the immigration detainees. **Judiciary and court related** represents all activities related to the 22nd Judicial Circuit Court and includes the activities of the Clerk of the Circuit Court, Court Administration, Court Services, Public Defender, and the State's Attorney. **Public health and welfare** represents programs that protect and promote the general health and well-being of the County and includes the activities of the Health Department, Mental Health Department, Workforce Network, and Veteran's Assistance. **Interest and fiscal charges** represents interest and fees paid on the County's long-term debt.

Program Revenues and Expenses by Function

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

**Governmental Activities - Expenses and Program Revenues
Fiscal Year 2017**



*row is not presented on the graph

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

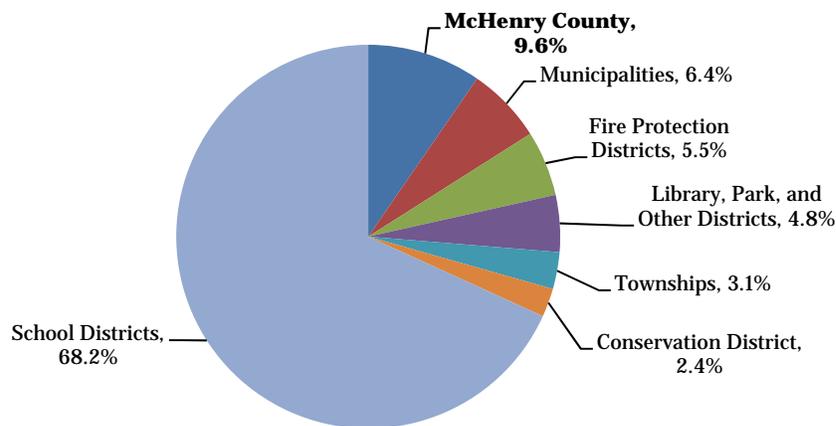
As mentioned above, some activities generate substantial program revenues, while other activities generate only a small amount or no program revenues. The function that has the highest percentage of self-financing for 2017 is community development, with a percentage of 66.1%. Included in program revenues for community development is \$1.9 million for operating grants and \$0.6 million in charges for services. These program revenues can only be spent on community development projects and cannot be used by the County on any other function. Besides interest and fiscal charges, the function that has the lowest percentage of self-financing is general and administrative, with a percentage of 14.0%. The primary reason that this function has a low percentage of self-financing is that many of the activities in this category do not provide services directly to individuals, businesses, or other governments, but rather support the operations of other County Departments. Typically, internal activities such as these do not generate program revenues. These activities include the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. Included in program revenues for general and administrative is \$1.1 million for fees on delinquent taxes, \$1.0 million for recording fees, \$0.7 million for geographic information systems fees, and \$0.7 million for automation of the Recorder's Office.

Property Taxes – Where do your property taxes go?

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

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

Property Taxes - Breakout by Government Type



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

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

District Type	Amount	% of Total
School Districts	\$ 682	68.2 %
County	96	9.6
Municipalities	64	6.4
Fire Protection Districts	55	5.5
Townships	31	3.1
Library Districts	27	2.7
Conservation District	24	2.4
Park Districts	19	1.9
Other	2	0.2
Total	\$ 1,000	100.0 %

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

Major Accomplishments during Fiscal Year 2017

In April 2010, McHenry County was rated Aaa (the highest rating available) by Moody's Investors Service. This rating allows the County to issue debt at the lowest possible interest rate. In April 2015, the County issued \$15.75 million in General Obligation Limited Tax Debt certificates that refunded its Series 2006, and Series 2007B debt certificates and had the Aaa rating by Moody's affirmed. As of 2017, the County continues to hold the Aaa rating due to its financial strength, healthy reserves, and prudent fiscal management.



Aaa

McHenry County has earned, for a fourth year, a Government Finance Officers Association award for Distinguished Budget Presentation for its fiscal year 2017 budget. A Certificate of Recognition was presented to the department designated primarily responsible for the County having achieved the award, McHenry County Administration. The award reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the award, recognized guidelines were met for effective budget presentation, including how well an entity's budget serves as a policy document, financial plan, operations guide, and communications device.



The County Auditor's Office was notified of their 19th consecutive year of being awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for their FY2016 Comprehensive Annual Financial Report (CAFR). In addition, a FY2016 Popular Annual Financial Report (PAFR) was completed for the 9th consecutive year and received the GFOA's Award for Outstanding Achievement. This PAFR is summarized from information in the CAFR and serves to offer an easy-to-understand report on the County's financial condition.



The McHenry County Emergency Management department coordinated flood response in 2017 beginning with the storms of July 11-13. Damage assessment found 556 homes affected by floodwaters. At the height of the severe weather, 9,200 residences and businesses were without power. The County distributed nearly 300,000 sandbags, coordinated a survivor respite center, arranged and participated in a Multi-Agency Resource Center, coordinated damage assessment, provided guidance and support to the liaison of the affected communities with the Illinois Emergency Management Agency. Lessons learned from the floods of 2013 were applied to the 2017 floods with great success.



Major Accomplishments during Fiscal Year 2017 (Continued)

Valley Hi Nursing and Rehabilitation has implemented the final phase of the electronic medical record (EMR) and clinical software system to improve upon resident health and care outcomes. The installation of kiosks for charting, tablets on the medication and treatment casts, and expanding the utilization to outside health care providers and physicians allow for a more comprehensive EMT. All the staff have completed the training and the transition to an electronic medical record is complete.



The County issued a Request for Proposal (RFP) for new Financial System Software and Implementation Services in November 2016. The present system has been in use since 1996. A core team of County staff evaluated several submitted proposals and selected three vendors for software demonstrations. The final decision was to purchase the Microsoft D-365 software with AKA Solutions being awarded the implementation contract. The implementation is underway with the Budget module expected to go live in May 2018, in preparation for the fiscal year 2019 budget. The whole system, including accounting, purchasing, projects, and vendor portal is expected to go live on December 1, 2018.



The Senior Service Grant Commission met in September of 2017 to review applications and requests for proposals for the FY2018 program year. The County Board approved the allocations for 19 different programs by 15 agencies for a total of \$1,645,000, to be distributed during FY2018. The Senior Services Grant Fund is the result of a referendum in April 2003, where voters approved the levy and collection of a tax not to exceed .025% for the purpose of providing transportation and social services to encourage independent living, wellness and quality of life for senior citizens in McHenry County.



The Geographic Information Systems (GIS) Department worked with the McHenry County Division of Transportation (MCDOT) to launch the Non-dedicated Subdivision Road (NSR) Viewer in 2017. This application will be used to track all non-dedicated subdivision roads throughout the County. Additionally, the GIS Department has been working with MCDOT on an interactive map related to historic documents which include drainage districts, road papers, and historic base maps. Some of this information took over two years to compile and dates back to the late 19th century. It is possible that additional information will be added in the future.



Major Accomplishments during Fiscal Year 2017 (Continued)

The Circuit Court of the 22nd Judicial Circuit for McHenry County assisted by various other departments, including the Circuit Clerk, the Public Defender's Office, Facilities, and Emergency Management became the first Circuit Court in Illinois to test a continuity of operations (COOP) plan. The Illinois Supreme Court mandates COOP plans for Circuit Courts. The changing threat environment and local experience with recent emergencies have shifted awareness to the need to develop COOP capabilities in order to continue essential functions across a broad spectrum of emergencies. These plans help ensure the continuity of operations of critical functions in times of an emergency by providing direction and control of personnel and resources. The exercise identified both strengths and weaknesses and will allow for additional planning to take place to further strengthen the plan.



The Assessor's Office completed the 2017 assessment roll after processing 6,682 Board of Review instruments, of which 3,240 were taxpayer-generated assessment appeals, a number considerably less than Tax Year 2016. In 2016 and 2015, appeals totaling 4,118 and 4,550, respectively, were heard by the County's Board of Review. The annual report prepared by Robert Ross, Chief County Assessment Officer, indicated that the 2017 assessment year was the third year in a row that the assessment base increased. As indicated by preliminary sales ratio results, the assessment base will likely increase in the 2018 assessment year. On a positive note, the number of existing residential sales in McHenry County increased from 2016 to 2017, the median sale price in early 2018 rose over the previous year, and new residential construction should continue in 2018.



Every four years a McHenry County Healthy Community Study is conducted with the intent to understand and address the county's most pressing needs, involving partners from diverse organizations, in order to improve the health of County residents. The "health" of a community extends far beyond the traditional view focused on select health measures and availability of medical resources. An understanding of the County's health was measured using three or more assessments, to gain knowledge about the current health status of County residents, demographic trends, social and economic indicators, health behaviors, and utilization of health services. The assessments are used to evaluate perceived strengths and weaknesses and answer questions about unmet needs, gaps, and barriers to care. The study summary document can be found on the website at <https://www.mchenrycountyil.gov/county-government/departments-a-i/health-department/health-administration/strategic-planning>.

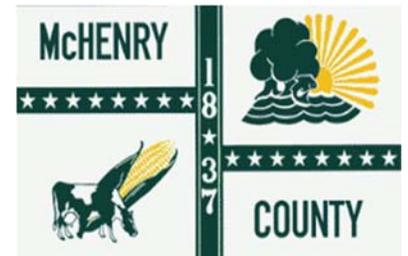


Major Accomplishments during Fiscal Year 2017 (Continued)

On January 9, 2017, new technology was implemented to streamline the authorization of search warrants in McHenry County. Due to the collaboration of the various law enforcement agencies, officers can now use an integrated platform to request search warrants. The officer will be able to create search warrant affidavits, send electronically to a judge, interact via video conferencing, and ultimately have the judge sign and authorize the warrant and send the necessary order back to the originating officer. No longer will officers have to travel to the McHenry County Government Center or meet a judge after normal business hours to obtain a search warrant. Search warrants will be issued electronically 24 hours a day.



The County Board, being a supporter of transparency, continually looks at ways to ensure citizens have the ability through technology to stay abreast of the business being conducted by the County. In fiscal year 2017, two additions to the Agenda Management Software were implemented; 1) live video streaming of the County Board and Committee of the Whole meetings; and 2) electronic voting for board members. The Agenda Management Software is now robust in offering reporting and recordkeeping on agendas, minutes, board member voting, and all other actions at meetings.



The McHenry County Mental Health Court celebrated ten years of operation in 2017. The program has evolved from the beginning stages of staff and process development to a consistent process involving many team members and community agencies. The client treatment protocol has become challenging and ever changing, with treatment ranging from mental illness to co-occurring disorder and drug dependency. The Mental Health Court process has improved, including evidence-based screening assessments to determine clinical and risk/need levels. The program has also forged new collaborative relationships with community treatment providers.



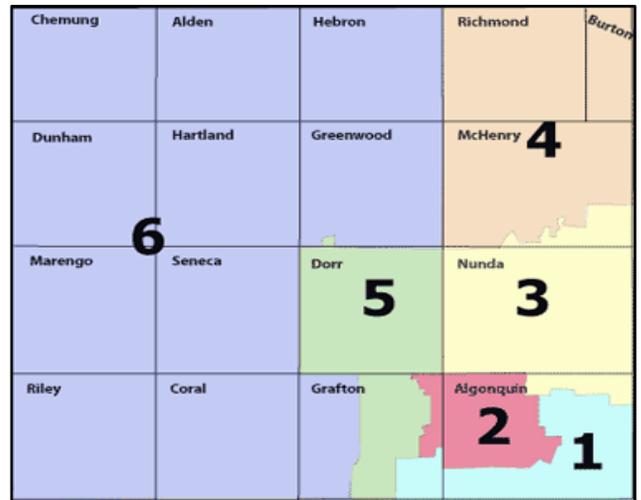
The 2017 Community Development Block Grant (CDBG) funding application hearings were held in January 2017. A total of approximately \$2.0 million was requested by all applicants after the presentations by the agencies applying for funding. In April 2017, the County Board approved allocations of approximately \$1,272,000 to 12 different agencies and municipalities for use in various construction and service projects throughout the County.



McHenry County Elected Officials

County Board Members

<u>District/Name</u>	<u>Term Expires</u>	<u>District/Name</u>	<u>Term Expires</u>
District 1 Yvonne Barnes Robert Nowak Christopher Spoerl Thomas Wilbeck	December 2020 December 2018 December 2018 December 2020	District 5 Paula Yensen John Jung, Jr. Michael Rein Michael Skala	December 2020 December 2018 December 2018 December 2020
District 2 James L. Heisler Donna Kurtz John Reinert Jeffrey Thorsen	December 2018 December 2018 December 2020 December 2020	District 6 Michele Aavang Jim Kearns Mary T. McCann Larry W. Smith	December 2018 December 2020 December 2020 December 2018
District 3 Chris Christensen Joseph Gottemoller Donald C. Kopsell Michael J. Walkup	December 2020 December 2018 December 2018 December 2020		
District 4 Kay R. Bates John D. Hammerand Charles Wheeler Craig Wilcox	December 2020 December 2018 December 2018 December 2020		



Elected Officials

<u>Office/Name</u>	<u>Term Expires</u>	<u>Office/Name</u>	<u>Term Expires</u>
Auditor Pam Palmer (Shannon Teresi Effective 04/27/2018)	December 2018	Recorder Joe Tirio	December 2020
Circuit Clerk Katherine Keefe	December 2020	Sheriff Bill Prim	December 2018
Coroner Anne L. Majewski	December 2020	State's Attorney Patrick D. Kenneally	December 2020
County Board Chairman Jack D. Franks	December 2020	Supt of Educational Service Region Leslie A. Schermerhorn	December 2018
County Clerk Mary McClellan	December 2018	Treasurer Glenda L. Miller	December 2018

McHenry County Website and Social Media

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



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

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

