



June 14, 2019

To the Citizens of Lake County:

State law requires that all general-purpose local governments publish a complete set of financial statements within 180 days of the close of each fiscal year. The statements must be presented in conformity with generally accepted accounting principles (GAAP), and audited by a firm of licensed certified public accountants, in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Lake County for the fiscal year ended November 30, 2018.

This report consists of management's representations regarding the finances of Lake County. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with Lake County. To provide a reasonable basis for making these representations, management of Lake County has established a comprehensive internal control framework that is designed to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the county's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Lake County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the county's financial activities have been included.

Lake County's financial statements have been audited by RSM US, LLP a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lake County for the fiscal year ended November 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

#### COUNTY-WIDE FINANCIAL STATEMENTS

The County is required to prepare the statements in accordance with the requirements of the Governmental Accounting Standards Board (GASB). The County is required to present the government-wide financial statements including all the capital assets and infrastructure owned by the County and all debt owed by the County. Through implementation of GASB Statement Number 61 (GASB 61), Lake County presents the Lake County Forest Preserve District (LCFPD), as a discretely presented component unit.

GASB requires that management provide a discussion and analysis to accompany the financial statements. This transmittal letter complements management's discussion and analysis (MD&A), and should be read in conjunction with it. The purpose of this letter of transmittal is to provide an overview of the county and its operations. For detailed financial information and analysis, please see the MD&A. The MD&A can be found on page xv in the financial section of this report immediately following the report of the independent auditors.

## PROFILE OF THE GOVERNMENT

Lake County is located in the northeast corner of Illinois, midway between the cities of Chicago, Illinois and Milwaukee, Wisconsin. It adjoins Wisconsin, Lake Michigan, Cook County, and McHenry County. The county's 457 square miles of land contains a population of 703,462 according to the 2010 census, and is the third largest county in Illinois.

Lake County was created by the Illinois legislature in 1839 and operates under a county board form of government. Policy-making and legislative authority is vested in 21 members elected from individual districts.

The county government provides a full range of public governmental services. These services include sheriff's police protection and correctional facilities; water and sewer services; the construction and maintenance of highway and street infrastructure; health and welfare services; judicial services of the Nineteenth Judicial Circuit Court; planning and zoning and general administrative services. This audit also includes the financial information of the Lake County Forest Preserve District (LCFPD), although this entity has a separate governing structure. The LCFPD is a discretely presented component unit for Fiscal Year 2018. The LCFPD has an external audit completed and publishes its financial statements separately, which are available from the district. The Forest Preserve District can be contacted at (847) 367-6640 or at the District's Website at [www.lcfd.org](http://www.lcfd.org).

## ECONOMIC CONDITION AND OUTLOOK

Lake County remains fiscally stable primarily due to the County Board's focus on strategic, long-term, data-driven decision making, and the Board's commitment to fiscal responsibility. The current economic climate remains stable with key economically sensitive revenues such as sales and income tax showing modest growth. However, continued uncertainty regarding the State of Illinois budget and its impact on the County is leading to a very cautious approach to the FY2018 budget.

The County experienced declining EAV from 2011 to 2014. However, EAV increased by 3.4%, 6.25%, 4.43% and 3.08% for tax years 2015, 2016, 2017 and 2018, respectively.

### **Equalized Assessed Valuation (in 1,000s) and % Change**

Tax Year	2011	2012	2013	2014	2015	2016	2017	2018
EAV	26,712,347	24,472,677	22,967,939	22,646,844	23,436,710	24,901,806	26,005,064	26,805,191
% change	-6.88%	-8.38%	-6.15%	-1.40%	3.4%	6.25%	4.43%	3.08%

The county has a varied manufacturing and industrial base that is the foundation for its relative stability. Business activity within the county is diverse, including the only Navy basic training base in the United States, an amusement park, and numerous manufacturing firms, real estate developers, retail stores and service providers. Lake County's unemployment rate history is listed below, along with comparisons to the Illinois and United States rates for the same periods.

### **10-Year Unemployment Rate History**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Lake County</b>	11.6%	9.6%	9.5%	7.6%	8.3%	5.6%	5.9%	4.7%	3.9%	4.1%
<b>Illinois</b>	10.4%	9.4%	9.0%	8.4%	8.3%	6.0%	5.8%	5.3%	4.6%	4.4%
<b>US</b>	9.4%	9.3%	8.2%	7.4%	6.6%	5.5%	4.8%	4.6%	3.9%	3.7%

Illinois Department of Employment Security – November Rate – Not Seasonally Adjusted

## STRATEGIC PLAN

The Lake County Board has a strategic plan, which serves as a road map for county government and includes five overarching goals:

- **Provide Public Safety and Advance an Integrated, Data-Driven Justice System** - Create safe communities through an integrated, data-driven justice system, including law enforcement that embraces a guardian mindset to build public trust, and other innovative programs that reduce crime, recidivism, family violence and substance abuse.
- **Enhance Economic Opportunities** - Leverage the assets of the county – the Lake County Workforce Ecosystem, skilled talent, diverse communities, and effective infrastructure – to drive balanced growth, revitalization, economic opportunities, and jobs.
- **Promote a Sustainable Environment** - Preserve the health of our natural resources, air quality, and our drinking water through the widespread use of environmentally sustainable management practices, effective storm water management and the enhancement and rehabilitation of lakes and other ecological systems.
- **Build Healthy, Inclusive and Resilient Communities** - Improve health for all Lake County residents by assuring the places where they live, work and play have the critical elements required to make communities, safe, healthy, inclusive, and vibrant.
- **Improve Transportation** – Advance the development of State, Regional, County, and municipal transportation systems that provide for safe, efficient and flexible movement through an integrated network of road, rail, public transit, and non-motorized (bicycle, pedestrian) modes of travel.

In order to turn these broad goals into concrete action, strategies have been developed under each of these goals. These strategies then lead to identifiable and measurable actions. Four times a year on a quarterly basis cross-functional teams, including operational departments and staff from the administrator's office and budget analysts, meet to update progress on these goals. Twice a year detailed updates are provided to the Board as well as published to the County's website. The most recent update is available at [lakecountyil.gov/strategic plan](http://lakecountyil.gov/strategic-plan).

## COUNTY BOARD INFORMATION

The County Board usually meets at 9 a.m. the second Tuesday of each month at the County Building, 18 N. County St., Waukegan, IL 60085. The final calendar, as well as the current agenda, past minutes and agendas, and other county information including press releases, invitations to bid, and job announcements are posted at [www.LakeCountyIL.gov](http://www.LakeCountyIL.gov). For additional information, please call the County Board Office at (847) 377-2300, or write to Lake County Board, 18 North County St., Waukegan, IL 60085.

## AWARDS AND ACKNOWLEDGEMENTS:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lake County for its comprehensive annual financial report (CAFR) for the fiscal year ended November 30, 2017. This is the twelfth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

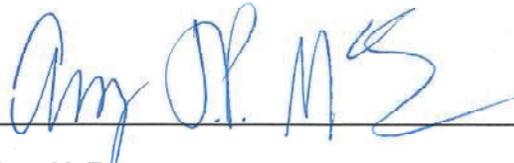
A certificate of achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the certificate requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County continues to receive the GFOA's Distinguished Budget Presentation Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

Lake County has AAA and Aaa credit ratings from Standard & Poor's and Moody's Investors Services respectively. Bond ratings are based on a thorough analysis of fiscal policy, debt management, the balance of revenues with public spending, and current and long-term fiscal outlook. The fact that Lake County has maintained its AAA rating, the highest possible credit score given to governments, is a testament to the prudent financial management of the County Board and staff. In recent ratings, the rating agencies highlighted the County's developed economic base, well-managed financial operations and healthy reserves which provide financial flexibility, and manageable debt burden as the rationale for the outstanding rating.

The preparation of this report on a timely basis is a collaborative effort and would not have been accomplished without the efforts of many staff members in all departments who assisted the Department of Finance and Administrative Services to compile these statements. Special thanks to the Finance staff, and to the County Board, elected officials, department heads and to the independent auditors who have all contributed to making the publication of this report possible.

Respectfully submitted,



Amy McEwan  
Interim County Administrator



Patrice Sutton  
Director of Finance and Administrative Services